Table of Contents

UNITED STATES SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 10-Q

☒ QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For The Quarterly Period Ended June 30, 2005

OR

☐ TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

Commission File Number 1-6227

LEE ENTERPRISES, INCORPORATED

(Exact name of Registrant as specified in its Charter)

Delaware	42-0823980
(State or other jurisdiction of incorporation or organization)	(I.R.S. Employer Identification No.)

201 N. Harrison Street, Suite 600, Davenport, Iowa 52801
(Address of principal executive offices)

(563) 383-2100
(Registrant's telephone number, including area code)

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 (or for such shorter period that the Registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes ☒ No ☐

Indicate by check mark whether the Registrant is an accelerated filer (as defined in Rule 12b-2 of the Exchange Act). Yes ☒ No ☐

As of June 30, 2005, 38,358,134 shares of Common Stock and 7,114,561 shares of Class B Common Stock of the Registrant were outstanding.

LEE ENTERPRISES, INCORPORATED

TABLE OF CONTENTS

FORWARD-LOOKING STATEMENTS

The Private Securities Litigation Reform Act of 1995 provides a “Safe Harbor” for forward-looking statements. This report contains information that may be deemed forward-looking and that is based largely on the Company’s current expectations and is subject to certain risks, trends and uncertainties that could cause actual results to differ materially from those anticipated. Among such risks, trends and other uncertainties are changes in advertising demand, newsprint prices, interest rates, labor costs, legislative and regulatory rulings and other results of operations or financial conditions, difficulties in integration of acquired businesses or maintaining employee and customer relationships and increased capital and other costs. The words “may,” “will,” “would,” “could,” “believes,” “expects,” “anticipates,” “intends,” “plans,” “projects,” “considers” and similar expressions generally identify forward-looking statements. Readers are cautioned not to place undue reliance on such forward-looking statements, which are made as of the date of this report. The Company does not undertake to publicly update or revise its forward-looking statements.

PART I FINANCIAL INFORMATION

Item 1. Financial Statements

LEE ENTERPRISES, INCORPORATED
CONSOLIDATED STATEMENTS OF INCOME
(Unaudited)

	Three Months Ended June 30		Nine Months Ended June 30	
(Thousands, Except Per Common Share Data)	2005	2004	2005	2004
Operating revenue:				
Advertising	$166,709	$131,293	$ 431,610	$ 376,619
Circulation	38,045	32,363	102,303	97,872
Other	13,102	12,310	36,721	34,803
	217,856	175,966	570,634	509,294
Operating expenses:				
Compensation	85,173	68,838	227,856	206,196
Newsprint and ink	21,478	16,314	54,371	46,528
Depreciation	6,387	5,179	16,497	14,801
Amortization of intangible assets	9,067	6,855	22,037	20,520
Other operating expenses	50,284	40,117	131,309	116,199
	172,389	137,303	452,070	404,244
Operating income, before equity in earnings (loss) of associated companies	45,467	38,663	118,564	105,050
Equity in earnings (loss) of associated companies:				
Madison Newspapers, Inc.	2,278	2,209	6,539	6,090
Tucson newspaper partnership	998	-	998	-
Other	-	-	(381)	-
Operating income	48,743	40,872	125,720	111,140
Nonoperating income (expense), net:				
Financial income	1,009	243	1,476	808
Financial expense	(9,044)	(2,867)	(14,630)	(9,801)
Loss on early extinguishment of debt	(11,181)	-	(11,181)	-
Other, net	7	-	(58)	(294)
	(19,209)	(2,624)	(24,393)	(9,287)
Income from continuing operations before income taxes	29,534	38,248	101,327	101,853
Income tax expense	10,691	13,696	37,410	36,632
Minority interest	145	-	145	-
Income from continuing operations	18,698	24,552	63,772	65,221
Discontinued operations:				
Loss from discontinued operations, net of income taxes	-	-	-	(149)
Loss on disposition, net of income taxes	-	(88)	-	(315)
Net income	$ 18,698	$ 24,464	$ 63,772	$ 64,757
Earnings (loss) per common share:				
Basic:				
Continuing operations	$ 0.41	$ 0.55	$ 1.41	$ 1.46
Discontinued operations	-	-	-	(0.01)
Net income	$ 0.41	$ 0.55	$ 1.41	$ 1.45
Diluted:				
Continuing operations	$ 0.41	$ 0.54	$ 1.41	$ 1.45
Discontinued operations	-	-	-	(0.01)
Net income	$ 0.41	$ 0.54	$ 1.41	$ 1.44
Dividends per common share	$ 0.18	$ 0.18	$ 0.54	$ 0.54

The accompanying Notes are an integral part of the Consolidated Financial Statements.

LEE ENTERPRISES, INCORPORATED
CONSOLIDATED BALANCE SHEETS
(Unaudited)

(Thousands, Except Per Share Data)	June 30 2005	September 30 2004
ASSETS		
Current assets:		
Cash and cash equivalents	$ 50,529	$ 8,010
Accounts receivable, net	118,313	62,749
Income taxes receivable	20,227	-
Receivable from associated companies	-	1,563
Inventories	20,743	10,772
Other	15,625	9,763
Total current assets	225,437	92,857
Investments	244,508	33,091
Restricted cash and investments	77,310	-
Property and equipment, net	335,896	198,021
Goodwill	1,538,724	622,396
Other intangible assets	998,212	455,791
Other	19,331	1,688
	$ 3,439,418	$1,403,844
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current liabilities:		
Notes payable and current maturities of long-term debt	$ 3,000	$ 11,600
Accounts payable	28,595	19,191
Compensation and other accrued liabilities	72,954	37,030
Income taxes payable	-	3,768
Dividends payable	6,392	6,066
Unearned revenue	40,094	27,826
Total current liabilities	151,035	105,481
Long-term debt, net of current maturities	1,788,466	202,000
Pension obligations	46,738	-
Retirement and post employment benefit obligations	93,875	-
Deferred items	424,170	219,058
Other	9,932	462
	2,514,216	527,001
Stockholders' equity:		
Serial convertible preferred stock, no par value; authorized 500 shares: none issued	-	-
Common Stock, $2 par value; authorized 120,000 shares; issued and outstanding: June 30, 2005 38,358 shares; September 30, 2004 37,028 shares	76,716	74,056
Class B Common Stock, $2 par value; authorized 30,000 shares; issued and outstanding: June 30, 2005 7,115 shares; September 30, 2004 8,189 shares	14,230	16,378
Additional paid-in capital	113,087	100,537
Unearned compensation	(6,715)	(3,913)
Retained earnings	729,041	689,785
Accumulated other comprehensive loss	(1,157)	-
	925,202	876,843
	$ 3,439,418	$1,403,844

The accompanying Notes are an integral part of the Consolidated Financial Statements.

LEE ENTERPRISES, INCORPORATED
CONSOLIDATED STATEMENTS OF CASH FLOWS
(Unaudited)

(*Thousands*)	Nine Months Ended June 30 2005	2004
Cash provided by operating activities:		
Net income	$ 63,772	$ 64,757
Results of discontinued operations	-	(464)
Income from continuing operations	63,772	65,221
Adjustments to reconcile income from continuing operations to net cash provided by operating activities of continuing operations:		
Depreciation and amortization	38,534	35,321
Stock compensation expense	5,437	4,357
Amortization of debt fair value adjustment	(633)	-
Loss on early extinguishment of debt	11,181	-
Distributions less than current earnings of associated companies	(345)	(276)
Other, net	(6,540)	(12,125)
Net cash provided by operating activities	111,406	92,498
Cash provided by (required for) investing activities:		
Purchases of property and equipment	(13,221)	(13,591)
Acquisitions, net	(1,299,304)	(4,543)
Proceeds from sales of assets	176	1,145
Sales of temporary cash investments	54,842	-
Increase in restricted cash and investments	(3,750)	-
Other, net	657	(116)
Net cash required for investing activities	(1,260,600)	(17,105)
Cash provided by (required for) financing activities:		
Proceeds from long-term debt	1,502,000	78,000
Payments on long-term debt	(263,600)	(148,600)
Common stock transactions, net	4,241	10,884
Cash dividends paid	(24,189)	(18,277)
Financing costs	(28,839)	-
Termination of interest rate swaps	2,100	-
Net cash provided by (required for) financing activities	1,191,713	(77,993)
Net cash required for discontinued operations - operating activities	-	(213)
Net increase (decrease) in cash and cash equivalents	42,519	(2,813)
Cash and cash equivalents:		
Beginning of period	8,010	11,064
End of period	$ 50,529	$ 8,251

The accompanying Notes are an integral part of the Consolidated Financial Statements.

LEE ENTERPRISES, INCORPORATED

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
(Unaudited)

1 BASIS OF PRESENTATION

The Consolidated Financial Statements included herein are unaudited. In the opinion of management, these financial statements contain all adjustments (consisting of only normal recurring items) necessary to present fairly the financial position of Lee Enterprises, Incorporated and subsidiaries (the Company) as of June 30, 2005 and its results of operations and cash flows for the periods presented. These Consolidated Financial Statements should be read in conjunction with the Consolidated Financial Statements and Notes thereto included in the Company's 2004 Annual Report on Form 10-K, as amended.

In June 2005, the Company acquired Pulitzer Inc. (Pulitzer). This acquisition has a significant impact on the Consolidated Financial Statements. Because of this and other acquisitions, seasonal and other factors, the results of operations for the three months and nine months ended June 30, 2005 are not necessarily indicative of the results to be expected for the full year.

The Consolidated Financial Statements include the accounts of the Company and its subsidiaries, all of which are wholly-owned, except for its 50% interest in Madison Newspapers, Inc. (MNI), 81% interest in INN Partners, L.C., and Pulitzer's (together with another subsidiary) 95% interest in the results of operations of St. Louis Post-Dispatch LLC (PD LLC) and STL Distribution Service LLC (DS LLC), a distribution company serving the St. Louis market, and 50% interest in the results of operations of TNI Partners (TNI), the Tucson, Arizona newspaper partnership.

Certain amounts as previously reported have been reclassified to conform with the current period presentation.

2 ACQUISITIONS AND DIVESTITURES

All acquisitions are accounted for as purchases and, accordingly, the results of operations since the respective dates of acquisition are included in the Consolidated Financial Statements.

Acquisition of Pulitzer

On June 3, 2005, the Company and LP Acquisition Corp., an indirect, wholly-owned subsidiary (the Purchaser), consummated an Agreement and Plan of Merger (the Merger Agreement) dated as of January 29, 2005 with Pulitzer. The Merger Agreement provided for the Purchaser to be merged with and into Pulitzer (the Merger), with Pulitzer as the surviving corporation. Each share of Pulitzer's Common Stock and Class B Common Stock outstanding immediately prior to the effective time of the Merger was converted into the right to receive from the Company or the surviving corporation in cash, without interest, an amount equal to $64 per share. Pulitzer publishes fourteen daily newspapers, including the *St. Louis Post-Dispatch,* and approximately 100 weekly newspapers and specialty publications. Pulitzer also owns a 50% interest in TNI. See Note 3.

The Merger effected a change of control of Pulitzer. At the effective time of the Merger and as a result of the Merger, Pulitzer became an indirect, wholly-owned subsidiary of the Company.

The unaudited pro forma condensed consolidated statements of income for the three months and nine months ended June 30, 2005 and 2004, set forth below, present the results of operations as if the acquisition of Pulitzer had occurred at the beginning of each period and are not necessarily indicative of future results or actual results that would have been achieved had the acquisition occurred as of the beginning of such period. Other acquisitions described below are excluded.

(Thousands, Except Per Common Share Data)	Three Months Ended June 30 2005	Three Months Ended June 30 2004	Nine Months Ended June 30 2005	Nine Months Ended June 30 2004
Operating revenue	$ 297,341	$ 289,019	$ 874,400	$ 839,150
Income from continuing operations	16,027	23,737	54,463	61,921
Earnings per common share:				
Basic	$ 0.35	$ 0.53	$ 1.21	$ 1.38
Diluted	0.35	0.53	1.20	1.38

The preliminary purchase price allocation for Pulitzer, as of June 3, 2005, is as follows:

(Thousands)	
Current assets	$ 291,692
Property and equipment	140,885
Long-term investments	300,233
Goodwill	914,952
Intangible and other assets	561,848
Total assets acquired	2,209,610
Current liabilities	54,057
Long-term debt	340,099
Other long-term liabilities	354,376
	$ 1,461,078

Because of the timing, size and complexity of the acquisition, the Company has not yet completed the required determination of fair value of the assets and liabilities of Pulitzer and related allocation of the purchase price. A significant portion of the total purchase price will be allocated to nonamortized intangible assets or goodwill, which is also not subject to amortization. Accordingly, the final determination of the amounts of goodwill and nonamortized intangible assets included in the Consolidated Balance Sheets could result in a significant increase or decrease in amortization expense in future periods from the amounts estimated in the Consolidated Statements of Income for the periods presented and reported results overall. For example, the Company would record additional amortization expense of $500,000 annually for every $10,000,000 of value allocated to amortizable intangible assets, assuming a twenty year useful life, compared to no amortization expense being recorded if such value is allocated to goodwill or nonamortized intangible assets. Any changes from amounts currently estimated would not impact the Company's cash flows.

Other Acquisitions

In October 2004, the Company purchased two specialty publications at a cost of $309,000, made final working capital payments of $301,000 related to a specialty publication purchased in July 2004 and exchanged an Internet service provider business for a weekly newspaper. In December 2004, the Company purchased eight specialty publications at a cost of $3,908,000. In January 2005, the Company received final working capital payments of $78,000 from purchased specialty publications. These other acquisitions did not have a material effect on the Consolidated Financial Statements.

Divestitures

Results of the Freeport, Illinois and Corning, New York daily newspapers, which were exchanged for two daily newspapers in Burley, Idaho and Elko, Nevada and eight weekly and specialty publications in February 2004, have been classified as discontinued operations for all periods presented.

Results from discontinued operations consist of the following:

(Thousands)	Three Months Ended June 30, 2004	Nine Months Ended June 30, 2004
Operating revenue	$ -	$3,142
Income from, and gain (loss) on sale of, discontinued operations	$(143)	$2,196
Income tax expense (benefit)	(55)	2,660
	$ (88)	$ (464)

3 INVESTMENTS IN ASSOCIATED COMPANIES

Madison Newspapers, Inc.

The Company has a 50% ownership interest in MNI, which publishes daily and Sunday newspapers and other publications in Madison, Wisconsin, and other Wisconsin locations. MNI conducts its business under the trade name Capital Newspapers. The Company's 50% share of MNI's after tax net income is reported in the accompanying Consolidated Statements of Income using the equity method.

Summarized financial information of MNI is as follows:

(Thousands)	Three Months Ended June 30		Nine Months Ended June 30	
	2005	2004	2005	2004
Operating revenue	$ 30,968	$ 29,575	$ 91,193	$ 87,983
Operating expenses, excluding depreciation and amortization	22,196	21,101	65,697	63,791
Depreciation and amortization	1,212	1,192	3,855	4,086
Operating income	$ 7,560	$ 7,282	$ 21,641	$ 20,106
Net income	$ 4,556	$ 4,418	$ 13,078	$ 12,180
Company's 50% share of net income	$ 2,278	$ 2,209	$ 6,539	$ 6,090

Debt of MNI totaled $16,230,000 and $17,060,000 at June 30, 2005 and September 30, 2004, respectively.

TNI Partners

In Tucson, Arizona, TNI, acting as agent for the Company's subsidiary, Star Publishing Company (Star Publishing), and Gannett Co. Inc. (Gannett), is responsible for printing, delivery, advertising, and circulation of the *Arizona Daily Star* and the *Tucson Citizen*. TNI collects all receipts and income and pays all operating expenses incident to the partnership's operations and publication of the newspapers. Each newspaper is solely responsible for its own news and editorial content. Net pretax income or loss of TNI is allocated equally to Star Publishing and Gannett. The Company's 50% share of TNI's pretax operating results is reported in the accompanying Consolidated Statements of Income using the equity method.

Summarized financial information of TNI from June 3, 2005, the date of acquisition, through June 30, 2005, is as follows:

(Thousands)	Three Months Ended June 30, 2005	Nine Months Ended June 30, 2005
Operating revenue	$8,689	$8,689
Operating expenses, excluding depreciation and amortization	6,093	6,093
	$2,596	$2,596
Company's 50% share of operating income	$1,298	$1,298
Less amortization of intangible assets	300	300
Equity in earnings of TNI	$ 998	$ 998

Star Publishing's depreciation and certain general and administrative expenses associated with its share of the operation and administration of TNI are reported as operating expenses in the Company's Consolidated Statements of Income. In aggregate, these amounts totaled $197,000 from the date of acquisition of Pulitzer through June 30, 2005.

CityXpress Corp

The Company has a 36% ownership interest in CityXpress Corp (CityXpress). The operations of, and the Company's investment in, CityXpress are not significant to the Consolidated Financial Statements.

4 GOODWILL AND OTHER INTANGIBLE ASSETS

Changes in the carrying amount of goodwill are as follows:

(Thousands)	Nine Months Ended June 30, 2005
Goodwill, beginning of period	$ 622,396
Goodwill related to acquisitions	917,308
Goodwill related to divestitures	(980)
Goodwill, end of period	$1,538,724

Identified intangible assets related to continuing operations consist of the following:

(Thousands)	June 30 2005	September 30 2004
Nonamortized intangible assets:		
Mastheads	$ 78,896	$ 25,656
Amortizable intangible assets:		
Noncompete and consulting agreements	28,663	28,463
Less accumulated amortization	28,062	26,369
	601	2,094
Customer and newspaper subscriber lists	1,033,201	522,183
Less accumulated amortization	114,486	94,142
	918,715	428,041
	$ 998,212	$455,791

Annual amortization of intangible assets related to continuing operations for the five years ending June 2010 is estimated to be $55,506,000, $55,436,000, $55,090,000, $54,325,000 and $54,275,000, respectively, subject to the final determination of the fair market value of the assets and liabilities of Pulitzer discussed in Note 2.

5 DEBT

Credit Agreement

On June 3, 2005, the Company entered into a credit agreement (Credit Agreement) with a syndicate of financial institutions. The Credit Agreement provides for aggregate borrowings of up to $1,550,000,000 and consists of a seven year, $800,000,000 A Term Loan, an eight year $300,000,000 B Term Loan and a seven year $450,000,000 revolving credit facility. The Credit Agreement also provides the Company with a right, with the consent of the administrative agent, to request at certain times prior to June 2012 that one or more lenders provide incremental term loan commitments of up to $500,000,000, subject to certain requirements being satisfied at the time of the request.

On June 3, 2005, upon consummation of the Credit Agreement, the Company borrowed $800,000,000 under the A Term Loan, $300,000,000 under the B Term Loan, and $362,000,000 under the revolving credit facility, of which $10,000,000 was repaid the following week. The proceeds were used to consummate the merger with Pulitzer, to repay certain existing indebtedness of the Company, as discussed more fully below, and to pay related fees and expenses.

In connection with the execution of the Credit Agreement, the Company redeemed, as of June 3, 2005, all of the outstanding indebtedness under its then existing credit agreement and, as of June 6, 2005, the existing senior notes of the Company under the Note Purchase Agreement dated as of March 18, 1998. Refinancing of existing debt of the Company resulted in a pretax loss of $11,181,000.

The Credit Agreement is fully and unconditionally guaranteed on a joint and several basis by substantially all of the Company's existing and future, direct and indirect subsidiaries in which the Company holds a direct or indirect interest of more than 50%; provided however, that Pulitzer and its subsidiaries will not be required to enter into such guaranty for so long as their doing so would violate the terms of the Pulitzer Notes described more fully below. The Credit Agreement is secured by first priority security interests in the stock and other equity interests owned by the Company and each guarantor in their respective subsidiaries. Both the guaranties and the collateral that secures them will be released in their entirety at such time as the Company achieves a total leverage ratio of 4:25:1 for two consecutive periods.

Borrowings under the A Term Loan, B Term Loan and revolving credit facility will generally bear interest, at the Company's option, at either a base rate or an adjusted Eurodollar rate (LIBOR), plus an applicable margin. The base rate for the facility is the greater of the prime lending rate of Deutsche Bank Trust Company Americas at such time and 0.5% in excess of the overnight federal funds rate at such time. The margin applicable is a percentage determined according to the following: For revolving loans and A Term Loans, maintained as base rate loans, 0% to 0.5%, and maintained as Eurodollar loans, 0.625% to 1.5% (1.5% at June 30, 2005) depending, in each instance, upon the Company's leverage ratio at such time. For B Term Loans, the applicable margin for such loans maintained as base rate loans is 0.75% and for Eurodollar loans is 1.75%. All loans at June 30, 2005 are Eurodollar-based.

The Company may voluntarily prepay principal amounts outstanding or reduce commitments under the Credit Agreement at any time, in whole or in part, without premium or penalty, upon proper notice and subject to certain limitations as to minimum amounts of prepayments. The Company is required to repay principal amounts, on a quarterly basis until maturity, under the A Term Loan beginning on or about September 30, 2006 and the B Term Loan on or about September 30, 2005.

In addition to the scheduled payments noted above, the Company is required to make mandatory prepayments under the A Term Loan and B Term Loan, subject to certain exceptions, in the amount of (a) 100% of the net cash proceeds of certain equity offerings and capital contributions up to the first $300,000,000 of net cash proceeds, (b) 100% of the cash proceeds from the issuance or incurrence of indebtedness, (c) 100% of the sales proceeds of certain asset dispositions, unless reinvested in the business or assets of the business within 360 days of an asset sale, (d) up to 50% of its excess cash flow, as defined, based on its total leverage ratio, and (e) 100% of the net cash proceeds from an insurance or condemnation recovery in excess of $500,000, unless, so long as no default or event of default then exists, the Company or its subsidiaries elect to reinvest the proceeds within 360 days of receipt. Any amount required to be paid as a mandatory prepayment under (b), (c), (d) or (e) above must be applied to

repay the outstanding principal balance of the A Term Loan and B Term Loan on a pro rata basis. Any amount required to be paid as a mandatory prepayment under (a) above must be first applied to repay the outstanding principal balance of the B Term Loan and any excess shall be applied generally to repay any other outstanding term loans on a pro rata basis.

The Credit Agreement contains customary affirmative and negative covenants for financing of its type that are subject to customary exceptions. These financial covenants include a maximum leverage ratio (6.25:1 at June 30, 2005) and minimum interest coverage ratio of 2.5:1.

None of the covenants included in the Credit Agreement are considered by the Company to be restrictive to normal operations or historical amounts of stockholder dividends.

Pulitzer Notes

In conjunction with its formation, PD LLC borrowed $306,000,000 (the Pulitzer Notes) from a group of institutional lenders (the Lenders). The aggregate principal amount of the Pulitzer Notes is payable on April 28, 2009 and bears interest at an annual rate of 8.05%. The Pulitzer Notes are guaranteed by Pulitzer pursuant to a Guaranty Agreement dated May 1, 2000 (Guaranty Agreement) with the Lenders. In turn, pursuant to an Indemnity Agreement dated May 1, 2000 (Indemnity Agreement) between The Herald Company, Inc. (Herald) and Pulitzer, Herald agreed to indemnify Pulitzer for any payments that Pulitzer may make under the Guaranty Agreement.

The terms of the Pulitzer Notes contain certain covenants and conditions including the maintenance, by Pulitzer, of EBITDA, as defined in the Guaranty Agreement, minimum net worth and limitations on the incurrence of other debt. In addition, the Pulitzer Notes and the Operating Agreement with Herald (Operating Agreement) require that PD LLC maintain a minimum reserve balance, consisting of cash and investments in U.S. government securities, totaling approximately $77,300,000 at June 30, 2005. The Pulitzer Notes and the Operating Agreement provide for a $3,750,000 quarterly increase in the minimum reserve balance through May 1, 2010, when the amount will total $150,000,000. See Note 12.

The preliminary purchase price allocation of Pulitzer (see Note 2) resulted in an increase in the value of the Pulitzer Notes in the amount of $34,100,000, which is recorded as debt in the Consolidated Balance Sheets. This amount will be amortized over the remaining life of the Pulitzer Notes, until April 2009, as a reduction in interest expense using the interest method. This amortization will not increase the principal amount due to, or reduce the amount of interest to be paid to, the Lenders.

Debt consists of the following:

(Thousands)	June 30 2005	September 30 2004	Interest Rate June 30, 2005
Credit Agreement:			
A Term Loan	$ 800,000	$ -	5.04%
B Term Loan	300,000	-	4.89-5.10
Revolving credit facility	352,000	-	5.04
Pulitzer Notes:			
Principal amount	306,000	-	8.05
Unamortized fair value adjustment	33,466	-	
2002 revolving credit facility	-	100,000	
1998 Note Purchase Agreement	-	113,600	
	1,791,466	213,600	
Less current maturities	3,000	11,600	
	$ 1,788,466	$202,000	

In July 2005, $50,000,000 was repaid under the B Term Loan.

6 INTEREST RATE EXCHANGE AGREEMENTS

In April 2005, the Company executed interest rate swaps in the notional amount of $350,000,000 with a forward starting date of November 30, 2005. The interest rate swaps have terms of two to five years, carry interest rates from 4.2% to 4.4% (plus the applicable LIBOR margin) and effectively fix the Company's interest rate on debt in the

amounts, and for the time periods, of such instruments. At June 30, 2005, the Company recorded a liability of $1,979,000 related to the fair value of such instruments. The change in this liability is recorded in other comprehensive income, net of income taxes.

In June 2005, the Company terminated fixed-to-floating interest rate swaps with a notional amount of $150,000,000 previously executed by Pulitzer. The swaps were accounted for as fair value hedges. The Company will recognize a gain of $2,100,000 on the termination that will be amortized, until April 2009, over the remaining life of the Pulitzer Notes, as a reduction of interest expense.

At June 30, 2005, after consideration of the forward starting interest rate swaps described above, approximately 63% of the principal amount of the Company's debt is subject to floating interest rates.

7 PENSION, POSTRETIREMENT AND POSTEMPLOYMENT DEFINED BENEFIT PLANS

The Company has several funded and unfunded noncontributory defined benefit pension plans that together cover certain of Pulitzer's employees. Benefits under the plans are generally based on salary and years of service. The Company's liability and related expense for benefits under the plans are recorded over the service period of active employees based upon annual actuarial calculations. Plan funding strategies are influenced by tax regulations. Plan assets consist primarily of domestic and foreign corporate equity securities, government and corporate bonds, and cash.

In addition, the Company provides retiree medical and life insurance benefits under varying postretirement plans at certain of Pulitzer's operating locations. The level and adjustment of participant contributions vary, depending on the specific postretirement plan. The Company also provides postemployment disability benefits to certain employees of the *St. Louis Post-Dispatch.* The Company's liability and related expense for benefits under the postretirement plans are recorded over the service period of active employees based upon annual actuarial calculations. The Company accrues postemployment disability benefits when it becomes probable that such benefits will be paid and when sufficient information exists to make reasonable estimates of the amounts to be paid.

The Company will use a June 30 measurement date for all of its pension and postretirement medical plan obligations.

Assets and liabilities of the Company's pension and postretirement medical plans are estimated as follows:

(Thousands)	Pension Plans June 30, 2005
Assets	$152,928
Less liabilities	199,666
	$ (46,738)

(Thousands)	Postretirement Medical Plans June 30, 2005
Assets	$ 43,758
Less liabilities	137,633
	$(93,875)

The Company recognized expense totaling $971,000 for the period from June 3, 2005 through June 30, 2005 related to the plans described above. Due to the timing of the acquisition of Pulitzer, actuarial valuations of the plans have not yet been completed. The amounts in the tables above, and the amount of expense recognized, are estimates.

8 INCOME TAXES

The provision for income taxes includes deferred taxes and is based upon estimated annual effective tax rates in the tax jurisdictions in which the Company operates.

9 EARNINGS PER COMMON SHARE

The following table sets forth the computation of basic and diluted earnings per common share:

	Three Months Ended June 30		Nine Months Ended June 30	
(Thousands, Except Per Share Data)	2005	2004	2005	2004
Income (loss) applicable to common stock:				
Continuing operations	$18,698	$24,552	$63,772	$65,221
Discontinued operations	-	(88)	-	(464)
Net income	$18,698	$24,464	$63,772	$64,757
Weighted average common shares	45,436	45,107	45,365	44,950
Less non-vested restricted stock	280	223	275	217
Basic average common shares	45,156	44,884	45,090	44,733
Dilutive stock options and restricted stock	218	321	221	299
Diluted average common shares	45,374	45,205	45,311	45,032
Earnings (loss) per common share:				
Basic:				
Continuing operations	$0.41	$0.55	$1.41	$1.46
Discontinued operations	-	-	-	(0.01)
Net income	$0.41	$0.55	$1.41	$1.45
Diluted:				
Continuing operations	$0.41	$0.54	$1.41	$1.45
Discontinued operations	-	-	-	(0.01)
Net income	$0.41	$0.54	$1.41	$1.44

10 COMPREHENSIVE INCOME

The following table presents the components, net of income taxes, of comprehensive income:

	Three Months Ended June 30		Nine Months Ended June 30	
(Thousands)	2005	2004	2005	2004
Net income	$18,698	$ 24,464	$63,772	$ 64,757
Unrealized loss on interest rate swaps	(1,202)	-	(1,202)	-
Unrealized gain on available for sale securities	45	-	45	-
Comprehensive income	$17,541	$ 24,464	$62,615	$ 64,757

11 STOCK OWNERSHIP PLANS

A summary of activity related to the Company's stock option plan is as follows:

(Thousands, Except Per Share Data)	Shares	Weighted Average Exercise Price
Outstanding at September 30, 2004	921	$35.65
Granted	140	47.64
Exercised	(55)	30.32
Cancelled	(4)	36.94
Outstanding at June 30, 2005	1,002	$37.61

Options to purchase 979,000 shares of Common Stock with a weighted average exercise price of $35.07 per share were outstanding at June 30, 2004.

In November 2004, 40,000 shares of restricted Common Stock granted to the Company's Chief Executive Officer in November 2003 and 35,000 shares of restricted Common Stock granted in November 2002 were cancelled and reissued. The reissued shares of restricted Common Stock are identical to the cancelled shares with respect to voting rights, dividends and timing of vesting. The value per share upon vesting is unchanged. Vesting of the cancelled shares was not dependent upon future performance of the Company. The reissued shares vest only if specified performance criteria are met. If the specified performance is exceeded, up to 15,000 additional shares of restricted Common Stock may be issued. The Company believes the reissued shares meet the criteria for performance-based compensation under Section 162(m) of the Internal Revenue Code. Due to increases in the price of the Company's Common Stock from the original grant dates, the reissued shares have a fair market value in excess of the cancelled shares in the amount of $706,000, which is being recognized over the remaining vesting period.

12 COMMITMENTS AND CONTINGENT LIABILITIES

Capital Commitments

At June 30, 2005, the Company had construction and equipment purchase commitments totaling approximately $15,210,000.

Investment Commitments

At June 30, 2005, the Company had unfunded capital contribution commitments of up to $3,735,000 related to limited partnerships and other entities in which it is an investor.

Merger Agreement Indemnification

Pursuant to an Amended and Restated Agreement and Plan of Merger dated as of May 25, 1998 (the HTV Merger Agreement), by and among Pulitzer, its predecessor Pulitzer Publishing Company (Old Pulitzer) and Hearst-Argyle Television, Inc. (Hearst-Argyle), on March 18, 1999 Hearst-Argyle acquired, through the merger (the HTV Merger) of Old Pulitzer with and into Hearst-Argyle, Old Pulitzer's television and radio broadcasting operations (collectively, the Broadcasting Business) in exchange for the issuance to Old Pulitzer's stockholders of 37,096,774 shares of Hearst-Argyle's Series A common stock. Prior to the HTV Merger, Old Pulitzer's newspaper publishing and related new media businesses were contributed to Pulitzer in a tax-free "spin-off" to Old Pulitzer stockholders (the Spin-off). The HTV Merger and Spin-off are collectively referred to as the Broadcast Transaction.

Pursuant to the Merger Agreement, Pulitzer is obligated to indemnify Hearst-Argyle against losses related to: (i) on an after tax basis, certain tax liabilities, including (a) any transfer tax liability attributable to the Spin-off, (b) with certain exceptions, any tax liability of Old Pulitzer or any subsidiary of Old Pulitzer attributable to any tax period (or portion thereof) ending on or before the closing date of the HTV Merger, including tax liabilities resulting from the Spin-off, and (c) any tax liability of Pulitzer or any subsidiary of Pulitzer; (ii) liabilities and obligations under any employee benefit plans not assumed by Hearst-Argyle; and (iii) certain other matters as set forth in the HTV Merger Agreement.

Internal Revenue Service Matters

In October 2001, the Internal Revenue Service (IRS) formally proposed that the taxable income of Old Pulitzer for the tax year ended March 18, 1999 be increased by approximately $80,400,000 based on its assertion that Old Pulitzer was required to recognize a taxable gain in that amount as a result of the Spin-off. Under the HTV Merger Agreement, Pulitzer is obligated to indemnify Hearst-Argyle against any tax liability attributable to the Spin-off and has the right to control any proceedings relating to the determination of Old Pulitzer's tax liability for such tax period. In January 2002, Pulitzer filed a formal written protest of the IRS' proposed adjustment with the IRS Appeals Office.

In August 2002, Pulitzer, on behalf of Old Pulitzer, filed with the IRS amended federal corporate income tax returns for the tax years ended December 1997 and 1998 and March 1999 in which tax refunds in the aggregate amount of approximately $8,100,000, plus interest, were claimed. These refund claims were based on the contention that Old Pulitzer was entitled to deduct certain fees and expenses which it had not previously deducted and which Old Pulitzer had incurred in connection with its investigation of several strategic alternatives and potential transactions prior to its decision to proceed with the Broadcast Transaction. Under the HTV Merger Agreement, Pulitzer is entitled to any refunds recovered from the IRS as a result of these claims.

In 2003 the IRS Appeals Officer initially indicated the IRS would sustain substantially the entire amount of the proposed adjustment of Old Pulitzer's taxable gain as a result of the Spin-off. He further indicated that the refund claims filed by Pulitzer on behalf of Old Pulitzer for the December 1997 and 1998 and March 1999 tax years had been referred to the IRS Examination Division for review. Subsequently, Pulitzer's representative furnished the IRS Appeals Officer with additional information in support of its position on the issue of Old Pulitzer's taxable gain as a result of the Spin-off and also requested, in view of this additional information, that this issue be referred back to the IRS Examination Division for consideration concurrently with the refund claims filed by Pulitzer on behalf of Old Pulitzer from December 1997 and 1998 and March 1999 tax years. In July 2004, the IRS Appeals Officer agreed to release jurisdiction over all issues relating to Old Pulitzer's consolidated federal income tax liability for December 1997 and 1998 and March 1999 tax years back to the IRS Examination Division.

In May 2005, discussions with the IRS Examination Division culminated in the execution of agreements under which Pulitzer's liability for Old Pulitzer's net consolidated federal income tax deficiency (excluding applicable interest) for 1997, 1998 and the tax year ended March 18, 1999, after taking into account the effects of the refund claims, was determined to be approximately $81,000. The agreements with the IRS are subject to review by the U.S. Congressional Joint Committee on Taxation.

PD LLC Operating Agreement

On May 1, 2000, Pulitzer and Herald completed the transfer of their respective interests in the assets and operations of the *St. Louis Post-Dispatch* and certain related businesses to a new joint venture (the Venture), known as PD LLC. Pulitzer is the managing member of PD LLC. Under the terms of the operating agreement governing PD LLC (the Operating Agreement), Pulitzer and another subsidiary hold a 95% interest in the results of operations of PD LLC and Herald holds a 5% interest. Herald's 5% interest is reported as Minority Interest in the Consolidated Statements of Income. Also, under the terms of the Operating Agreement, Herald received on May 1, 2000 a cash distribution of $306,000,000 from PD LLC (the Initial Distribution). This distribution was financed by the Pulitzer Notes. Pulitzer's entry into the Venture was treated as a purchase for accounting purposes.

During the first ten years of its term, PD LLC is restricted from making distributions (except under specified circumstances), capital expenditures and member loan repayments unless it has set aside out of its cash flow a reserve equal to the product of $15,000,000 and the number of years since May 1, 2000, but not in excess of $150,000,000 (the Reserve). PD LLC is not required to maintain the Reserve after May 1, 2010. On May 1, 2010, Herald will have a one-time right to require PD LLC to redeem Herald's interest in PD LLC, together with Herald's interest, if any, in another limited liability company in which Pulitzer is the managing member and which is engaged in the business of delivering publications and products in the greater St. Louis metropolitan area (DS LLC). The May 1, 2010 redemption price for Herald's interest will be determined pursuant to a formula yielding an amount which will result in the present value to May 1, 2000 of the after tax cash flows to Herald (based on certain assumptions) from PD LLC, including the Initial Distribution and the special distribution described below, if any, and from DS LLC, being equal to $275,000,000.

In the event the transactions effectuated in connection with either the formation of the Venture and the Initial Distribution or the organization of DS LLC are recharacterized by the IRS as a taxable sale by Herald, with the result in either case that the tax basis of PD LLC's assets increases and Herald is required to recognize taxable income as a result of such recharacterization, Herald generally will be entitled to receive a special distribution from PD LLC in an amount that corresponds, approximately, to the present value of the after tax benefit to the members of PD LLC of the tax basis increase. The adverse financial effect of any such special distribution to Herald on PD LLC (and thus Pulitzer and the Company) will be partially offset by the current and deferred tax benefits arising as a consequence of the treatment of the transactions effectuated in connection with the formation of the Venture and the Initial Distribution or the organization of DS LLC as a taxable sale by Herald. The Company has been advised that the IRS, in the course of examining the 2000 consolidated federal income tax return in which Herald was included, has requested certain information and documents relating to the transactions effectuated in connection with the formation of the Venture and the Initial Distribution. The Company is participating in the formulation of Herald's response to this IRS request for information and documents.

Upon termination of PD LLC and DS LLC, which will be on May 1, 2015 (unless Herald exercises the redemption right described above), Herald will be entitled to the liquidating value of its interests in PD LLC and DS LLC, to be

paid in cash by Pulitzer. That amount would be equal to the amount of Herald's capital accounts, after allocating the gain or loss that would result from a cash sale of PD LLC and DS LLC's assets for their fair market value at that time. Herald's share of such gain or loss generally will be 5%, but will be reduced (but not below 1%) to the extent that the present value to May 1, 2000 of the after tax cash flows to Herald from PD LLC and from DS LLC, including the Initial Distribution, the special distribution described above, if any, and the liquidation amount (based on certain assumptions), exceeds $325,000,000.

The actual amount payable to Herald either on May 1, 2010, or upon the termination of PD LLC and DS LLC on May 1, 2015 will depend on such variables as future cash flows, the amounts of any distributions to Herald prior to such payment, PD LLC's and DS LLC's rate of growth and market valuations of newspaper properties. While the amount of such payment cannot be predicted with certainty, the Company currently estimates (assuming a 5% annual growth rate in Herald's capital accounts, no special distribution as described above and consistent newspaper property valuation multiples) that the amount of such payment would not exceed $100,000,000. The Company further believes that it will be able to finance such payment either from available cash reserves or with the proceeds of a debt issuance. The redemption of Herald's interest in PD LLC either on May 1, 2010 or upon termination of PD LLC in 2015 is expected to generate significant tax benefits to the Company as a consequence of the resulting increase in the tax basis of the assets owned by PD LLC and DS LLC and the related depreciation and amortization deductions.

13 IMPACT OF RECENTLY ISSUED ACCOUNTING STANDARDS

In December 2004 the FASB issued Statement 123-Revised, *Accounting for Stock-Based Compensation* (Statement 123R). In April 2005, the SEC announced the adoption of a rule that defers the required effective date of Statement 123R. Should the FASB amend Statement 123R to be consistent with SEC guidelines, the required effective date of Statement 123R for the Company is October 1, 2005. In addition, Statement 123R amends Statement 95, *Statement of Cash Flows*, to require that excess tax benefits be reported as a financing cash inflow rather than a reduction of taxes paid.

Statement 123R establishes standards for accounting for transactions in which an entity exchanges its equity instruments for goods and services (primarily accounting transactions in which an entity obtains employee services in share-based payment transactions, such as stock options). Statement 123R requires a public entity to measure the cost of employee services received in exchange for an equity instrument based on the grant-date fair value of the award. In general, the cost will be recognized over the period during which an employee is required to provide the service in exchange for the award (usually the vesting period). The fair-value based methods in Statement 123R are similar to the fair-value based method in Statement 123 in most respects. The Company adopted Statement 123 in 2003.

In December 2004 the FASB issued Statement 153, *Exchanges of Nonmonetary Assets*. This pronouncement amends APB Opinion 29, *Accounting for Nonmonetary Transactions*. Statement 153 is effective for nonmonetary exchanges occurring in fiscal periods beginning after June 15, 2005. Statement 153 eliminates the exception for nonmonetary exchanges of similar productive assets present in APB Opinion 29 and replaces it with a general exception for exchanges of nonmonetary assets that do not have commercial substance (i.e. transactions that are not expected to result in significant changes in the cash flows of the reported entity).

In May 2005 the FASB issued Statement 154, *Accounting Changes and Error Corrections—a replacement of APB Opinion No. 20 and FASB Statement No. 3,* that changes the requirements for the accounting and reporting of a change in accounting principle. Statement 154 eliminates the requirement to include the cumulative effect of changes in accounting principle in the current period of change and instead, requires that changes in accounting principle be retrospectively applied. Statement 154 is effective for accounting changes made in fiscal years beginning after December 15, 2005.

The Company does not anticipate that the implementation of the statements discussed above will have a material impact on its financial position, results of operations, or cash flows.

Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations

The following discussion includes comments and analysis relating to the Company's results of operations and financial condition as of and for the three months and nine months ended June 30, 2005. This discussion should be read in conjunction with the Consolidated Financial Statements and related Notes thereto and the 2004 Annual Report on Form 10-K, as amended.

NON-GAAP FINANCIAL MEASURES

Operating Cash Flow

Operating cash flow, which is defined as operating income before depreciation, amortization, and equity in net income of associated companies, and operating cash flow margin (operating cash flow divided by operating revenue) represent non-GAAP financial measures that are used in the analyses below. The Company believes that operating cash flow and the related margin percentage are useful measures of evaluating its financial performance because of their focus on the Company's results from operations before depreciation and amortization. The Company also believes that these measures are several of the alternative financial measures of performance used by investors, rating agencies and financial analysts to estimate the value of a company and evaluate its ability to meet debt service requirements.

A reconciliation of operating cash flow to operating income, the most directly comparable measure under accounting principles generally accepted in the United States of America (GAAP), is included in the table below:

	Three Months Ended June 30		Nine Months Ended June 30	
(Thousands)	2005	2004	2005	2004
Operating cash flow	$ 60,921	$ 50,697	$157,098	$140,371
Depreciation and amortization	15,454	12,034	38,534	35,321
Operating income, before equity in earnings of associated companies	45,467	38,663	118,564	105,050
Equity in earnings of associated companies	3,276	2,209	7,156	6,090
Operating income	$ 48,743	$ 40,872	$125,720	$111,140

SAME PROPERTY COMPARISONS

Certain information below, as noted, is presented on a same property basis, which is exclusive of acquisitions, including Pulitzer, and divestitures consummated in the current or prior year. The Company believes such comparisons provide meaningful information for an understanding of changes in its revenue and operating expenses. Same property comparisons exclude Madison Newspapers, Inc. (MNI). The Company owns 50% of the capital stock of MNI, which for financial reporting purposes is reported using the equity method of accounting. Same property comparisons also exclude corporate office costs.

CRITICAL ACCOUNTING POLICIES

The Company's discussion and analysis of its financial condition and results of operations are based upon the Company's Consolidated Financial Statements, which have been prepared in accordance with GAAP. The preparation of these financial statements requires the Company to make estimates and judgments that affect the reported amounts of assets, liabilities, revenues and expenses, and related disclosure of contingent assets and liabilities. On an on-going basis, the Company evaluates its estimates, including those related to intangible assets and income taxes. The Company bases its estimates on historical experience and on various other assumptions that are believed to be reasonable under the circumstances, the results of which form the basis for making judgments about the carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates under different assumptions or conditions. Additional information follows with regard to certain of the most critical of the Company's accounting policies.

Goodwill and Other Intangible Assets

In assessing the recoverability of the Company's goodwill and other intangible assets, the Company must make assumptions regarding estimated future cash flows and other factors to determine the fair value of the respective assets. The Company analyzes its goodwill and indefinite life intangible assets for impairment on an annual basis or more frequently if impairment indicators are present.

Pension, Postretirement and Postemployment Benefit Plans

The Company evaluates its liability for pension, postretirement and postemployment benefit plans based upon computations made by consulting actuaries, incorporating estimates and actuarial assumptions of future plan service costs, future interest costs on projected benefit obligations, rates of compensation increases, employee turnover rates, anticipated mortality rates, expected investment returns on plan assets, asset allocation assumptions of plan assets, and other factors. If management used different estimates and assumptions regarding these plans, the funded status of the plans could vary significantly and the Company could recognize different amounts of expense over future periods.

Income Taxes

Deferred income taxes are provided using the liability method, whereby deferred income tax assets are recognized for deductible temporary differences and loss carryforwards and deferred income tax liabilities are recognized for taxable temporary differences. Temporary differences are the difference between the reported amounts of assets and liabilities and their tax bases. Deferred income tax assets are reduced by a valuation allowance when, in the opinion of management, it is more likely than not that some portion or all of the deferred income tax assets will not be realized. Deferred income tax assets and liabilities are adjusted for the effects of changes in tax laws and rates on the date of enactment.

The Company files income tax returns with the Internal Revenue Service and various state tax jurisdictions. From time to time the Company is subject to routine audits by those agencies, and those audits may result in proposed adjustments. The Company has considered the alternative interpretations that may be assumed by the various taxing agencies, believes its positions taken regarding its filings are valid, and that adequate tax liabilities have been recorded to resolve such matters.

Revenue Recognition

Advertising revenue is recorded when advertisements are placed in the publication and circulation revenue is recorded as newspapers are delivered over the subscription term. Other revenue is recognized when the related product or service has been delivered. Unearned revenue arises in the ordinary course of business from advance subscription payments for newspapers or advance payments for advertising.

Uninsured Risks

The Company is self-insured for health care and workers compensation costs of its employees, subject to stop loss insurance, which limits exposure to large claims. The Company accrues its estimated health care costs in the period in which such costs are incurred, including an estimate of incurred but not reported claims. Other insurance carries deductible losses of varying amounts.

The Company's reserve for workers compensation claims is an estimate of the remaining liability for retained losses. The amount has been determined based upon historical patterns of incurred and paid loss development factors from the insurance industry.

EXECUTIVE OVERVIEW

The Company directly, and through its ownership of associated companies, publishes 58 daily newspapers in 23 states and approximately 300 weekly, classified and specialty publications, along with associated online services. The Company was founded in 1890, incorporated in 1950, and listed on the New York Stock Exchange in 1978. Before 2001, the Company also operated a number of network-affiliated and satellite television stations.

In April 2002, the Company acquired ownership of 15 daily newspapers and a 50% interest in the Sioux City, Iowa daily newspaper (SCN) by purchasing Howard Publications, Inc. (Howard). This acquisition was consistent with the strategy the Company announced in 2000 to buy daily newspapers with daily circulation of 30,000 or more. In July 2002, the Company acquired the remaining 50% of SCN. These acquisitions increased the Company's circulation by more than 75%, to 1.1 million daily and 1.2 million on Sunday, and increased its revenue by nearly 50%. In February 2004, two daily newspapers acquired in the Howard acquisition were exchanged for two daily newspapers in Burley, Idaho and Elko, Nevada.

On June 3, 2005, the Company acquired Pulitzer. Pulitzer publishes fourteen daily newspapers, including the *St. Louis Post-Dispatch,* and approximately 100 weekly newspapers and specialty publications. Pulitzer also owns a 50% interest in TNI. The acquisition of Pulitzer will increase the Company's circulation by more than 50% and revenue by more than 60%.

The Company is focused on five key strategic priorities. They are to:

- Grow revenue creatively and rapidly;
- Improve readership and circulation;
- Emphasize strong local news;
- Drive the Company's online strength; and
- Exercise careful cost controls.

Certain aspects of these priorities are discussed below.

Approximately 75% of the Company's revenue is derived from advertising. The Company's strategies are to increase its share of local advertising through increased sales pressure in its existing markets and, over time, to increase circulation and readership through internal expansion into contiguous markets, augmented by selective acquisitions. Acquisition efforts are focused on newspapers with daily circulation of 30,000 or more, as noted above, and other publications that expand the Company's operating revenue.

Results for the three months and nine months ended June 30, 2005 improved over the prior year due to the Company's continuing emphasis on its strategic priorities, as described above, and the improvement in the overall economic environment, both of which positively influenced advertising revenue. Increases in advertising revenue were partially offset by declines in circulation revenue and increases in costs. Results for the periods presented were also significantly influenced by the acquisition of Pulitzer.

THREE MONTHS ENDED JUNE 30, 2005

Operating results, as reported in the Consolidated Financial Statements, are summarized below:

	Three Months Ended June 30		Percent Change	
(Thousands, Except Per Share Data)	2005	2004	Total	Same Property
Advertising revenue:				
Retail	$ 89,656	$ 72,930	22.9%	3.0%
National	7,432	4,551	63.3	4.4
Classified:				
Daily newspapers:				
Employment	16,907	12,132	39.4	15.1
Automotive	12,616	10,488	20.3	(3.4)
Real estate	12,245	8,742	40.1	15.6
All other	7,825	7,359	6.3	(10.2)
Other publications	11,529	8,972	28.5	1.4
Total classified	61,122	47,693	28.2	4.7
Niche publications	3,408	3,115	9.4	(7.3)
Online	5,091	3,004	69.5	34.6
Total advertising revenue	166,709	131,293	27.0	4.1
Circulation	38,045	32,363	17.6	(1.5)
Commercial printing	5,470	5,388	1.5	(3.3)
Online services and other	7,632	6,922	10.3	7.3
Total operating revenue	217,856	175,966	23.8	3.0
Compensation	85,173	68,838	23.7	1.8
Newsprint and ink	21,478	16,314	31.7	6.5
Other operating expenses	50,284	40,117	25.3	(2.2)
	156,935	125,269	25.3	1.2
Operating cash flow	60,921	50,697	20.2	6.7
Depreciation and amortization	15,454	12,034	28.4	(6.5)
Operating income, before equity in earnings of associated companies	45,467	38,663	17.6	10.0
Equity in earnings of associated companies	3,276	2,209	48.3	
Operating income	48,743	40,872	19.3	
Non-operating expense, net	(19,209)	(2,624)	NM	
Income from continuing operations before income taxes	29,534	38,248	(22.8)	
Income tax expense	10,691	13,696	(21.9)	
Minority interest	145	—	NM	
Income from continuing operations	$ 18,698	$ 24,552	(23.8)%	
Earnings per common share:				
Basic	$ 0.41	$ 0.55	(25.5)%	
Diluted	0.41	0.54	(24.1)	

Sundays generate substantially more advertising and circulation revenue than any other day of the week. The three months ended June 30, 2005 had the same number of Sundays as the prior year quarter.

In total, acquisitions and divestitures accounted for $38,983,000 of revenue and $30,164,000 of operating expenses, other than depreciation and amortization, in the three months ended June 30, 2005. Acquisitions and divestitures accounted for $2,277,000 of revenue and $1,937,000 of operating expenses other than depreciation and amortization, in the three months ended June 30, 2004.

Advertising Revenue

For the three months ended June 30, 2005, total same property revenue increased $5,184,000, or 3.0%, and total same property advertising revenue increased $5,374,000, or 4.1%. Same property retail revenue increased $2,164,000, or 3.0%. Same property average retail rate, excluding preprint insertions, increased 3.4%. Preprint insertion revenue increased 5.0%.

Same property classified advertising revenue increased 4.7% for the three months ended June 30, 2005. Higher margin employment advertising at the daily newspapers increased 15.1% on a same property basis, the seventh consecutive quarterly increase, and same property real estate classified revenue increased 15.6%. Same property automotive classified advertising decreased 3.4%. Same property average classified rates declined 2.0%.

Advertising lineage, as reported on a same property basis for the Company's daily newspapers, consisted of the following:

	Three Months Ended June 30		
(Thousands of Inches)	2005	2004	Percent Change
Retail	2,628	2,691	(2.3)%
National	146	141	3.5
Classified	3,046	2,861	6.5
	5,820	5,693	2.2%

Advertising in niche publications decreased 7.3% on a same property basis, due to the loss of a larger publication in one market, partially offset by new publications in existing markets and penetration of new and existing markets. Online advertising increased 34.6% on a same property basis, due primarily to expanded cross-selling with the Company's print publications. Both of these categories are a strategic focus for the Company.

Circulation and Other Revenue

Same property circulation revenue decreased $484,000, or 1.5%, in the current year quarter. The Company's unaudited average daily newspaper circulation units, including MNI, decreased 1.2% and Sunday circulation decreased 1.8% for the three months ended June 2005, compared to the prior year. The Company remains focused on growing circulation units and readership through a number of initiatives.

Same property commercial printing revenue decreased $173,000, or 3.3%. Same property online services and other revenue increased $466,000, or 7.3%.

Operating Expenses and Results of Operations

Same property compensation expense increased $1,173,000, or 1.8%, in the current year quarter. Same property full-time equivalent employees decreased 0.7% year over year. Normal salary increases, higher incentive compensation from increasing revenue and overtime, along with associated increases in taxes and benefits contributed to the increase. Reduced medical expense from plan changes offset other increases. Same property newsprint and ink costs increased $1,038,000, or 6.5%, in the current year quarter due to newsprint price increases, offset by a decrease in usage. Newsprint prices have been increasing since the summer of 2002. Same property newsprint volume decreased 1.0%. Same property other operating costs, which are comprised of all operating expenses not considered to be compensation, newsprint and ink, depreciation or amortization, decreased $802,000 or 2.2%, in the current year quarter. Expenses to maintain circulation and outside printing costs contributed to the growth in other operating expenses. Depreciation and amortization expense decreased $740,000, or 6.5%, on a same property basis, due primarily to the completion of amortization related to certain previous acquisitions. Nonrecurring transition costs related to the acquisition of Pulitzer totaled $1,450,000, or two cents per diluted common share, for the three months ended June 30, 2005. Such costs are not included in same property comparisons and are expected to continue for the remainder of the calendar year.

Operating cash flow improved 20.2% to $60,921,000 the current year quarter from $50,697,000 in the prior year. Operating cash flow margin decreased to 28.0% from 28.8% in the prior year quarter due to the inclusion of Pulitzer results. Same property operating cash flow increased 6.7%. Same property operating cash flow margin increased to 33.7%, from 32.5% in the prior year quarter. Equity in earnings of associated companies increased to $3,276,000 in the current year quarter, compared to $2,209,000 in the prior year quarter, primarily from inclusion of Tucson results. Operating income increased 19.3% to $48,743,000. Operating income margin decreased to 22.4% from 23.2% due to the inclusion of Pulitzer results.

Nonoperating Income and Expense

Financial expense increased $6,177,000 due to the debt acquired to fund the Pulitzer acquisition, partially offset by debt reduction funded by cash generated from operations. Refinancing of existing debt of the Company as a result of the acquisition of Pulitzer resulted in a pretax loss of $11,181,000, or 15 cents per diluted common share.

Overall Results

The Company's effective income tax rate increased to 36.2% from 35.8% in the prior year quarter. The effective rate in the prior year quarter was lower due to favorable resolution of outstanding state tax issues. As a result of all of the above, earnings per diluted common share from continuing operations decreased 24.1% to $0.41 per share from $0.54 per share in the prior year quarter.

NINE MONTHS ENDED JUNE 30, 2005

Operating results, as reported in the Consolidated Financial Statements, are summarized below:

	Nine Months Ended June 30		Percent Change	
(Thousands, Except Per Share Data)	2005	2004	Total	Same Property
Advertising revenue:				
Retail	$241,524	$216,802	11.4%	3.4%
National	19,689	13,844	42.2	13.2
Classified:				
Daily newspapers:				
Employment	40,072	32,006	25.2	15.6
Automotive	31,722	30,149	5.2	(3.1)
Real estate	29,785	24,773	20.2	11.4
All other	19,317	18,419	4.9	(2.6)
Other publications	28,492	24,409	16.7	1.8
Total classified	149,388	129,756	15.1	5.3
Niche publications	9,342	8,228	13.5	2.6
Online	11,667	7,989	46.0	32.7
Total advertising revenue	431,610	376,619	14.6	5.0
Circulation	102,303	97,872	4.5	(2.3)
Commercial printing	15,977	15,115	5.7	3.3
Online services and other	20,744	19,688	5.4	9.6
	570,634	509,294	12.0	3.7
Compensation	227,856	206,196	10.5	2.5
Newsprint and ink	54,371	46,528	16.9	7.7
Other operating expenses	131,309	116,199	13.0	1.4
	413,536	368,923	12.1	2.8
Operating cash flow	157,098	140,371	11.9	5.7
Depreciation and amortization	38,534	35,321	9.1	(4.7)
Operating income, before equity in earnings of associated companies	118,564	105,050	12.9	8.5
Equity in earnings of associated companies	7,156	6,090	17.5	
Operating income	125,720	111,140	13.1	
Non-operating expense, net	(24,393)	(9,287)	162.7	
Income from continuing operations before income taxes	101,327	101,853	(0.5)	
Income tax expense	37,410	36,632	2.1	
Minority interest	145	-	NM	
Income from continuing operations	$ 63,772	$ 65,221	(2.2)%	
Earnings per common share:				
Basic	$ 1.41	$ 1.45	(2.8)%	
Diluted	1.41	1.44	(2.1)	

Sundays generate substantially more advertising and circulation revenue than any other day of the week. The nine month period ended June 30, 2005 had the same number of Sundays as the same period in the prior year.

In total, acquisitions and divestitures accounted for $47,114,000 of revenue and $37,078,000 of operating expenses other than depreciation and amortization, in the nine months ended June 30, 2005. Acquisitions and divestitures accounted for $4,537,000 of revenue and $3,702,000 of operating expenses other than depreciation and amortization, in the nine months ended June 30, 2004.

Advertising Revenue

For the nine months ended June 30, 2005, total same property revenue increased $18,763,000, or 3.7%, and total same property advertising revenue increased $18,800,000 or 5.0%. Same property retail revenue increased $7,356,000 or 3.4%. Same property average retail rate, excluding preprint insertions, increased 4.2%. Preprint insertion revenue increased 4.1%.

Same property classified advertising revenue increased 5.3% for the nine month period ended June 30, 2005. Higher margin employment advertising at the daily newspapers increased 15.6% on a same property basis, and same property real estate classified revenue increased 11.4%. Same property automotive classified advertising decreased 3.1%. Same property average classified rates decreased 1.8%.

Advertising lineage, as reported on a same property basis for the Company's daily newspapers, consists of the following:

	Nine Months Ended June 30		
(Thousands of Inches)	2005	2004	Percent Change
Retail	7,912	8,109	(2.4)%
National	435	412	5.6
Classified	8,557	7,952	7.6
	16,904	16,473	2.6%

Advertising in niche publications increased 2.6% on a same property basis, due to new publications in existing markets and penetration of new and existing markets offset by the loss of a larger publication in one market. Online advertising increased 32.7% on a same property basis, due primarily to expanded cross-selling with the Company's print publications. Both of these categories are a strategic focus for the Company.

Circulation and Other Revenue

Same property circulation revenue decreased $2,255,000 or 2.3%, in the current year nine month period. The Company's unaudited total average daily newspaper circulation units, including MNI, declined 1.2% and Sunday circulation decreased 1.3% for the nine months ended June 2005, compared to the prior year. The Company remains focused on growing circulation units and readership through a number of initiatives.

Same property commercial printing revenue increased $493,000 or 3.3%. Same property online services and other revenue increased $1,726,000 or 9.6%.

Operating Expenses and Results of Operations

Same property compensation expense increased $4,724,000 or 2.5%, in the current year nine month period. Same property full-time equivalent employees decreased 0.4% year over year, offsetting normal salary increases. Same property newsprint and ink costs increased $3,542,000 or 7.7%, in the current year nine month period due to newsprint price increases combined with an increase in usage. Newsprint prices have been increasing since the summer of 2002. Same property newsprint volume increased 0.4%. Same property other operating costs, which are comprised of all operating expenses not considered to be compensation, newsprint and ink, depreciation or amortization, increased $1,505,000 or 1.4%, in the current year nine month period. Expenses to maintain circulation and outside printing costs also contributed to the growth in other operating expenses and more than offset a $550,000 accrual made in the prior year nine month period for the prospect that the Company, among many others, will be required to refund approved critical vendor payments received from Kmart Corporation following its bankruptcy proceedings in 2002. Depreciation and amortization expense decreased $1,602,000, or 4.7%, on a same property basis, due primarily to the completion of amortization related to certain previous acquisitions. Nonrecurring transition costs related to the acquisition of Pulitzer totaled $1,543,000, or two cents per diluted common share, for the nine months ended June 30, 2005. Such costs are not included in same property comparisons and are expected to continue for the remainder of the calendar year.

Operating cash flow improved 11.9% to $157,098,000 in the current year nine month period from $140,371,000 in the prior year. Operating cash flow margin decreased to 27.5% from 27.6% in the prior year, due to the inclusion of Pulitzer results. Same property operating cash flow increased 5.7%. Same property operating cash flow margin increased to 32.0%, compared to 31.4% in the prior year period. Equity in earnings of associated companies increased to $7,156,000 in the current year nine month period, compared to $6,090,000 in the prior year, primarily due to inclusion of Tucson results. Operating income increased 13.1% to $125,720,000. Operating income margin increased to 22.0% from 21.8%.

Nonoperating Income and Expense

Financial expense increased $4,829,000 primarily due to the debt acquired to fund the Pulitzer acquisition, partially offset by debt reduction funded by cash generated by operations. Refinancing of existing debt of the Company as a result of the acquisition of Pulitzer resulted in a pretax loss of $11,181,000, or 15 cents per diluted common share.

Overall Results

The Company's effective income tax rate increased to 36.9% from 36.0% in the prior year due primarily to favorable resolution of outstanding state tax issues in the prior year. As a result of all of the above, earnings per diluted common share from continuing operations decreased 2.8% to $1.41 per share from $1.45 per share in the prior year period.

LIQUIDITY AND CAPITAL RESOURCES

Cash provided by operating activities of continuing operations was $111,406,000 for the nine months ended June 30, 2005 and $92,498,000 for the same period in 2004. Decreased income from continuing operations was offset by changes in working capital, accounting for the change between years.

Cash required for investing activities totaled $1,260,600,000 for the nine months ended June 30, 2005, and $17,105,000 in the same period in 2004. Acquisitions account for substantially all of the current year usage. Existing cash of Pulitzer was used to pay acquisition fees and expenses and repay debt of the Company. Capital expenditures and acquisitions were responsible for the primary usage of funds in the prior year.

The Company anticipates that funds necessary for future capital expenditures, and other requirements, will be available from internally generated funds, availability under its Credit Agreement or, if necessary, by accessing the capital markets.

On June 3, 2005, the Company entered into a Credit Agreement with a syndicate of financial institutions. The Credit Agreement provides for aggregate borrowings of up to $1,550,000,000 and consists of a seven year, $800,000,000 A Term Loan, an eight year $300,000,000 B Term Loan and a seven year $450,000,000 revolving credit facility. The Credit Agreement also provides the Company with a right, with the consent of the administrative agent, to request at certain times prior to June 2012, that one or more lenders provide incremental term loan commitments of up to $500,000,000, subject to certain requirements being satisfied at the time of the request.

On June 3, 2005, upon consummation of the Credit Agreement, the Company borrowed $800,000,000 under the A Term Loan, $300,000,000 under the B Term Loan, and $362,000,000 under the revolving credit facility, of which $10,000,000 was repaid the following week. The proceeds were used to consummate the Merger with Pulitzer, to repay existing indebtedness of the Company, as discussed more fully below, and to pay related fees and expenses.

In connection with the execution of the Credit Agreement, the Company redeemed, as of June 3, 2005, all of the outstanding indebtedness under its then existing credit agreement and, as of June 6, 2005, the existing senior notes of the Company under the Note Purchase Agreement, dated as of March 18, 1998. Refinancing of existing debt of the Company resulted in a pretax loss of $11,181,000.

In April 2005, the Company executed interest rate swaps in the notional amount of $350,000,000 with a forward starting date of November 30, 2005. The interest rate swaps have terms of 2 to 5 years, carry interest rates from 4.2% to 4.4% (plus the applicable LIBOR margin) and effectively fix the Company's interest rate on debt in the amount, and for the time periods, of such instruments.

Cash provided by financing activities totaled $1,191,713,000 during the nine months ended June 30, 2005, and required $77,993,000 in the prior year. Cash dividend payments have been influenced by timing.

Cash and cash equivalents increased $42,519,000 for the nine months ended June 30, 2005 and decreased $2,813,000 for the same period in 2004. In July 2005, $50,000,000 of cash was used to reduce debt under the B Term Loan.

INFLATION

The Company has not been significantly impacted by inflationary pressures over the last several years. The Company anticipates that changing costs of newsprint, its basic raw material, may impact future operating costs. Price increases (or decreases) for the Company's products are implemented when deemed appropriate by management. The Company continuously evaluates price increases, productivity improvements and cost reductions to mitigate the impact of inflation.

In April and May 2005, several major newsprint manufacturers announced price increases of $35 per metric ton, effective for deliveries in June 2005. The final extent of changes in prices, if any, is subject to negotiation between such manufacturers and the Company. See Item 3.

Item 3. Quantitative and Qualitative Disclosures About Market Risk

The Company is exposed to market risk stemming from changes in interest rates and commodity prices. Changes in these factors could cause fluctuations in earnings and cash flows. In the normal course of business, exposure to certain of these market risks is managed as described below.

INTEREST RATES

Debt

The Company's debt structure and interest rate risk are managed through the use of fixed and floating rate debt. The Company's primary exposure is to the London Interbank Offered Rate (LIBOR). A 100 basis point increase to LIBOR would decrease income from continuing operations before income taxes on an annualized basis by approximately $11,020,000, based on floating rate debt outstanding at June 30, 2005, excluding debt subject to the interest rate swaps described below, and excluding debt of MNI.

In April 2005, the Company executed interest rate swaps in the notional amount of $350,000,000 with a forward starting date of November 30, 2005. The interest rate swaps have terms of two to five years, carry interest rates from 4.2% to 4.4% (plus the applicable LIBOR margin) and effectively fix the Company's interest rate on debt in the amounts, and for the time periods, of such instruments.

At June 30, 2005, after consideration of the forward starting interest rate swaps described above, approximately 63% of the principal amount of the Company's debt is subject to floating interest rates.

Restricted Cash and Investments

Interest rate risk in the Company's restricted cash and investments is managed by investing only in securities with maturities no later than April 2010, after which time all restrictions on such funds lapse. Only high-quality investments are considered. Interest-earning assets, including those in defined benefit plans, also function as a natural hedge against fluctuations in interest rates on debt.

COMMODITIES

Certain materials used by the Company are exposed to commodity price changes. The Company manages this risk through instruments such as purchase orders and non-cancelable supply contracts. The Company is also involved in continuing programs to mitigate the impact of cost increases through identification of sourcing and operating efficiencies. Primary commodity price exposures are newsprint and, to a lesser extent, ink.

A $10 per metric ton newsprint price increase would result in an annualized reduction in income from continuing operations before income taxes of approximately $1,897,000 based on anticipated consumption in 2005, excluding consumption of MNI and TNI.

SENSITIVITY TO CHANGES IN VALUE

The estimate that follows is intended to measure the maximum potential impact on fair value of fixed rate debt of the Company in one year from adverse changes in market interest rates under normal market conditions. The calculation is not intended to represent the actual loss in fair value that the Company expects to incur. The estimate does not consider favorable changes in market rates. The position included in the calculation is fixed rate debt, the principal amount of which totals $306,000,000 at June 30, 2005.

The estimated maximum potential one-year loss in fair value from a 100 basis point movement in interest rates on market risk sensitive investment instruments outstanding at June 30, 2005 is approximately $11,579,000. There is no impact on reported results or financial condition from such changes in interest rates.

Item 4. Controls and Procedures

In order to ensure that the information that must be disclosed in filings with the Securities and Exchange Commission is recorded, processed, summarized and reported in a timely manner, the Company has disclosure controls and procedures in place. The Chief Executive Officer, Mary E. Junck, and Chief Financial Officer, Carl G. Schmidt, have reviewed and evaluated disclosure controls and procedures as of June 30, 2005, and have concluded that such controls and procedures are effective and that no changes are required.

There have been no significant changes in internal controls over financial reporting that have materially affected, or are reasonably likely to materially affect, such controls during the quarter ended June 30, 2005.

PART II OTHER INFORMATION

Item 2(c). Issuer Purchases of Equity Securities

During the three months ended June 30, 2005, the Company purchased shares of Common Stock, as noted in the table below, in transactions with participants in its 1990 Long-Term Incentive Plan. The transactions resulted from the withholding of shares to fund the exercise price and/or taxes related to the exercise of stock options. The Company is not currently engaged in share repurchases related to a publicly announced plan or program.

Month	Total Number Of Shares Purchased Or Forfeited	Average Price Per Share
April	646	$43.17

Item 6. Exhibits

EXHIBITS

10.1 Amended and Restated Agreement and Plan of Merger by and among Pulitzer Publishing Company, Pulitzer Inc. and Hearst-Argyle Television, Inc. dated as of May 25, 1998.

10.2 Amended and Restated Joint Operating Agreement, dated December 22, 1988, between Star Publishing Company and Citizen Publishing Company.

10.3 Partnership Agreement, dated December 22, 1988, between Star Publishing Company and Citizen Publishing Company.

10.4 Joint Venture Agreement, dated as of May 1, 2000, among Pulitzer Inc., Pulitzer Technologies, Inc., The Herald Company, Inc. and St. Louis Post-Dispatch LLC.

10.5 Operating Agreement of St. Louis Post-Dispatch LLC, dated as of May 1, 2000, as amended on June 1, 2001.

10.6 Indemnity Agreement, dated as of May 1, 2000, between The Herald Company, Inc. and Pulitzer Inc.

10.7 License Agreement, dated as of May 1, 2000, by and between Pulitzer Inc. and St. Louis Post-Dispatch LLC.

10.8 St. Louis Post-Dispatch LLC Note Agreement, dated as of May 1, 2000, as amended on November 23, 2004.

10.9 Pulitzer Inc. Guaranty Agreement, dated as of May 1, 2000 as amended on August 7, 2000, November 23, 2004 and June 3, 2005.

10.10 Non-Confidentiality Agreement, dated as of May 1, 2000.

10.11 Employment Agreement, dated August 26, 1998 between Pulitzer Inc. and Terrance C.Z. Egger.

10.12 Pulitzer Inc. Executive Transition Plan.

10.13 Pulitzer Inc. Executive Transition Agreement, by and between Pulitzer Inc. and Terrance C.Z. Egger, dated as of January 1, 2002.

10.14 Incentive Opportunities Term Sheet for Terrance C.Z. Egger.

10.15 Amended and Restated Pulitzer Inc. Supplemental Executive Benefit Pension Plan (restated as of June 3, 2005)

31 Rule 13a-14(a)/15d-14(a) Certifications

32 Section 1350 Certification

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the Registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

LEE ENTERPRISES, INCORPORATED

/s/ Carl G. Schmidt DATE: August 9, 2005
Carl G. Schmidt
Vice President, Chief Financial Officer and Treasurer
(Principal Financial and Accounting Officer)

AMENDED AND RESTATED AGREEMENT AND PLAN OF MERGER

By and Among

PULITZER PUBLISHING COMPANY,

PULITZER INC.,

and

HEARST-ARGYLE TELEVISION, INC.

dated as of May 25, 1998

The undersigned, Dean H. Blythe, as Secretary of Hearst-Argyle Television, Inc., hereby certifies that the within Amended and Restated Agreement and Plan of Merger was approved and adopted by the affirmative vote of a majority of the outstanding shares of Series A Common Stock, Series B Common Stock, Series A Preferred Stock and Series B Preferred Stock, voting together as one class, of Hearst- Argyle Television, Inc.

March 17, 1999

By: /S/ DEAN H. BLYTHE
Name: **Dean H. Blythe**
Title: **Secretary**

The undersigned, James V. Maloney, as Secretary of Pulitzer Publishing Company, hereby certifies that the within Amended and Restated Agreement and Plan of Merger was approved and adopted by the affirmative vote of the holders of a majority of the outstanding shares of Common Stock and Class B Common Stock, voting together as a single class, of Pulitzer Publishing Company.

By: /S/ JAMES V. MALONEY
Name: **James V. Maloney**
Title: **Secretary**

March 17, 1999

TABLE OF CONTENTS

EXHIBITS AND SCHEDULES

Exhibit A	Form of Company Charter Amendment
Exhibit B	Form of Newco Charter Amendment
Exhibit C	Form of Contribution and Assumption Agreement
Exhibit D	Form of Registration Rights Agreement
Exhibit E	Form of FCC Agreement
Exhibit F	Form of Board Representation Agreement
Exhibit G	Form of Arizona Diamondbacks Agreement
Exhibit H	Form of Acquiror Voting Agreement
Exhibit I	Form of Pulitzer Voting Agreement
Exhibit J	Form of Affiliate Letter
Schedule 1.01	Directors of Surviving Corporation
Schedule 3.02	Right of Termination, Cancellation, Modification or Acceleration and Requirement of Notice or Approval
Schedule 3.09	Additional Company Liabilities
Schedule 3.11(b)	Material Claims and Investigations for Taxes of Company or Its Subsidiaries
Schedule 3.12	Company Litigation
Schedule 3.14	Environmental Liabilities of Company
Schedule 4.03	Broadcasting Financial Statements
Schedule 4.05	Additional Broadcasting Liabilities
Schedule 4.06	Material Licenses and Authorizations held by Broadcasting
Schedule 4.07	Station Network Affiliation Agreements
Schedule 4.08(b)	Personal Property Permitted Exceptions
Schedule 4.08(c)	Personal Property Leases
Schedule 4.08(d)(1)	Real Property
Schedule 4.08(d)(2)	Real Estate Exceptions
Schedule 4.09	Broadcasting Litigation
Schedule 4.10(a)	Employee Plans Currently Maintained or Contributed to by the Company or PBC for the Benefit of any Broadcasting Employee
Schedule 4.11(a)	Labor or Collective Bargaining Agreements of Broadcasting
Schedule 4.11(b)	Broadcasting Employees Represented by Labor Organizations
Schedule 4.12(a)	Environmental Liabilities of Broadcasting
Schedule 5.02(a)	Right of Termination, Cancellation, Modification or Acceleration and Requirement of Notice or Approval Relating to Agreements or Obligations of Acquiror
Schedule 5.02(b)	Restrictions
Schedule 5.05(a)	Existing Options, Warrants, Etc. of Acquiror
Schedule 5.09	Additional Acquiror Liabilities
Schedule 5.11(b)	Material Claims and Investigations for Taxes of Acquiror
Schedule 5.15	Acquiror FCC Qualifications
Schedule 6.03(a)(v)	1998 Broadcasting Budget
Schedule 6.11(f)(2)	Employment and Related Agreements of the Company
Schedule 6.11(f)(3)	Broadcasting Employees Plans Maintained Exclusively for Broadcasting Employees
Schedule 6.11 (f)(4)	Post-Retirement Medical or Other Welfare Benefits Payable to Transferring Employees
Schedule 6.11(g)	Participation and Severance Agreements

AMENDED AND RESTATED AGREEMENT AND PLAN OF MERGER

This Amended and Restated Agreement and Plan of Merger (this "Agreement"), dated as of May 25, 1998, is made by and among Pulitzer Publishing Company, a Delaware corporation (the "Company"), Pulitzer Inc., a Delaware corporation and wholly owned subsidiary of the Company ("Newco"), and Hearst-Argyle Television, Inc., a Delaware corporation ("Acquiror").

RECITALS

WHEREAS, the Boards of Directors of the Company, Newco and Acquiror have determined that it is in the best interests of their respective stockholders to enter into this Agreement which, among other things, provides for (i) the Company to contribute to Newco or its wholly-owned Subsidiary certain assets of the Company (other than those assets described in the Contribution Agreement as being retained by the Company) and to distribute to its stockholders shares of capital stock of Newco so that the stockholders of the Company will become the stockholders of Newco; and (ii) the Company (immediately following such contribution and distribution) to merge with and into Acquiror, as a result of which the stockholders of the Company immediately prior to such merger will become stockholders of Acquiror; and

WHEREAS, for federal income tax purposes, it is intended that such transactions will qualify as reorganizations within the meaning of Sections 368(a)(1)(D) and 368(a)(1)(A) of the Code, respectively; and

WHEREAS, the parties hereto have determined to amend certain provisions of this Agreement and to amend and restate this Agreement in accordance herewith.

NOW, THEREFORE, in consideration of the foregoing and the representations, warranties and agreements set forth below, the parties hereto agree as follows:

ARTICLE I

THE MERGER

1.01. THE MERGER. Subject to the terms and conditions hereof, at the Effective Time: (i) the Company shall be merged with and into Acquiror (the "Merger") and the separate existence of the Company shall cease and Acquiror shall continue as the surviving corporation in the Merger (the "Surviving Corporation"); (ii) the Articles of Incorporation of Acquiror, as in effect immediately prior to the Effective Time, shall continue as the Articles of Incorporation of the Surviving Corporation; (iii) the Bylaws of Acquiror, as in effect immediately prior to the Effective Time, shall continue as the Bylaws of the Surviving Corporation; (iv) the Persons listed on **Schedule 1.01** shall be the directors of the Surviving Corporation; and (v) the officers of Acquiror immediately prior to the Effective Time shall continue as the officers of the Surviving Corporation. From and after the Effective Time, the Merger will have all the effects provided by applicable law.

1.02. EFFECT OF THE MERGER ON CAPITAL STOCK. At the Effective Time, by virtue of the Merger and without any action on the part of the holder of any shares of capital stock:

(a) Subject to **Sections 1.02(b) and 1.02(e)** hereof, each share of Company Stock issued and outstanding immediately prior to the Merger shall be converted into and shall become that number of fully paid and nonassessable shares of Acquiror Common Stock equal to the Common Stock Conversion Number.

(b) Each share of Company Stock issued and outstanding immediately prior to the Merger and owned directly or indirectly by the Company as treasury stock, by Newco or by any of the Company's or Newco's respective Subsidiaries shall be cancelled, and no consideration shall be delivered in exchange therefor.

(c) Each share of the capital stock of Acquiror issued and outstanding immediately prior to the Merger shall remain outstanding.

(d) "Common Stock Conversion Number" shall mean the quotient obtained by dividing (i) the aggregate number of shares of Acquiror Common Stock into which Company Stock shall be converted (the

"Aggregate Shares Delivered") by (ii) the number of shares of Company Stock outstanding immediately prior to the Effective Time (the "Outstanding Company Stock").

For purposes hereof, the Aggregate Shares Delivered shall equal the quotient obtained by dividing the Aggregate Consideration by $31.00.

For purposes hereof, the "Aggregate Consideration" shall be $1,150,000,000.

Without limiting the provisions of **Section 6.04**, if, between the date hereof and the Effective Time, the outstanding shares of Acquiror Common Stock shall have been changed into a different number of shares or a different class, by reason of any stock dividend, subdivision, reclassification, recapitalization, split, combination or exchange of shares, or if any extraordinary dividend or distribution is made with respect to the Acquiror Common Stock, then the Aggregate Shares Delivered shall be correspondingly adjusted to reflect such stock dividend, subdivision, reclassification, recapitalization, split, combination or exchange of shares, extraordinary dividend or distribution or other similar event.

(e) The holder of any shares ("Dissenting Shares") of Company Stock outstanding immediately prior to the Merger that has validly exercised such holder's appraisal rights, if any, under the Delaware General Corporation Law (the "DGCL") shall not be entitled to receive, in respect of the shares of Company Stock as to which such holder has validly exercised appraisal rights, shares of Acquiror Common Stock unless and until such holder shall have failed to perfect, or shall have effectively withdrawn or lost, such holder's right to payment for such holder's shares of Company Stock under the DGCL. In such event, such holder shall be entitled to receive the Acquiror Common Stock (in addition to the shares of either Newco Common Stock or Newco Class B Common Stock received pursuant to the Distribution) which such holder would have been entitled to receive had such holder not exercised appraisal rights. The Company shall give Acquiror prompt notice upon receipt by the Company (i) prior to or at the meeting of stockholders at which the Merger, this Agreement and the Company Charter Amendment are voted upon, of any written objection thereto or written demand for appraisal of shares (any stockholder duly making such objection being hereinafter called a "Dissenting Stockholder") and (ii) any other notices or communications made after such time by a Dissenting Stockholder which pertains to appraisal rights. The Company agrees that, prior to the Effective Time, except with the written consent of Acquiror, it will not voluntarily make any payment with respect to, or settle or offer to settle, any such demand. Each Dissenting Stockholder who becomes entitled under the DGCL to payment for such holder's shares of Company Stock shall receive payment therefor after the Effective Time from the Surviving Corporation.

1.03. EFFECTIVE TIME OF THE MERGER. Subject to the terms and conditions set forth in this Agreement, a certificate of merger shall be duly prepared, executed and acknowledged by Acquiror and the Company and thereafter delivered to the Secretary of State of the State of Delaware (the "Certificate of Merger") for filing pursuant to the DGCL on the Closing Date. The Merger shall become effective upon the filing of the Certificate of Merger with such Secretary of State on the Closing Date (the "Effective Time").

1.04. EXCHANGE OF CERTIFICATES.

(a) Prior to the Closing Date, the Company shall retain a bank or trust company reasonably acceptable to Acquiror to act as exchange agent (the "Exchange Agent") in connection with the surrender of certificates evidencing shares of Company Stock converted into shares of Acquiror Common Stock pursuant to the Merger. Prior to the Effective Time, Acquiror shall deposit with the Exchange Agent the shares of Acquiror Common Stock to be issued in the Merger, which shares (collectively, the "Merger Stock") shall be deemed to be issued at the Effective Time. At and following the Effective Time, the Surviving Corporation shall deliver to the Exchange Agent such cash as may be required, from time to time, to make payments of cash in lieu of fractional shares in accordance with **Section 1.06** hereof.

(b) As soon as practicable after the Effective Time, the Exchange Agent shall mail to each person who was, at the Effective Time, a holder of record of a certificate or certificates that immediately prior to the Effective Time evidenced Outstanding Company Stock (collectively, the "Certificates"), other than the Company, Newco or any of their respective Subsidiaries, (i) a letter of transmittal (which shall specify that delivery of the

Certificates shall be effective, and risk of loss and title to the Certificates shall pass, only upon delivery of the Certificates to the Exchange Agent and which shall be in such form and shall have such other provisions as Acquiror and Newco shall reasonably specify) and (ii) instructions for use in effecting the surrender of the Certificates in exchange for certificates representing the Merger Stock. Upon surrender of a Certificate for cancellation to the Exchange Agent, together with such letter of transmittal duly executed and such other documents as may be required by the Exchange Agent, the holder of such Certificate shall be entitled to receive in exchange therefor certificates representing the shares of Merger Stock that such holder has the right to receive pursuant to the terms hereof (together with any dividend or distribution with respect thereto made after the Effective Time to the extent provided in **Section 1.05** hereof and any cash paid in lieu of fractional shares pursuant to **Section 1.06**), and the Certificate so surrendered shall be canceled. In the event of a transfer of ownership of Company Stock that is not registered in the stock transfer records of the Company, a certificate representing the proper number of shares of Merger Stock may be issued to a transferee if the Certificate representing such Company Stock is presented to the Exchange Agent, accompanied by all documents required to evidence and effect such transfer and by evidence reasonably satisfactory to Acquiror and Newco that any applicable stock transfer tax has been paid.

(c) After the Effective Time, each outstanding Certificate which theretofore represented shares of Company Stock shall, until surrendered for exchange in accordance with this **Section 1.04**, be deemed for all purposes to evidence the number of full shares of Merger Stock into which the shares of Company Stock (which, prior to the Effective Time, were represented thereby) shall have been so converted.

(d) Except as otherwise expressly provided herein, the Surviving Corporation shall pay all charges and expenses, including those of the Exchange Agent, in connection with the exchange of shares of Merger Stock for shares of Company Stock. Any Merger Stock deposited with the Exchange Agent that remains unclaimed by the former stockholders of the Company after six months following the Effective Time shall be delivered to the Surviving Corporation, upon demand, and any former stockholders of the Company who have not then complied with the instructions for exchanging their Certificates shall thereafter look only to the Surviving Corporation for the exchange of Certificates.

(e) Effective upon the Closing Date, the stock transfer books of the Company shall be closed, and there shall be no further registration of transfers of shares of Company Stock thereafter on the records of the Company.

(f) All Merger Stock issued upon conversion of shares of Company Stock in accordance with the terms hereof shall be deemed to have been issued in full satisfaction of all rights pertaining to such shares of Company Stock.

1.05. DISTRIBUTION WITH RESPECT TO SHARES REPRESENTED BY UNEXCHANGED CERTIFICATES. No dividend or other distribution declared or made after the Effective Time with respect to the Merger Stock with a record date after the Effective Time shall be paid to the holder of any unsurrendered Certificate with respect to the shares of Merger Stock issuable upon surrender of a Certificate until the holder of such Certificate shall surrender such Certificate in accordance with **Section 1.04**. Subject to the effect of applicable law, following surrender of any such Certificate the Surviving Corporation shall pay, without interest, to the record holder of certificates representing shares of Merger Stock issued in exchange therefor (i) at the time of such surrender, the amount of dividends or other distributions with a record date after the Effective Time theretofore paid with respect to such shares of Merger Stock, and (ii) at the appropriate payment date, the amount of dividends or other distributions with a record date after the Effective Time but prior to surrender of such Certificate and a payment date subsequent to such surrender payable with respect to such shares of Merger Stock. In no event shall the stockholders entitled to receive dividends or distributions be entitled to receive interest thereon. All such dividends or other distributions held by the Exchange Agent for payment or delivery to the holders of unsurrendered Certificates and unclaimed at the end of one year from the Effective Time shall be repaid or redelivered by the Exchange Agent to the Surviving Corporation, after which time any holder of Certificates who has not theretofore surrendered such Certificates to the Exchange Agent, subject to applicable law, shall look as a general creditor only to the Surviving Corporation for payment or delivery of such dividends or distributions, as the case may be.

1.06. NO FRACTIONAL SHARES.

(a) No certificates or scrip representing fractional shares of Acquiror Common Stock shall be issued upon the surrender of Certificates pursuant to **Section 1.04**, Such fractional share interests shall not entitle the owner thereof to any rights as a security holder of Acquiror. In lieu of any such fractional shares of Acquiror Common Stock, each holder of Outstanding Company Stock entitled to receive shares of Acquiror Common Stock in the Merger, upon surrender of a Certificate for exchange pursuant to **Section 1.04**, shall be entitled to receive an amount in cash (without interest), rounded to the nearest cent, determined by multiplying the fractional interest in Acquiror Common Stock to which such holder would otherwise be entitled (after taking into account all shares of Company Stock then held of record by such holder) by the closing sale price of a share of Acquiror Common Stock as reported on the NASDAQ or the NYSE, as the case may be, on the Closing Date.

(b) As soon as practicable after the determination of the amount of cash, if any, to be paid to holders of Company Stock in lieu of any fractional share interests, Acquiror shall promptly deposit with the Exchange Agent cash in the required amounts and the Exchange Agent will mail such amounts, without interest, to such holders; PROVIDED, HOWEVER, that no such amount will be paid to any holder of Certificates prior to the surrender by such holder of the Certificates which formerly represented such holder's Company Stock. Any such amounts that remain unclaimed by the former stockholders of the Company after six months following the Effective Time shall be delivered to the Surviving Corporation by the Exchange Agent, upon demand, and any former stockholders of the Company who have not then surrendered their Certificates shall thereafter look only to the Surviving Corporation for payment in lieu of any fractional interests.

1.07. NO LIABILITY. Any amounts remaining unclaimed by holders of shares on the day immediately prior to such time as such amounts would otherwise escheat to or become the property of any governmental entity shall, to the extent permitted by applicable law, become the property of the Surviving Corporation (or Newco in the case of Newco Common Stock or Newco Class B Common Stock and dividends or distributions with respect thereto) free and clear of any claims or interest of any holder previously entitled thereto. None of the Surviving Corporation, Newco or the Exchange Agent will be liable to any holder of shares of Company Stock for any shares of Merger Stock or any Newco Common Stock or Newco Class B Common Stock, dividends or distributions with respect thereto or cash payable in lieu of fractional shares delivered to a state abandoned property administrator or other public official pursuant to any applicable abandoned property, escheat or similar law.

1.08. LOST CERTIFICATES. If any Certificate shall have been lost, stolen or destroyed, upon the making of an affidavit of that fact by the person claiming such Certificate to be lost, stolen or destroyed, the Exchange Agent will issue in exchange for such lost, stolen or destroyed Certificate the shares of Merger Stock (and any dividend or distribution with respect thereto made after the Effective Time and prior to such issuance and any cash payable in lieu of fractional shares pursuant to **Section 1.06**) deliverable in respect thereof as determined in accordance with the terms hereof. When authorizing such payment in exchange for any lost, stolen or destroyed Certificate, the person to whom the Merger Stock is to be issued, as a condition precedent to the issuance thereof, shall give the Surviving Corporation a bond satisfactory to the Surviving Corporation against any claim that may be made against the Surviving Corporation with respect to the Certificate alleged to have been lost, stolen or destroyed.

ARTICLE II

CERTAIN PRE-MERGER TRANSACTIONS

The following transactions shall occur prior to the Effective Time:

2.01. AMENDMENTS TO CHARTERS; FINANCING.

(a) Prior to the Contribution, the Distribution and the Effective Time, the Company shall amend its Certificate of Incorporation substantially as set forth in *Exhibit A* hereto (the "Company Charter Amendment") and Newco shall amend and restate its Certificate of Incorporation substantially as set forth in *Exhibit B* hereto (the "Newco Charter Amendment").

(b) Prior to the Contribution, the Distribution and the Effective Time, the Company shall use commercially reasonable efforts to obtain financing in the amount of $700,000,000 on terms reasonably and mutually acceptable to the Company and Acquiror, which may be secured by the cash proceeds thereof, the Broadcasting Assets or the issued and outstanding shares of capital stock of PBC and/or the Broadcasting Subsidiaries (the "New Company Debt"). Out of the proceeds of the New Company Debt, the Company, on or before the Closing Date, shall pay or provide for the Existing Company Debt and the Deal Expenses, and the balance of the proceeds of the New Company Debt, along with any other remaining cash and cash equivalents then owned by the Company, shall be contributed by the Company to Newco pursuant to the Contribution and Assumption Agreement to be entered into by the Company and Newco in substantially the form attached hereto as *Exhibit C* (the "Contribution Agreement"). The Acquiror shall assist the Company in any manner reasonably requested by the Company in connection with obtaining the New Company Debt. The New Company Debt shall remain outstanding following the Effective Time, and the Transactions contemplated hereby shall not result in a breach or event of default or an event, which with notice or lapse of time or both, would be a breach or event of default, or would require the repayment of the New Company Debt.

2.02. CONTRIBUTION OF ASSETS TO AND ASSUMPTION OF LIABILITIES BY NEWCO; DISTRIBUTION OF NEWCO STOCK.

(a) Prior to the Effective Time and pursuant to the terms of the Contribution Agreement, the Company shall contribute and transfer (together with the transactions described in **Section 2.02(b)** below, the "Contribution") to Newco or its wholly-owned Subsidiary all of the Company's right, title and interest in and to any and all assets of the Company, whether tangible or intangible and whether fixed, contingent or otherwise; PROVIDED, HOWEVER, that the Company shall not contribute to Newco or its wholly-owned Subsidiary (i) the issued and outstanding capital stock of, Pulitzer Broadcasting Company ("PBC") or WESH Television, Inc., KCCI Television, Inc. and WDSU Television, Inc. (collectively, the "Broadcasting Subsidiaries"); (ii) any of the assets of PBC or the Broadcasting Subsidiaries, whether real or personal, tangible or intangible, and whether fixed, contingent or otherwise and any other assets used or held for use primarily in the business conducted by Broadcasting or the Stations (collectively, the "Broadcasting Assets"); and (iii) the Company's rights created pursuant to this Agreement, the Contribution Agreement and the Transaction Agreements.

(b) In consideration for the transactions described in **Section 2.02(a)** above, concurrently therewith and pursuant to the Contribution Agreement, Newco shall (A) assume any and liabilities of the Company of every kind whatsoever, whether absolute, known, unknown, fixed, contingent or otherwise and cause the Company and Broadcasting to be released from the Existing Company Debt; PROVIDED, HOWEVER, that the Company shall retain, and Newco or its wholly-owned Subsidiary will not assume and will have no liability with respect to, (i) the New Company Debt, (ii) any liabilities associated with the radio and/or television business operations of Broadcasting or the Broadcasting Assets except as otherwise specifically provided herein, including **Sections 6.06(g), 6.09, 6.11, 6.25 and 6.28**, and (iii) the Company's obligations created pursuant to this Agreement, the Contribution Agreement and the Transaction Agreements and (B) issue and deliver to the Company shares of Newco Common Stock as set forth in the Contribution Agreement. Newco acknowledges that the liabilities to be assumed by it pursuant to the first sentence of this **Section 2.02(b**) include any and all liabilities associated with any claim, action or proceeding brought by or on behalf of the holders of Company Stock in connection with the Transactions other than liabilities with respect to which Acquiror is obligated to indemnify Newco pursuant to **Sections 6.06, 6.09 and 6.25** hereof.

(c) Following the Contribution and immediately prior to the Effective Time, the Company shall distribute (the "Distribution") certificates representing one fully paid and nonassessable share of Newco Common Stock to the holder of each share of Company Common Stock outstanding on the record date designated for the Distribution by or pursuant to an authorization of the Board of Directors of the Company (the "Record Date"), and certificates representing one fully paid and nonassessable share of Newco Class B Common Stock to the holder of each share of Company Class B Common Stock outstanding on the Record Date. Each share of the capital stock of Newco issued and outstanding on the Record Date and owned directly or indirectly by the Company or any of its Subsidiaries (other than those to be distributed in accordance with the first sentence of this paragraph) shall be cancelled at the time of the Distribution.

(d) The Board of Directors of the Company shall formally declare the Distribution and shall authorize the Company to pay the Distribution immediately prior to the Effective Time, subject to the satisfaction or waiver of the conditions set forth in subsection (e) below by delivery of certificates for Newco Common Stock and Newco Class B Common Stock to the Transfer Agent for delivery to the Persons entitled thereto. The Distribution shall be deemed effective upon notification by the Company to the Transfer Agent that the Distribution has been declared, that the conditions thereto have been waived or satisfied and that the Transfer Agent is authorized to proceed with the distribution of Newco Common Stock and Newco Class B Common Stock.

(e) The obligations of the Company to consummate the Contribution and the Distribution hereunder shall be subject to the fulfillment of each of the following conditions:

(i) All of the transactions contemplated by **Sections 2.01(a) and (b)** and **Sections 2.02(a) and (b)** shall have been consummated.

(ii) Each condition to the Closing set forth in **Sections 7.02, 7.03 and 7.04** hereof, other than the condition set forth in **Section 7.02(b)** hereof, as to the consummation of the Transactions contemplated by this **Article II**, shall have been satisfied or waived.

(iii) The Board of Directors of the Company shall be reasonably satisfied that, after giving effect to the Contribution, (i) the Company will not be insolvent and will not have unreasonably small capital with which to engage in its business, (ii) the Company will be able to pay its debts when they come due, and (iii) the Company's surplus would be sufficient to permit, without violation of Section 170 of the DGCL, the Distribution.

(f) Consummation of the Distribution is a condition precedent to Acquiror's acquisition of the Retained Business pursuant to the Merger.

ARTICLE III

REPRESENTATIONS AND WARRANTIES REGARDING THE COMPANY AND NEWCO

The Company and Newco jointly and severally represent and warrant to Acquiror as follows:

3.01. ORGANIZATION AND AUTHORITY. Each of the Company and Newco is a corporation duly organized, validly existing and in good standing under the laws of the state of its incorporation. Each of the Company and Newco has all requisite corporate power and authority to execute and deliver this Agreement and, subject to the items referred to in **Sections 3.02 and 3.03**, to consummate the Transactions. Subject to the items referred to in **Sections 3.02 and 3.03**, all necessary action, corporate or otherwise, required to have been taken by or on behalf of the Company and Newco by applicable law, their respective charter documents or otherwise to authorize (i) the approval, execution and delivery on behalf of the Company and Newco of this Agreement and (ii) the performance by the Company and Newco of their respective obligations under this Agreement and the consummation of the Transactions has been taken, except that this Agreement and the Company Charter Amendment must be approved by the stockholders of the Company. Assuming that this Agreement and each other agreement contemplated hereby (each a "Transaction Agreement") constitutes or will constitute, as the case may be, a legal, valid and binding agreement of Acquiror, this Agreement and each other Transaction Agreement to which the Company or Newco is or will be a party constitutes or will constitute, as the case may be, a valid and binding agreement of each of the Company and Newco, as the case may be, enforceable against each of them in accordance with its terms, except (i) as the same may be limited by applicable bankruptcy, insolvency, moratorium or similar laws of general application relating to or affecting creditors' rights, including the effect of statutory or other laws regarding fraudulent conveyances and preferential transfers, and (ii) for the limitations imposed by general principles of equity. The foregoing exceptions are hereinafter referred to as the "Enforceability Exceptions." The Company has heretofore made available to Acquiror true and complete copies of the Certificate of Incorporation and Bylaws of the Company and Newco as in effect on the date hereof.

3.02. NO BREACH. The execution and delivery of this Agreement by each of the Company and Newco do not, and the consummation of the Transactions hereby by each of the Company and Newco will not, (i) assuming that the requisite stockholder approval is obtained, violate or conflict with the Certificate of Incorporation or Bylaws of the Company or Newco, or (ii) except as set forth on **Schedules 3.02** hereto or subject to obtaining the approvals and making the filings described in **Section 3.03**, constitute a breach or default (or an event that with notice or lapse of time or both would become a breach or default) of, or give rise to any third-party right of termination, cancellation, modification or acceleration under, or otherwise require notice or approval under, any agreement, understanding or undertaking to which the Company or Newco or any of their respective Subsidiaries is a party or by which any of them is bound, or give rise to any Lien on any of their properties, except where such breach, default, Lien, third-party right, cancellation, modification or acceleration would not have a Material Adverse Effect on Broadcasting or on the Retained Business taken as a whole or materially interfere with or delay the Transactions, or (iii) subject to obtaining the approvals and making the filings described in **Section 3.03** hereof, constitute a violation of any statute, law, ordinance, rule, regulation, judgment, decree, order or writ of any judicial, arbitral, public, or governmental authority having jurisdiction over the Company or any of its Subsidiaries or Newco or any of its Subsidiaries or any of their respective properties or assets except as would not have a Material Adverse Effect on Broadcasting or on the Retained Business taken as a whole or materially interfere with or delay the Transactions.

3.03. CONSENTS AND APPROVALS. Neither the execution and delivery of this Agreement nor the consummation of the Transactions by the Company and Newco will require any License from, or filing with or notification to, any governmental or regulatory authority, except (i) for filings required under the Securities Act of 1933, as amended, and the rules and regulations promulgated thereunder (the "Securities Act"), (ii) for filings required under the Securities Exchange Act of 1934, as amended, and the rules and regulations promulgated thereunder (the "Exchange Act"), (iii) for filings under state securities or "blue sky" laws, (iv) for filings and approvals required by the rules and regulations of the NYSE, (v) for notification pursuant to, and expiration or termination of the waiting period under, the Hart-Scott-Rodino Antitrust Improvements Act of 1976, as amended, and the rules and regulations promulgated thereunder (the "HSR Act"), (vi) for the filing of the Certificate of Merger as set forth in **Article I** hereof, (vii) for the filing of the Company Charter Amendment and the Newco Charter Amendment with the Secretary of State of the State of Delaware and appropriate documents with the relevant authorities of other states in which the Company and Newco and their respective Subsidiaries are qualified to do business, (viii) for consents or waivers from the relevant governmental entities necessary to transfer ownership of Broadcasting's Federal Communications Commission ("FCC") Licenses to Acquiror, and (ix) where the failure to obtain such Licenses, or to make such filings or notifications, would not prevent the Company or Newco from performing its respective obligations under this Agreement without having a Material Adverse Effect on Broadcasting or on the Retained Business taken as a whole or materially interfere with or delay the Transactions; PROVIDED, HOWEVER, that no representation or warranty is made with respect to the foregoing relating to, or arising by reason of, the New Company Debt or the legal or regulatory status of Acquiror or the facts pertaining specifically to it.

3.04. APPROVALS OF THE BOARDS; FAIRNESS OPINION; VOTE REQUIRED. The Boards of Directors of the Company and Newco have each, by resolutions duly adopted at meetings duly called and held, unanimously approved and adopted this Agreement, the Merger, the Contribution and the Distribution, and the other Transactions on the material terms and conditions set forth herein. The transactions contemplated by the Pulitzer Voting Agreement have been duly and validly approved by the Board of Directors of the Company prior to the execution and delivery of the Pulitzer Voting Agreement in accordance with Section 203 of the DGCL. The Board of Directors of the Company has declared the advisability of the Company Charter Amendment and recommended adoption of the Company Charter Amendment and this Agreement by the stockholders of the Company and directed that the Company Charter Amendment and this Agreement be submitted to the stockholders of the Company for their consideration, and no other corporate proceedings on the part of the Company or its stockholders are necessary to authorize the execution, delivery and performance of this Agreement by the Company and the consummation by the Company of the Transactions, other than obtaining the approval of the Company's stockholders described below. The Board of Directors of the Company has

received the opinion, as of the date of this Agreement, of Goldman Sachs, one of the financial advisors to the Company, that the consideration to be received by the holders of shares of the Company Stock in the Merger and the Distribution, taken as a whole, is fair to such holders from a financial point of view. The vote of a majority of all outstanding shares of Company Stock entitled to vote thereon, voting together as a single class, and the vote of a majority of the outstanding shares of Company Common Stock entitled to vote thereon, voting separately as a class, in favor of the Company Charter Amendment are the only votes of the holders of any class or series of the capital stock of the Company necessary to approve the Company Charter Amendment under applicable law and the Company's Certificate of Incorporation and Bylaws. The vote of a majority of all outstanding shares of Company Stock entitled to vote thereon, voting together as a single class, in favor of the adoption of this Agreement, are the only votes of the holders of any class or series of the capital stock of the Company necessary to adopt this Agreement and approve the Merger under applicable law and the Company's Certificate of Incorporation and Bylaws.

3.05. CAPITALIZATION.

(a) As of the date of this Agreement, the authorized capital Stock of the Company consists of (i) 100,000,000 shares of Company Common Stock, (ii) 50,000,000 shares of Company Class B Common Stock, and (iii) 25,000,000 shares of preferred stock, par value $0.01 per share (the "Company Preferred Stock"). As of April 30, 1998, there were issued and outstanding 6,897,008 shares of Company Common Stock and 15,423,859 shares of Company Class B Common Stock. All such outstanding shares are duly authorized, validly issued and fully paid and nonassessable. Since April 30, 1998 no shares of Company Stock have been issued except upon exercise of options outstanding on such date or restricted stock or purchases pursuant to the Employee Stock Purchase Plan. There are no shares of Company Preferred Stock issued and outstanding. There are no preemptive or other similar rights available to the existing holders of the capital stock of the Company. Other than options, restricted stock and shares granted or issuable pursuant to the Employee Stock Purchase Plan, the Company Option Plans, and the Company's restricted stock plan, or other than as contemplated by this Agreement, there are no outstanding options, warrants, rights, puts, calls, commitments, or other Contracts issued by or binding upon the Company or any of its Subsidiaries requiring or providing for, and there are no outstanding debt or equity securities of the Company or its Subsidiaries which, upon the conversion, exchange or exercise thereof, would require or provide for, the issuance, transfer or sale by the Company or any of its Subsidiaries of any new or additional equity interests in the Company, PBC or the Broadcasting Subsidiaries (or any other securities of the Company which, with notice, lapse of time or payment of monies, are or would be convertible into or exercisable or exchangeable for equity interests in the Company, PBC or the Broadcasting Subsidiaries). Except for the Voting Trust Agreement, dated June 19, 1995 (as it may be amended to permit conversion of Company Class B Common Stock to Company Common Stock in accordance with the Company's certificate of incorporation), between certain holders of the Company Class B Common Stock and the Trustees (as defined therein), and except as otherwise contemplated by this Agreement, there are no voting trusts or other agreements or understandings to which the Company or any of its Subsidiaries is a party with respect to the voting of capital stock of the Company.

(b) As of the date of this Agreement, the authorized capital stock of Newco consists of 1,000 common shares, par value $100 per share (the "Newco Common Shares"). Upon the filing of the Newco Charter Amendment with the Secretary of State of the State of Delaware, the authorized capital stock of Newco will consist of (i) 100,000,000 shares of Newco Common Stock (ii) 100,000,000 shares of Newco Class B Common Stock; and (iii) 100,000,000 shares of preferred stock, par value $0.01 per share, (the "Newco Preferred Stock"). As of the date of this Agreement, there are issued and outstanding 100 Newco Common Shares, all of which are owned by the Company, and no other shares of capital stock of Newco.

3.06. SEC REPORTS. The Company has filed all forms, reports and documents required to be filed by it with the Securities and Exchange Commission (the "SEC") since January 1, 1997 (collectively, the "Company's SEC Reports"). The Company's SEC Reports have complied in all material respects with all applicable requirements of the Securities Act and the Exchange Act. As of their respective dates, none of the Company's SEC Reports, including any financial statements or schedules included or incorporated by reference

therein, contained any untrue statements of a material fact or omitted to state a material fact required to be stated or incorporated by reference therein or necessary in order to make the statements therein, in light of the circumstances under which they were made, not misleading.

3.07. FINANCIAL STATEMENTS. The (i) audited consolidated financial statements of the Company contained in the Company's Annual Report on Form 10-K for the fiscal year ended December 28, 1997 (the "Company 10-K"), and (ii) unaudited condensed consolidated financial statements of the Company contained in the Company's Quarterly Report on Form 10-Q for the three months ended March 29, 1998 (the "Company 10- Q" and together with the Company 10-K, the "Company Financial Statements"), present fairly, in all material respects, the Company's consolidated financial position and the results of its consolidated operations and its consolidated cash flows as of the relevant dates thereof and for the periods covered thereby in accordance with GAAP (subject to normal year-end adjustments in the case of the unaudited interim financial statements).

3.08. ABSENCE OF CERTAIN CHANGES. Since the date of the balance sheet included in the Company 10-Q, except as contemplated or disclosed by this Agreement, the Company and its Subsidiaries have conducted their respective businesses in the ordinary course of business consistent with past practice, and there has not been any change, event or condition of any character that, individually or in the aggregate, has or would reasonably be expected to have a Material Adverse Effect on the Company and its Subsidiaries taken as a whole or materially interfere with or delay the Transactions.

3.09. ABSENCE OF UNDISCLOSED LIABILITIES. To the knowledge of the Company, except as set forth in **Schedule 3.09** or otherwise disclosed in this Agreement, neither the Company nor any of its Subsidiaries has any obligation or liability of any kind whatsoever, whether accrued, contingent, absolute, determined, determinable or otherwise, of a type required by GAAP to be disclosed in a balance sheet of the Company or any of its Subsidiaries except (i) such liabilities and obligations that are reflected in the Company Financial Statements or disclosed in the notes thereto, (ii) liabilities and obligations incurred in the ordinary course of business after March 29, 1998, and (iii) liabilities and obligations that will not, individually or in the aggregate, have a Material Adverse Effect on Broadcasting or on the Retained Business taken as a whole or materially interfere with or delay the Transactions.

3.10. COMPLIANCE WITH LAW. The Company and its Subsidiaries (other than the Broadcasting Subsidiaries) hold all Licenses from all governmental authorities necessary for the lawful conduct of their respective businesses, except where the failure to hold any such License would not have a Material Adverse Effect on Broadcasting or on the Retained Business taken as a whole or materially interfere with or delay the Transactions. To the Company's knowledge, the Company has not violated, and is not in violation of, any such Licenses or any applicable Laws of any governmental authorities, except where such violations do not and, insofar as reasonably can be foreseen, will not have a Material Adverse Effect on Broadcasting or on the Retained Business taken as a whole or materially interfere with or delay the Transactions.

3.11. TAXES.

(a) All Company Consolidated Income Tax Returns and any other material Tax Returns of the Company and Broadcasting required to have been filed on or before the date hereof have been filed with the appropriate governmental agencies in all jurisdictions in which such Tax Returns were required to have been filed. All of such Tax Returns were true, correct and complete in all material respects and all Taxes shown to be due on such Tax Returns have been paid. All material Taxes payable by or with respect to the Company and its Subsidiaries but not reflected on any Tax Return required to have been filed prior to the date of the most recent balance sheet included in the Company 10-Q have been fully paid or adequate provision therefor has been made and reflected on such balance sheet.

(b) Except as set forth on **Schedule 3.11(b)** hereto, there is no claim or investigation involving an amount greater than $1,000,000 pending or threatened against the Company or any of its Subsidiaries for past Taxes, and adequate provision for the claims or investigations set forth on **Schedule 3.11(b)** has been made as reflected on the Company Financial Statements. Except as set forth on **Schedule 3.1l(b)**, neither the Company nor any of

its Subsidiaries has waived or extended any applicable statute of limitations relating to the assessment of federal, state or local Taxes of the Company or any or its Subsidiaries, respectively.

(c) The Company is not, and on the Closing Date will not be, an investment company within the meaning of Section 368(a)(2)(F)(iii) and (iv) of the Code.

(d) Except for the Technical Advice Request currently pending with the IRS relating to the examination of the 1993 and 1994 Company Consolidated Income Tax Returns and the Closing Agreement executed by the Company on May 11, 1994, a copy of which has been furnished to Acquiror, neither the Company nor any Broadcasting Subsidiary has pending a Tax Ruling Request (as defined below) other than in connection with the Contribution, Distribution and Merger or entered into a Closing Agreement (as defined below) with the IRS. "Tax Ruling Request," as used in this Agreement, shall mean a request for a written ruling of a Taxing authority relating to Taxes. "Closing Agreement," as used in this Agreement, shall mean a material written and legally binding agreement with the IRS relating to Taxes.

(e) Neither the Company nor any Broadcasting Subsidiary has, with regard to any assets or property held or acquired by any of them, filed a consent to the application of Section 341(f)(2) of the Code, or agreed to have Section 341(f)(2) of the Code apply to any disposition of a subsection (f) asset (as such term is defined in Section 341(f)(4) of the Code) owned by the Company or any Broadcasting Subsidiary.

3.12. LITIGATION. Except as is set forth on **Schedule 3.12**, there is no suit, action, proceeding or investigation pending against or, to the knowledge of the Company, threatened against or affecting the Company or any of its Subsidiaries (other than the Broadcasting Subsidiaries) or any of their respective material properties nor, to the knowledge of the Company, is there any judgment, decree, inquiry, rule or order outstanding against the Company or any of its Subsidiaries (other than the Broadcasting Subsidiaries) that would reasonably be expected to have a Material Adverse Effect on Broadcasting or on the Retained Business taken as a whole, or materially interfere with or delay the Transactions.

3.13. BROKERS AND FINDERS. Neither the Company, Newco nor any officer, director or employee or Affiliate of the Company or Newco has employed any investment banker, broker or finder or incurred any liability for any brokerage fees, commissions or finder's fees in connection with the Transactions, except that the Company has employed Goldman Sachs and Huntleigh as its financial advisors. The Company has previously provided to Acquiror a written estimate of the Deal Expenses, which estimate was prepared in good faith.

3.14. ENVIRONMENTAL MATTERS. Except as set forth on **Schedule 3.14**, to the knowledge of the Company there are no Environmental Liabilities of the Company or any of its Subsidiaries (other than the Broadcasting Subsidiaries) that, individually or in the aggregate, may reasonably be expected to have a Material Adverse Effect on Broadcasting or on the Retained Business taken as a whole or may materially interfere with or delay the Transactions.

ARTICLE IV

REPRESENTATIONS AND WARRANTIES REGARDING BROADCASTING

The Company represents and warrants to Acquirer as follows:

4.01. ORGANIZATION AND AUTHORITY. Each of PBC and the Broadcasting Subsidiaries is a corporation duly organized, validly existing and in good standing under the laws of its state of incorporation. Each of PBC and the Broadcasting Subsidiaries is qualified to do business as a corporation and is, where applicable, in good standing, in each jurisdiction where such qualification is necessary except where the failure to so qualify would not reasonably be expected to have a Material Adverse Effect on Broadcasting. Each of PBC and the Broadcasting Subsidiaries has all requisite corporate power and authority to own, lease and operate its properties and to carry on its business as now being conducted, except where the failure to have such power or authority would not have a Material Adverse Effect on Broadcasting. The Company has theretofore delivered to Acquiror true and complete copies of the certificates of incorporation and bylaws of PBC and each Broadcasting Subsidiary as currently in effect.

4.02. CAPITALIZATION. All of the issued and outstanding shares of capital stock of PBC are owned directly by the Company, free and clear of any Liens, and are duly authorized, validly issued and fully paid and nonassessable. All of the issued and outstanding shares of capital stock of the Broadcasting Subsidiaries are owned, directly or indirectly, by PBC, free and clear of any Liens, and are duly authorized, validly issued and fully paid and nonassessable. Other than as contemplated by this Agreement, there are no outstanding options, warrants, rights, puts, calls, commitments, or other Contracts issued by or binding upon PBC or any Broadcasting Subsidiary requiring or providing for, and there are no outstanding debt or equity securities of PBC or any Broadcasting Subsidiary which upon the conversion, exchange or exercise thereof would require or provide for, the issuance, transfer or sale by PBC or any Broadcasting Subsidiary of any new or additional equity interests in PBC or the Broadcasting Subsidiaries (or any other securities of PBC or any Broadcasting Subsidiary which, with notice, lapse of time or payment of monies, are or would be convertible into or exercisable or exchangeable for equity interests in PBC or such Broadcasting Subsidiary). There are no voting trusts or other agreements or understandings to which the Company, PBC or any of the Broadcasting Subsidiaries is a party with respect to the voting of the capital stock of PBC or the Broadcasting Subsidiaries. PBC and the Broadcasting Subsidiaries have not engaged in any material respect in any businesses or other activities except for the ownership and operation of broadcast radio and/or television stations and other activities incidental thereto.

4.03. FINANCIAL STATEMENTS. The unaudited "Summary Financial Data," "Consolidated Income Statement," "Statement of Net Assets" and "1998 Four Period Results" (collectively, the "Broadcasting Unaudited Financial Statements") contained in **Schedule 4.03** were prepared from the books and records of Broadcasting which books and records were maintained in accordance with accounting principles consistently applied and present fairly, in all material respects, the financial position of Broadcasting as at the dates thereof and the results of operations and cash flows for the periods covered thereby.

4.04. ABSENCE OF CERTAIN CHANGES. Since March 29, 1998, except as contemplated or disclosed by this Agreement, Broadcasting has conducted its business in the ordinary course consistent with past practice and there has not been any change, event or condition of any character that, individually or in the aggregate, has or would reasonably be expected to have a Material Adverse Effect on Broadcasting or materially interfere with or delay the Transactions.

4.05. ABSENCE OF UNDISCLOSED LIABILITIES. To the knowledge of the Company, except as set forth in **Schedule 4.05** or as otherwise disclosed in this Agreement, Broadcasting has no obligations or liabilities except (i) such liabilities and obligations that are reflected in the Broadcasting Unaudited Financial Statements or disclosed in the notes thereto, (ii) liabilities and obligations incurred in the ordinary course of business after March 29, 1998, and (iii) liabilities and obligations that will not, individually or in the aggregate, have a Material Adverse Effect on Broadcasting or materially interfere with or delay the Transactions.

4.06. COMPLIANCE WITH LAW. Subject to the renewal of certain Licenses as indicated on **Schedule 4.06**. PBC and the Broadcasting Subsidiaries hold all Licenses from all governmental authorities necessary for the lawful conduct of Broadcasting's business, including any activity ancillary or incidental to the ownership or operations of the Stations, except where the failure to hold any such License would not have a Material Adverse Effect on Broadcasting or materially interfere with or delay the Transactions. The material Licenses held by Broadcasting are set forth on **Schedule 4.06**. To the Company's knowledge, neither PBC nor any of the Broadcasting Subsidiaries has violated, or is in violation of, any such Licenses or any Laws of any governmental authorities that are applicable to Broadcasting or to the operation of the Stations or the other Broadcasting Assets, except where such violations do not, and insofar as reasonably can be foreseen will not, have a Material Adverse Effect on Broadcasting or materially interfere with or delay the Transactions.

4.07. STATION NETWORK AFFILIATION AGREEMENTS. Each Station Network Affiliation Agreement listed on **Schedule 4.07** hereto is the validly existing, legally enforceable obligation of each Broadcasting party thereto and, to the knowledge of the Company, each other party thereto, subject to the Enforceability Exceptions. PBC and each Broadcasting Subsidiary are validly and lawfully operating under each Station Network Affiliation Agreement to which it is a party, and PBC and each Broadcasting Subsidiary have

duly complied in all material respects with all of the terms and conditions of each Station Network Affiliation Agreement to which it is a party. The Company is not aware of any third party breach or default (or other act or omission that with notice, passage of time or both would constitute a default) under any Station Network Affiliation Agreement.

4.08. CONDITION OF ASSETS; TITLE TO PROPERTIES; ENCUMBRANCES.

(a) The material tangible personal Broadcasting Assets are in the possession of PBC and the Broadcasting Subsidiaries and, taking into account the age of such Broadcasting Assets, are in good operating condition and repair, structurally sound, adequate for the uses and purposes for which they are being used or intended, and are available for immediate use in the operation of the Stations, and, except as would be natural taking into account the age of such Broadcasting Assets, none of such Broadcasting Assets requires maintenance or repair other than ordinary, routine maintenance and repairs. Except for the representations and warranties expressly stated in **Articles III and IV** of this Agreement, the Company disclaims all representations and warranties, express or implied, with respect to the Broadcasting Assets described in this **Section 4.08(a)**, including all implied warranties of merchantability or fitness for a particular purpose.

(b) PBC and the Broadcasting Subsidiaries are the exclusive holders of all (and none of the Company or its Newspaper Subsidiaries holds any) rights (or leasehold interests, as the case may be) in or to all Real Property and personal, tangible and intangible property and assets primarily used or held for use in the ownership and operation of the Stations owned or operated by Broadcasting except in the case of title to Real Property which is covered in **Section 4.08(d)**. PBC and each Broadcasting Subsidiary has good and valid title (or valid leasehold interest in, in the case of leased personal property) to their respective personal property, free and clear of all Liens except the following (collectively, the "Permitted Exceptions"); (i) materialmen's, mechanics', carriers', workmen's, warehousemen's, repairmen's, or other like Liens arising in the ordinary course of business, or deposits to obtain the release of such Liens; (ii) Liens for current taxes not yet due and payable or to the extent the taxpayer is contesting such taxes in good faith through appropriate proceedings; (iii) Liens or minor imperfections of title that do not materially impair the continued use and operation of the assets to which they relate and do not have a Material Adverse Effect on Broadcasting; (iv) in the case of leased personal property, the terms and conditions of such lease; and (v) the exceptions set forth on **Schedules 4.08(b) and 4.08(d)(2**) hereto. Except as would not result in any Material Adverse Effect on Broadcasting, PBC and each Broadcasting Subsidiary owns or has the lawful right to use all property necessary to operate their businesses lawfully and to maintain the same as presently conducted.

(c) **Schedule 4.08 (c)** lists all leases of personal property leased by PBC or the Broadcasting Subsidiaries, including all such leases with related parties or Affiliates, pursuant to which PBC or a Broadcasting Subsidiary is obligated to make lease payments in excess of $100,000 per year. Correct and complete copies of such leases have heretofore been made available to Acquiror. Except as would not result in a Material Adverse Effect on Broadcasting, (i) all of such leases are valid and in full force and effect, (ii) neither PBC and the Broadcasting Subsidiaries nor, to the knowledge of the Company, any other party thereto is in default under any of such leases, and (iii) no event has occurred which with the giving of notice or the passage of time or both would constitute a default under any of such leases.

(d) **Schedule 4.08(d)(1**) lists (y) each parcel of owned Real Property with a book value in excess of $1,000,000, as reflected in the audited financial statements of the Company contained in the Company 10-K, and (z) each lease of Real Property pursuant to which PBC or a Broadcasting Subsidiary is currently obligated to make payments of fixed rent in excess of $100,000 per annum. To the knowledge of the Company, either PBC or the Broadcasting Subsidiaries has fee title to, or holds by valid and existing lease or license, the Real Property, free and clear of all Liens except for such Liens; (i) which would not have a Material Adverse Effect on Broadcasting; (ii) which are set forth on **Schedule 4.08(d)(2)**; (iii) which arise out of taxes or general or special assessments not yet due and payable or the validity of which is being contested in good faith by appropriate proceedings; or (iv) which are materialmen's, mechanics', carriers', workmen's, repairmen's, warehouseman's or other like Liens which would not have a Material Adverse Effect on Broadcasting. The Company has made

available to Acquiror complete and accurate copies of all deeds, leases and other material agreements with respect to the Real Property. To the knowledge of the Company, there does not exist under any leases of Real Property any default beyond any applicable notice and grace period by PBC or any Broadcasting Subsidiary which would have a Material Adverse Effect on Broadcasting.

(e) To the knowledge of the Company, neither PBC nor the Broadcasting Subsidiaries has received written notice from any governmental or quasi governmental authority with respect to any actual or threatened taking of any material portion of the Real Property for any purpose by the exercise of the right of condemnation or eminent domain.

(f) To the knowledge of the Company, the Real Property has not suffered any material damage by fire or other casualty that has not heretofore been repaired.

4.09. LITIGATION. Except as is set forth in **Schedule 4.09** hereto, there is no suit, action, proceeding or investigation pending against or, to the knowledge of the Company, threatened against or affecting PBC or any Broadcasting Subsidiary or any of their respective material properties (except for proceedings or investigations affecting the television or radio industries generally) that would reasonably be expected to adversely affect the validity or enforceability of any of the material Licenses of, or otherwise to have a Material Adverse Effect on, Broadcasting nor is there any judgment, decree, inquiry, rule or order outstanding against PBC or any Broadcasting Subsidiary that would reasonably be expected to have a Material Adverse Effect on Broadcasting, materially interfere with or delay the Transactions or have an adverse effect on the validity or enforceability of any of the material Licenses of Broadcasting or the Station Network Affiliation Agreements.

4.10. EMPLOYEE BENEFIT MATTERS.

(a) **Schedule 4.10(a)** lists each Employee Plan which is currently sponsored, maintained or contributed to by the Company, any of its Subsidiaries or any of their ERISA Affiliates for the benefit of any Broadcasting Employee (a “Broadcasting Employee Plan”). For the purposes hereof, the term “Employee Plan” means any plan, program, contract or arrangement, whether oral or written, which (i) is an “employee benefit plan,” as such term is defined in Section 3(3) of ERISA, whether or not subject to ERISA, or (ii) is an incentive, bonus, stock option, stock purchase, phantom stock, severance, fringe benefit or other compensatory plan, contract, or arrangement that is not an employee benefit plan within the meaning of Section 3(3) of ERISA. No Broadcasting Employee Plan is a multiemployer plan within the meaning of Sections 3(37) and 4001(a)(3) of ERISA.

(b) The Company has delivered or made available to Acquiror true and complete copies of the plan documents, contracts, policy statements and summary plan descriptions that currently apply to the operation or funding of each Broadcasting Employee Plan. With respect to each Broadcasting Employee Plan (including, without limitation, a plan that is a “pension plan” within the meaning of Section 3(2) of ERISA (a “Broadcasting Pension Plan”)), the Company has delivered or made available to Acquirer, where applicable, true and complete copies of (i) the most recent annual report (5500 series) filed with the IRS or Department of Labor, (ii) the most recent audited financial statement, (iii) the most recent actuarial valuation report, (iv) the last determination letter issued by the IRS, and (v) the most recent PBGC-l filed with PBGC.

(c) Each Broadcasting Employee Plan described in **Section 6.11(c), (d) or (f)** has been maintained and administered substantially in accordance with its terms and with the provisions of applicable law and, with respect to each such Broadcasting Employee Plan, (i) no application, proceeding or other matter is pending before the IRS, the Department of Labor, PBGC or any other governmental agency, (ii) there is no pending action, suit, proceeding or claim (other than routine claims for benefits) that could reasonably be expected to give rise to a material liability or expense of the Company or PBC, and (iii) to the knowledge, of the Company, no facts exist that are likely to result in such an action, suit, proceeding or claim. A favorable IRS determination letter is currently in effect with respect to each funded Broadcasting Pension Plan, and no subsequent amendments have been or will be adopted or other action taken which would adversely affect the qualified status of any such Broadcasting Pension Plan.

(d) With respect to each funded employee pension plan (within the meaning of Section 3(2) of ERISA) maintained by the Company, any of its Subsidiaries or any of their ERISA Affiliates within six years prior to the date hereof for the benefit of any of its employees (other than a multiemployer plan within the meaning of Section 3(37) of ERISA), where applicable, (i) there has been no termination or partial termination within the meaning of Section 411(d)(3) of the Code, except to the extent that the Transactions will result in such a partial termination; (ii) there has been no accumulated funding deficiency, whether or not waived, within the meaning of Section 302(a)(2) of ERISA or Section 412 of the Code, and there has been no failure to make a required installment by its due date under Section 412(m) of the Code; (iii) no non-exempt prohibited transaction (within the meaning of Section 406 of ERISA or Section 4975 of the Code) has occurred which could result in the imposition of a material tax or liability against the Company or any of its Subsidiaries; and (iv) with respect to each such plan which is covered by Title IV of ERISA, (A) no reportable event within the meaning of Section 4043(c) of ERISA has occurred, except a reportable event occurring as a result of the consummation of the transactions contemplated by this Agreement or any prior event which will not result in a liability to the Company or any of its Subsidiaries or any of their Affiliates after the consummation of said transactions; (B) no notice of intent to terminate the plan has been provided to participants or filed with PBGC under Section 4041 of ERISA, nor has PBGC instituted or threatened to institute any proceeding under Section 4042 of ERISA to terminate the plan; and (C) no liability has been incurred under Title IV of ERISA to PBGC or otherwise (except for the payment of PBGC premiums) which has not been satisfied. Neither the Company, any of its Subsidiaries nor any of their ERISA Affiliates has ceased operations at a facility so as to become subject to the provisions of Section 4068(f) of ERISA, withdrawn as a substantial employer so as to become subject to the provisions of Section 4063 of ERISA or ceased making contributions on or before the Closing Date to any such plan which is a pension plan subject to Section 4064(a) of ERISA.

(e) Neither the Company, any of its Subsidiaries nor any of their ERISA Affiliates has incurred or expects to incur any withdrawal liability under Title IV of ERISA (either as a contributing employer or as part of a controlled group which includes a contributing employer) in connection with a complete or partial withdrawal from a Multiemployer Plan that will be unsatisfied at the Effective Time; and, with respect to any Multiemployer Plan to which the Company or any ERISA Affiliate is, or within the preceding six years, was required to make or accrue a contribution, neither the Company, any of its Subsidiaries nor any of their ERISA Affiliates has received notice from such Multiemployer Plan that the plan is in reorganization or insolvency pursuant to Sections 4241 or 4245 or ERISA or that the plan is intended to terminate or has terminated under Sections 4041A or 4042 of ERISA.

(f) The Company, its Subsidiaries and each of their ERISA Affiliates has complied in all material respects with its obligations under the provisions of Section 4980B of the Code with respect to any group health plan. Except as identified on **Schedule 4.10(a)**, no Broadcasting Employee Plan provides health or death benefits (whether or not insured) to Broadcasting Employees beyond the termination of their employment or other services.

(g) All Broadcasting Employee Plans which provide medical, dental health or long-term disability benefits are insured and, to the Company's knowledge, claims with respect to any participant or covered dependent under any such Broadcasting Employee Plan will not result in any uninsured liability to the Acquiror, the Company, PBC or any of their Subsidiaries.

4.11. LABOR MATTERS.

(a) Except as set forth on **Schedule 4.11(a)**, neither PBC nor any Broadcasting Subsidiary is a party to any labor or collective bargaining agreement and there are no labor or collective bargaining agreements which pertain to any Broadcasting employees.

(b) Except as set forth on **Schedule 4.11(b)**, as of the date of this Agreement, (i) no employees of PBC or any of the Broadcasting Subsidiaries are represented by any labor organization and (ii) no labor organization or group of employees of PBC or any of the Broadcasting Subsidiaries has made a pending demand for recognition

or certification, and there are no representation or certification proceedings or petitions seeking a representation proceeding presently pending or, to the knowledge of the Company, threatened to be brought or filed with the NLRB or any other labor relations tribunal or authority. To the knowledge of the Company, as of the date of this Agreement, there are no formal organizing activities involving a material number of Broadcasting employees pending with, or threatened by, any labor organization.

(c) Except as would not result in a Material Adverse Effect on Broadcasting, (i) there are no strikes, work stoppages, slowdowns, lockouts, material arbitrations or material grievances or other material labor disputes pending or, to the knowledge of the Company, threatened against or involving PBC or any of the Broadcasting Subsidiaries and (ii) there are no unfair labor practice charges, grievances or complaints pending or, to the knowledge of the Company, threatened by or on behalf of any employee or group of employees of PBC or any of the Broadcasting Subsidiaries.

4.12. ENVIRONMENTAL MATTERS.

(a) Except as set forth on **Schedule 4.12(a)**, to the knowledge of the Company there are no Environmental Liabilities of Broadcasting that may reasonably be expected to have a Material Adverse Effect on Broadcasting or materially interfere with or delay the Transactions.

(b) Since January 1, 1997 and prior to the date of this Agreement, to the knowledge of the Company there has been no material environmental assessment investigation, study, Audit, test, review or other analysis conducted in relation to the current business of Broadcasting or any property or facility now owned or leased by Broadcasting which has not been delivered or made available to Acquiror prior to the date hereof.

4.13. COMPLAINTS. As of the date of this Agreement, there is not, to the knowledge of the Company, any FCC investigation, notice of apparent liability or order of forfeiture pending or outstanding against any of the Stations respecting any violation, or allegation thereof, of any FCC rule, regulation or policy, or, to the knowledge of the Company, any complaint before the FCC as a result of which an investigation, notice of apparent liability, or order of forfeiture may issue from the FCC relating to any of the Stations.

4.14. REPORTS. Excluding reports and statements which do not materially affect the business and operations of any of the Stations, all reports and statements currently required to be filed by the Company or any of its Subsidiaries with the FCC or with any other governmental agency with respect to the Stations have been filed and substantially complied with and shall continue to be filed and be in substantial compliance on a current basis until the Closing Date. All such material reports and statements are substantially complete and correct as filed, and copies thereof have heretofore been made available to Acquiror.

ARTICLE V

REPRESENTATIONS AND WARRANTIES OF ACQUIROR

Acquiror represents and warrants to the Company and Newco as follows:

5.01. ORGANIZATION AND AUTHORITY. Acquiror is a corporation duly organized, validly existing and in good standing under the laws of its state of incorporation. Acquiror has all requisite corporate power and authority to own, lease and operate its properties and to carry on its business as now being conducted, except where the failure to have such power or authority would not have a Material Adverse Effect on Acquiror and its Subsidiaries taken as a whole. Acquiror has all requisite corporate power and authority to execute and deliver this Agreement and, subject to the items referred to in **Sections 5.02 and 5.03**, to consummate the Transactions. Subject to the items referred to in **Sections 5.02 and 5.03**, all necessary action, corporate or otherwise, required to have been taken by or on behalf of Acquiror by applicable law, its charter documents or otherwise to authorize (i) the approval, execution and delivery on its behalf of this Agreement and (ii) its performance of its obligations under this Agreement and the consummation of the Transactions has been taken, except that this Agreement must

be approved by the stockholders of Acquiror, and the Board of Directors of Acquiror must increase the size of such Board to comply with the Board Representation Agreement. Assuming that this Agreement and each Transaction Agreement constitutes or will constitute, as the case may be, a legal, valid and binding agreement of the Company or Newco, as the case may be, this Agreement and each other Transaction Agreement to which Acquiror is or will be a party constitutes or will constitute, as the case may be, a valid and binding agreement of Acquiror, enforceable against it in accordance with its terms, subject to (i) the Enforceability Exceptions and (ii) in the case of the Board Representation Agreement to the Communications Act of 1934, as amended (the "Communications Act"), and the rules and regulations thereunder (the "Rules and Regulations") regarding cross-ownership of radio and television stations, to the extent that such Rules and Regulations may prohibit Newco or any of its officers, directors or shareholders from designating or acting as a director or observer on Acquiror's Board of Directors. Acquiror has heretofore made available to the Company true and complete copies of its Certificate of Incorporation and Bylaws as in effect on the date hereof.

5.02. NO BREACH. The execution and delivery of this Agreement by Acquiror do not and the consummation of the Transactions by Acquiror will not (i) assuming that the requisite stockholder approval is obtained, violate or conflict with its Certificate of Incorporation or Bylaws or (ii) except as set forth on **Schedule 5.02(a)** hereto, or subject to obtaining the approvals and making the filings described in **Section 5.03**, constitute a breach or default (or an event which with notice or lapse of time or both would become a breach or default) of, or give rise to any third-party right of termination, cancellation, modification or acceleration under, or otherwise require notice or approval under, any agreement, understanding or undertaking to which Acquiror or any of its Subsidiaries is a party or by which any of them is bound, or give rise to any Lien on any of their properties, except where such breach, default, Lien, third-party right, cancellation, modification or acceleration would not have a Material Adverse Effect on Acquiror and its Subsidiaries taken as a whole or materially interfere with or delay the Transactions, or (iii) subject to obtaining the approvals and making the filings described in **Section 5.03** hereof, constitute a violation of any statute, law, ordinance, rule, regulation, judgment, decree, order or writ of any judicial, arbitral, public, or governmental authority having jurisdiction over Acquiror or any of its Subsidiaries or any of their respective properties or assets, except as would not have a Material Adverse Effect on Acquiror and its Subsidiaries taken as a whole. Except as set forth on **Schedule 5.02(b)**, neither Acquirer nor any of its Subsidiaries is a party to or bound by any Contract that restricts or purports to restrict the ability of any of them or any Affiliate of them to engage in any location in the business of television broadcasting, except for such restrictions that would not have a Material Adverse Effect on Acquiror and its Subsidiaries taken as a whole or materially interfere with or delay the Transactions.

5.03. CONSENTS AND APPROVALS. Neither the execution and delivery of this Agreement by Acquiror nor the consummation of the Transactions by Acquiror will require any License from, or filing with, or notification to, any governmental or regulatory authority, except (i) for filings required under the Securities Act, (ii) for filings required under the Exchange Act, (iii) for filings required under state securities or "blue sky" laws, (iv) for filings and approvals required by the rules and regulations of NASDAQ or the NYSE, as the case may be, (v) for notification pursuant to the HSR Act and expiration or termination of the waiting period thereunder, (vi) for the filing of the Certificate of Merger as set forth in **Article I** hereof, (vii) for any waiver, consent or declaratory ruling by the FCC with respect to the Rules and Regulations regarding cross-ownership of radio or television stations, to the extent that such Rules and Regulations may prohibit (A) Newco or any of its officers, directors or shareholders from designating or acting as a director or observer on Acquiror's Board of Directors or (B) a designee of Newco from serving on the Board of Directors of Acquiror, (viii) for consents or waivers from the relevant governmental entities necessary to transfer control of Broadcasting's FCC Licenses to Acquiror, and (ix) where the failure to obtain such Licenses or to make such filings or notifications, would not have a Material Adverse Effect on Acquiror and its Subsidiaries taken as a whole or materially interfere with or delay the Transactions; PROVIDED, HOWEVER, that no representation or warranty is made with respect to the foregoing relating to, or arising by reason of, the legal or regulatory status of the Company or Broadcasting or the respective facts pertaining specifically to them.

5.04. APPROVAL OF THE BOARD; VOTE REQUIRED. The Board of Directors of Acquiror has, by resolutions duly adopted at a meeting duly called and held, unanimously approved and adopted this Agreement,

the Merger, the Transaction Agreements and the other Transactions on the material terms and conditions set forth herein. The transactions contemplated by the Acquiror Voting Agreement have been duly and validly approved by the Board of Directors of Acquiror prior to the execution and delivery of the Acquiror Voting Agreement in accordance with Section 203 of the DGCL. The affirmative vote or action by written consent of a majority of the votes that holders of the outstanding shares of capital stock of Acquiror are entitled to cast voting as a single class are the only votes of the holders of any class or series of the capital stock of Acquiror necessary to approve this Agreement, the Merger and the Transaction Agreements under applicable law and Acquiror's Articles or Incorporation and Bylaws.

5.05. CAPITALIZATION.

(a) As of the date of this Agreement, the authorized capital stock of Acquiror consists of: (i) 200,000,000 shares of common stock, par value $.01, of which 100,000,000 shares are designated as Series A Common Stock and 100,000,000 shares are designated as Series B Common Stock, and (ii) 1,000,000 shares of preferred stock, par value $.01, of which 12,500 shares are designated as Series A Preferred Stock and 12,500 shares are designated as Series B Preferred Stock. As of May 13, 1998, there were issued and outstanding the following shares of such stock: (i) 53,842,377 shares of common stock outstanding, consisting of 12,543,729 shares of Series A Common Stock and 41,298,648 shares of Series B Common Stock, and (ii) 21,876 shares of preferred stock outstanding, consisting of 10,938 shares of Series A Preferred Stock and 10,938 shares of Series B Preferred Stock. All such outstanding shares are duly authorized, validly issued and fully paid and nonassessable. There are no preemptive or other similar rights available to the existing holders of the capital stock of Acquiror. As of the date of this Agreement, and other than as set forth on **Schedule 5.05(a)** or other than as contemplated by this Agreement, there are no outstanding options, warrants, rights, puts, call, commitments, or other Contracts issued by or binding upon Acquiror or any of its Subsidiaries requiring or providing for, and there are no outstanding debt or equity securities of Acquiror or its Subsidiaries which, upon the conversion, exchange or exercise thereof, would require or provide for the issuance, sale or transfer by Acquiror or any of its Subsidiaries of any new or additional equity interests in Acquiror or any of its Subsidiaries (or any other securities of Acquiror which, with notice, lapse of time or payment of monies, are or would be convertible into or exercisable or exchangeable for equity interests in Acquiror or any of its Subsidiaries). Except as described on **Schedule 5.05(a)**, there are no voting trusts or other agreements or understandings to which Acquiror or any of its Subsidiaries is a party with respect to the voting of capital stock of Acquiror.

(b) The shares of Acquiror Common Stock to be issued in the Merger, upon their issuance in accordance with the terms hereof, will be duly authorized, validly issued, fully paid and nonassessable and free and clear of all Liens, other than any Liens created by the stockholders of the Company.

5.06. SEC REPORTS. Acquiror has filed all required forms, reports and documents required to by filed by it with the SEC since January 1, 1997 (collectively, "Acquiror's SEC Reports") and delivered or made available to the Company copies thereof. Acquiror's SEC Reports have complied in all material respects with all applicable requirements of the Securities Act and the Exchange Act. As of their respective dates, none of the Acquiror's SEC Reports, including any financial statements or schedules included or incorporated by reference therein, contained any untrue statement of a material fact or omitted to state a material fact required to be stated or incorporated by reference therein or necessary in order to make the statements therein, in light of the circumstances under which they were made, not misleading.

5.07. FINANCIAL STATEMENTS. The (i) audited consolidated financial statements of Acquiror contained in Acquiror's Annual Report on Form 10-K for the year ended December 31, 1997 ("Acquiror's 10-K"), and (ii) unaudited condensed consolidated financial statements of Acquiror contained in Acquiror's Quarterly Report on Form 10-Q for the three months ended March 31, 1998 ("Acquiror's 10-Q" and together with Acquiror's 10-K, "Acquiror's Financial Statements"), were prepared in accordance with GAAP and present fairly, in all material respects, Acquiror's consolidated financial position and the results of its consolidated operations and its consolidated cash flows as of the relevant dates thereof and for the periods covered thereby in accordance with GAAP (subject to normal year-end adjustments in the case of the unaudited interim financial statements).

5.08. ABSENCE OF CERTAIN CHANGES. Since the date of the balance sheet of Acquiror included in Acquiror's 10-Q, except as contemplated or disclosed by this Agreement, the Acquiror and its Subsidiaries have conducted their respective businesses in the ordinary course of business consistent with past practice, and except as contemplated by this Agreement there has not been any change, event or condition of any character that, individually or in the aggregate, has or would reasonably be expected to have a Material Adverse Effect on Acquiror and its Subsidiaries taken as a whole or materially interfere with or delay the Transactions.

5.09. ABSENCE OF UNDISCLOSED LIABILITIES. To the knowledge of Acquiror, except as set forth in **Schedule 5.09** or otherwise disclosed in this Agreement, neither Acquiror nor any of its Subsidiaries has any obligation or liability of any kind whatsoever, whether accrued, contingent, absolute, determined, determinable or otherwise, of a type required by GAAP to be disclosed in a balance sheet of Acquiror or any of its Subsidiaries except (i) such liabilities and obligations that are reflected in Acquiror's Financial Statements or disclosed in the notes thereto, (ii) liabilities and obligations incurred in the ordinary course of business after March 31, 1998, and (iii) liabilities and obligations that will not, individually or in the aggregate, have a Material Adverse Effect on Acquiror or its Subsidiaries taken as a whole or materially interfere with or delay the Transactions.

5.10. COMPLIANCE WITH LAW. Acquiror holds all Licenses from all governmental authorities necessary for the lawful conduct of its business, except where the failure to hold any such License would not have a Material Adverse Effect on Acquiror and its Subsidiaries taken as a whole or materially interfere with or delay the Transactions. To Acquiror's knowledge, Acquiror has not violated, and is not in violation of, any such Licenses or any applicable Laws of any governmental authorities, except where such violations do not and, insofar as reasonably can be foreseen, will not have a Material Adverse Effect on Acquiror and its Subsidiaries taken as a whole or materially interfere with or delay the Transactions.

5.11. TAXES.

(a) All material Tax Returns of Acquiror and its Subsidiaries required to have been filed on or before the date hereof have been filed with the appropriate governmental agencies in all jurisdictions in which such Tax Returns were required to have been filed. All of such Tax Returns were true, correct and complete in all material respects and all Taxes shown to be due on such Tax Returns have been paid. All material Taxes payable by or with respect to Acquiror and its Subsidiaries but not reflected on any Tax Return required to have been filed prior to the date of Acquiror's Financial Statements have been fully paid or adequate provision therefor has been made and reflected on such balance sheet.

(b) Except as set forth on **Schedule 5.11(b)** hereto, there is no claim or investigation involving an amount greater than $1,000,000 pending or threatened against Acquiror or any of its Subsidiaries for past Taxes, and adequate provision for the claims or investigations set forth on **Schedule 5.11(b)** has been made as reflected on Acquiror's Financial Statements. Except as set forth on **Schedule 5.11(b),** neither Acquiror nor any of its Subsidiaries has waived or extended any applicable statute of limitations relating to the assessment of federal, state or local Taxes.

(c) Acquiror is not, and on the Closing Date will not be, an investment company within the meaning of Section 368(a)(2)(F)(iii) and (iv) of the Code.

5.12. LITIGATION. There is no suit, action, proceeding or investigation pending against or, to the knowledge of Acquiror, threatened against or affecting Acquiror or any of its Subsidiaries or any of their respective properties nor, to the knowledge of Acquiror, is there any judgment, decree, inquiry, rule or order outstanding against Acquiror or any of its Subsidiaries that, individually or in the aggregate, would reasonably be expected to have a Material Adverse Effect on Acquiror and its Subsidiaries taken as a whole, or materially interfere with or delay the ability of Acquiror to consummate the Transactions.

5.13. BROKERS AND FINDERS. Neither Acquiror nor any of its officers, directors, employees or Affiliates has employed any investment banker, broker or finder or incurred any liability for any brokerage fees, commissions or finder's fees in connection with the Transactions, except that Acquiror has employed Credit

Suisse First Boston Corporation as its financial advisor in connection with the Transactions and for whose fees and expenses Acquiror is responsible.

5.14. SOLVENCY. After giving effect to the Merger, the New Company Debt and the other Transactions, Acquiror will not be insolvent and will not have unreasonably small capital with which to engage in its businesses, and Acquiror will be able to pay its debts as they come due.

5.15. FCC QUALIFICATION. Except as set forth on **Schedule 5.15**, Acquiror is, for purposes of obtaining the approval of the FCC under the Communications Act, legally, financially and otherwise qualified to acquire control of the Company and, after due investigation, Acquiror is not aware of any facts or circumstances relating to Acquiror or any of its Subsidiaries that might disqualify Acquiror as a transferee of the Licenses, or as owner and operator of the Broadcasting Assets or otherwise might prevent or delay the prompt approval of this Agreement, the Transaction Agreements or the Transactions.

ARTICLE VI

OTHER AGREEMENTS

6.01. NO SOLICITATION.

(a) Neither the Company nor any of its Subsidiaries, nor any of its or their officers, directors, representatives or agents shall, directly or indirectly, knowingly encourage, solicit, initiate or, except as otherwise provided in this **Section 6.01(a)**, participate in any way in discussions or negotiations with or knowingly provide any confidential information to, any Person (other than Acquiror or any Affiliate or associate of Acquiror and their respective directors, officers, employees, representatives and agents) concerning any merger, consolidation, business combination, recapitalization, liquidation or dissolution of the Company, PBC or any Broadcasting Subsidiary, the sale of any substantial part of the assets of PBC or any of the Broadcasting Subsidiaries (other than in the ordinary course of business consistent with past practice), the sale of any shares of the capital stock of PBC or any of the Broadcasting Subsidiaries, or the sale of shares representing a controlling interest of the capital stock of the Company, PBC or the Broadcasting Subsidiaries or any similar transactions or series of transactions involving Broadcasting; PROVIDED, HOWEVER, that nothing contained in this **Section 6.0l(a)** shall prohibit the Board of Directors of the Company from (i) taking and disclosing to the Company's stockholders a position with respect to a tender offer for Company Stock by a third party pursuant to Rules 14d-9 and 14e-2 promulgated under the Exchange Act, (ii) making such disclosure to the Company's stockholders as, in the judgment of the Board of Directors of the Company, with the advice of outside counsel, may be required under applicable Law, or (iii) responding to any unsolicited third party proposal or inquiry by advising the Person making such proposal or inquiry of the terms of this **Section 6.01(a)**. Notwithstanding anything to the contrary set forth herein, the Board of Directors of the Company may respond to any Acquisition Proposal and may provide information and afford access to, and negotiate and hold discussions with, any Person or group in connection therewith if the Board of Directors of the Company determines, with the advice of outside counsel, that it may be required to do so to comply with its fiduciary duties. For purposes hereof, "Acquisition Proposal" means any proposal, offer or any expression of interest by any third party relating to a possible transaction described in this **Section 6.01(a)** by any Person, other than Acquiror. Subject to the fiduciary duties of the Company's Board of Directors, in the event that the Company, Newco or any of their Subsidiaries or any of their respective officers, directors, employees, representatives or agents receives from any Person an Acquisition Proposal, the Company shall promptly advise Acquiror of such Acquisition Proposal and thereafter keep Acquiror reasonably and promptly informed of all material facts and circumstances relating to the Acquisition Proposal and the Company's response thereto.

(b) Acquiror will promptly notify the Company and provide it with pertinent information in the event that Acquiror or any of its Subsidiaries, or any of its or their officers, directors, representatives or agents (i) solicits, initiates or participates in any way in discussions or negotiations with, or provides any confidential information to, any Person or group (other than the Company or any Affiliate or associate of the Company and their

respective directors, officers, employers, representatives and agents) concerning any merger, sale or substantially all of the assets, or the sale of shares representing a controlling interest of the capital stock of Acquiror, or any similar transaction or series of transactions involving Acquiror, or (ii) receives any proposal or inquiry in respect of any such transaction or any request to provide any such information or hold any such negotiations or discussions.

6.02. CONDUCT OF BUSINESS OF THE COMPANY. Except as contemplated by this Agreement, during the period from the date hereof to the Closing Date, the Company shall not, without the prior written consent of Acquiror:

(a) amend its Certificate of Incorporation or Bylaws;

(b) declare, set aside or pay any dividend or other distribution (whether in cash. stock or property or any combination thereof) in respect of its capital stock, except for cash dividends declared and paid consistent with the Company's past practice (except that (i) any Subsidiary of the Company other than PBC or a Broadcasting Subsidiary may declare and pay dividends that are payable to the Company or to any other Subsidiary of the Company, (ii) PBC or any Broadcasting Subsidiary may declare and pay dividends in cash and cash equivalents that are payable to the Company or to any other Subsidiary of the Company and (iii) PBC may declare and pay a dividend of all of the capital stock of Pulitzer Sports Inc. to the Company) or redeem or acquire any of its securities other than for cash;

(c) except pursuant to the terms of the Company Class B Common Stock, the Company Option Plans, or the Employee Stock Purchase Plan, split, combine or reclassify any of its capital stock or issue or authorize the issuance of any other securities in respect of, in lieu of or in substitution of any shares of its capital stock;

(d) except (x) to the event that the Company is acting in the ordinary course of business or is otherwise released therefrom as described in **Section 2.02** or (y) any investment or acquisition relating to the newspaper business or any activity related thereto, (i) create, incur or assume any Indebtedness, other than the New Company Debt, not currently outstanding (including obligations in respect of capital leases), (ii) assume, guarantee, endorse or otherwise become liable or responsible (whether directly. contingently or otherwise) for the obligations of any other Person or (iii) make any loans, advances or capital contributions to, or investments in, any Person other than Newco or another Subsidiary;

(e) except pursuant to the terms of the Company Class B Common Stock, the Company Option Plans, or the Employee Stock Purchase Plan, issue, sell, deliver or agree or commit to issue, sell or deliver (whether through the issuance or granting of options, warrants, commitments, subscriptions, rights to purchase or otherwise) any stock of any class or any other securities or amend any of the terms of any securities outstanding at the date hereof;

(f) terminate, amend, modify or waive compliance with any of the terms or conditions of the Contribution Agreement directly or indirectly respecting the Retained Assets or the Retained Liabilities or affecting the rights or obligations of the Company thereunder from and after the Effective Time;

(g) subject to the fiduciary duties of the Board of Directors, terminate, amend, modify or waive any of the terms or conditions of any confidentiality agreement in effect as of the date hereof between the Company and any other prospective acquiror of the Company or Broadcasting, provided that the Company, PBC or any Broadcasting Subsidiary may waive, and Acquiror will not enforce after Closing, any restriction on employment of any employee of the Company, PBC or any Broadcasting Subsidiary who is not employed by the Acquiror, PBC or any Broadcasting Subsidiary at Closing or whose employment with any of them is terminated after Closing; or

(h) take, or agree in writing or otherwise to take, any of the foregoing actions or any other actions that would (i) make any representation or warranty of the Company or Newco contained in this Agreement untrue or incorrect, in any material respect, as of the date when made or as of the Closing Date, (ii) result in any of the conditions to Closing in **Article VII** of this Agreement not being satisfied, or (iii) be inconsistent, in any material respect, with the terms of this Agreement or the Transactions.

6.03. CONDUCT Of BUSINESS OF BROADCASTING.

(a) Except as contemplated by this Agreement, during the period from the date hereof to the Closing Date, the Company shall cause PBC and the Broadcasting Subsidiaries to conduct their operations in the ordinary course of business consistent with past practices. Without limiting the generality of the foregoing, except as otherwise contemplated by this Agreement, without the prior written consent of Acquiror, the Company shall not permit PBC or any of the Broadcasting Subsidiaries to:

(i) amend its Certificate of Incorporation or Bylaws;

(ii) issue, sell, deliver or agree or commit to issue, sell or deliver (whether through the issuance or granting of options, warrants, commitments, subscriptions, rights to purchase or otherwise) any stock of any class or any other securities or amend any of the terms or any securities outstanding on the date hereof;

(iii) acquire, lease, sell or dispose of any assets or any FCC Licenses other than acquisitions, leases, sales or dispositions of inventory and equipment in the ordinary course of business consistent with past practices or inventory items expended, depleted or worn out in accordance with Broadcasting's normal operating procedures;

(iv) except for Permitted Exceptions, subject to any Lien on any of its properties or assets, tangible or intangible;

(v) increase the amount of any cash compensation payable to any employee if such increase would cause the aggregate cash compensation payable to all employees on an annualized basis to exceed, by more than 5% percent, the cash compensation payable by Broadcasting to all employees under its 1998 budget as outlined in **Schedule 6.03(a)(v)** (PROVIDED that this **Section 6.03(a)(v)** shall not apply to the employment, bonus and/or severance agreements made with the corporate executives of PBC and the Station managers (all of which agreements are listed on **Schedule 4.10(a)** hereto));

(vi) declare, set aside or pay any dividend or other distribution (whether in cash, stock or property or any combination thereof) in respect of its capital stock or redeem or otherwise acquire any of its securities, except as provided in **Sections 6.24** and **6.02(b)**;

(vii) fail to maintain the Broadcasting Assets in the condition specified in **Section 4.08(a)** hereof;

(viii) by any act or omission to act within its reasonable knowledge and power, surrender, modify, adversely affect or forfeit any of the material Licenses;

(ix) enter into or amend any program license or program contract for any Station which will be in effect after the Effective Time, or enter into or amend any other contract or agreement which, in each case, will be in effect after the Effective Time and requiring payments to or by PBC or any of the Broadcasting Subsidiaries of more than $250,000;

(x) (i) create, incur or assume any Indebtedness not currently outstanding (including obligations in respect of capital leases), (ii) except in the ordinary course of business, assume, guarantee, endorse or otherwise become liable or responsible (whether directly, contingently or otherwise) for the obligations of any other Person, or (iii) except in the ordinary course of business, make any loans, advances or capital contributions to, or investments in, any Person other than Newco or another Subsidiary; or

(xi) take, or agree in writing or otherwise to take, any of the foregoing actions or any other action that would (i) make any representation or warranty of the Company or Newco contained in this Agreement untrue or incorrect, in any material respect, as of the date when made or as of the Closing Date, (ii) result in any of the conditions to Closing in **Article VII** of this Agreement not being satisfied or (iii) be inconsistent, in any material respect, with the terms of this Agreement or the Transactions.

(b) The Company shall use its commercially reasonable efforts to: (i) maintain the present operations of the Stations; (ii) preserve intact the business organization of the Stations; and (iii) preserve for the Stations the existing relationships with employees, suppliers, customers and their agencies and others having business with the Stations.

(c) Prior to the Effective Time, control of the television and radio operations of PBC and the Broadcasting Subsidiaries shall remain with the Company. The Company and Acquiror acknowledge and agree that neither Acquiror nor any of its employees, agents or representatives, directly or indirectly, shall, or have any right to, control, direct or otherwise supervise, or attempt to control, direct or otherwise supervise, such broadcast operations; it being understood that at all times prior to the Effective Time, supervision of all programs, equipment and operations shall remain within the complete control and discretion of the Company.

(d) The Company shall use its commercially reasonable efforts to cause Broadcasting to maintain in full force and effect the Station Network Affiliation Agreements set forth on **Schedule 4.07** hereto.

6.04. CONDUCT OF BUSINESS OF ACQUIROR. Except as contemplated by this Agreement, during the period from the date hereof to the Closing Date, Acquiror will not, without the prior written consent of the Company:

(a) amend its certificate of incorporation (other than to provide for the issuance of preferred stock and to increase its authorized shares of common stock or any series thereof);

(b) issue, sell, deliver or agree or commit to issue, sell or deliver (whether through the issuance or granting of options, warrants, commitments, subscriptions, rights to purchase or otherwise) any stock of any class; PROVIDED, HOWEVER, that Acquiror may (i) issue shares of its capital stock upon the exercise of options outstanding on the date hereof, (ii) grant options to purchase shares of its capital stock (and issue any shares of capital stock upon exercise of such options) pursuant to employee compensation arrangements consistent with past practices, (iii) issue shares of common stock upon conversion of any shares of capital stock, and (iv) issue shares of capital stock at or above fair market value;

(c) declare, set aside or pay any dividend or other distribution (whether in cash, stock or property or any combination thereof) in respect of its capital stock, except for dividends declared and paid consistent with Acquiror's past practice;

(d) (i) enter into a transaction or (ii) except for Indebtedness incurred in connection with **Section 2.01(b)**, create, incur or assume any Indebtedness not currently outstanding (including obligations in respect of capital leases but excluding indebtedness incurred in refinancing, replacement or substitution of indebtedness that is currently outstanding) that in the case of clauses (i) or (ii) would result in a down-grading below investment grade in the rating of any rated debt securities of the Company by both Standard & Poors Corporation and Moody's Investors Service;

(e) sell, lease or dispose of any assets material to Acquiror and its Subsidiaries taken as a whole, other than (i) sales of inventory in the ordinary course of business consistent with past practices and (ii) in connection with or in exchange for acquisitions of assets related to the business of Acquiror;

(f) make any material change in the lines of business in which it participates or is engaged; or

(g) take, or agree in writing or otherwise to take, any of the foregoing actions or any other actions that would (i) make any representation or warranty of Acquiror contained in this Agreement untrue or incorrect, in any material respect, as of the date when made or as of the Closing Date, (ii) result in any of the conditions to Closing in **Article VII** of this Agreement not being satisfied in any material respect or (iii) be inconsistent, in any material respect, with the terms of this Agreement or the Transactions.

6.05. ACCESS TO INFORMATION. Between the date of this Agreement and the Effective Time, (a) the Company and Acquiror will each (i) give the other party and its authorized representatives reasonable access, during regular business hours upon reasonable notice, to all offices and other facilities of such party and its Subsidiaries and to all books and records of such party and its Subsidiaries, (ii) permit the other party to make such reasonable inspections of the offices, facilities, books and records described in clause (i) as it may require, (iii) cause its officers and those of its Subsidiaries to furnish the other party with such financial and operating data and other information with respect to the business and properties of the Company and Broadcasting, or Acquiror and its Subsidiaries, as the case may be, as the other party may, from time to time, reasonably request,

and (iv) permit Acquiror to conduct, at its expense, environmental tests and assessments and (b) Acquiror will keep the Company informed, and the Company will keep Acquiror informed, in each case as to material developments affecting the other party and its Subsidiaries. All such access and information obtained by Acquiror and its authorized representatives shall be subject to the terms and conditions of the letter agreement between the Company and Acquiror dated in February 1998 (the "Confidentiality Agreement"). All such information obtained by the Company and its authorized representatives, and, after the Closing, all other information regarding the Broadcasting Assets, or its business and operations which Newco or any of its Subsidiaries possesses or has access to (including pursuant to **Section 6.17**), shall be treated in accordance with the terms of the Confidentiality Agreement as if such agreement obligated such Persons to hold such information confidential on the same basis as set forth therein MUTATIS MUTANDIS and Acquiror and its Subsidiaries were beneficiaries of such obligations.

6.06. SEC FILINGS.

(a) The Company, Newco and Acquiror shall prepare jointly and, as soon as practicable after the date of this Agreement, file with the SEC a joint proxy statement/registration statement (the "Preliminary Joint Proxy Statement/Prospectus") comprising preliminary proxy materials of the Company and Acquiror under the Exchange Act with respect to the Merger and the Transactions and Registration Statement on Form S-4 containing a preliminary prospectus of Acquiror under the Securities Act with respect to the Merger Stock, and will thereafter use their respective reasonable best efforts to respond to any comments of the SEC with respect thereto and to cause a definitive joint proxy statement/prospectus (including all supplements and amendments thereto, the "Joint Proxy Statement/Prospectus") and proxy to be mailed to the Company's and Acquiror's stockholders as promptly as practicable.

(b) As soon as practicable after the date hereof, the Company, Newco and Acquiror shall prepare and file any other filings required to be filed by each under the Exchange Act, any other federal or state laws, or the rules and regulations of the NYSE or NASDAQ, relating to the Merger, the Contribution and the Distribution, and the other Transactions, including in the case of Newco, an Information Statement on Form 10 under the Exchange Act with respect to the Newco Common Stock (collectively, the "Other Filings") and will use their respective reasonable best efforts to respond to any comments, if any, of the SEC or any other appropriate government official with respect thereto.

(c) The Company, Newco and Acquiror shall cooperate with each other and provide to each other all information necessary in order to prepare the Preliminary Joint Proxy Statement/Prospectus, the Joint Proxy Statement/Prospectus and the Other Filings (collectively, the "SEC Filings") and shall provide promptly to the other party any information that such party may obtain that could necessitate amending any such document.

(d) The Company and Acquirer will notify the other party promptly of the receipt of any comments from the SEC or its staff or any other government official and of any requests by the SEC or its staff or any other government official for amendments and/or supplements to any of the SEC Filings or for additional information and will supply the other party with copies of all correspondence between the Company or any of its representatives, Newco or any of its representatives, or Acquiror or any of its representatives, as the case may be, on the one hand, and the SEC or its staff or any other government official, on the other hand, with respect thereto. If at any time prior to the Effective Time, any event shall occur that should be set forth in an amendment of, or a supplement to, any of the SEC Filings, the Company, Newco and Acquiror agree promptly to prepare and file such amendment or supplement and to distribute such amendment or supplement as required by applicable law, including, in the case of an amendment or supplement to the Joint Proxy Statement/Prospectus, mailing such supplement or amendment to the Company's and Acquiror's stockholders.

(e) The information provided and to be provided by the Company, Newco and Acquiror for use in SEC Filings shall at all times prior to the Effective Time be true and correct in all material respects and shall not omit to state any material fact required to be stated therein or necessary in order to make such information in light of the circumstances under which they were made, not false or misleading, and the Company, Newco and Acquiror

each agree to correct any such information provided by it for use in the SEC Filings that shall have become false or misleading. Each SEC Filing, when filed with the SEC or any government official, shall comply in all material respects with all applicable requirements of law.

(f) Acquiror shall indemnify, defend and hold harmless the Company and Newco, each of their officers and directors and each other Person, if any, who controls any of the foregoing within the meaning of the Exchange Act, against any losses, claims, damages or liabilities, joint or several, to which any of the foregoing may become subject under the Securities Act, the Exchange Act or otherwise, insofar as such losses, claims, damages or liabilities (or actions in respect thereof) arise out of or are based upon (i) an untrue statement or alleged untrue statement of a material fact contained in any SEC Filing or (ii) the omission or alleged omission to state a material fact required to be stated therein or necessary to make the statements therein, in light of the circumstances under which they were made, not misleading, PROVIDED that Acquiror was responsible for such misstatement or omission, and, upon request from time to time, Acquiror shall reimburse the Company, Newco and each such officer, director and controlling Person for any legal or any other expenses reasonably incurred by any of them in connection with investigating or defending any such loss, claim, damage, liability or action or enforcing this indemnity.

(g) Newco (and, if this Agreement is terminated prior to the consummation of the Merger, the Company, jointly and severally with Newco) shall indemnify, defend and hold harmless Acquiror, each of its officers and directors and each other Person, if any, who controls any of the foregoing within the meaning of the Exchange Act, against any losses, claims, damages or liabilities, joint or several, to which any of the foregoing may become subject under the Securities Act, the Exchange Act or otherwise, insofar as such losses, claims, damages or liabilities (or actions in respect thereof) arise out of or are based upon (i) an untrue statement or alleged untrue statement of a material fact contained in any SEC Filing or (ii) the omission or alleged omission to state a material fact required to be stated therein or necessary to make the statements therein, in light of the circumstances under which they were made, not misleading, PROVIDED that the Company or Newco was responsible for such misstatement or omission, and, upon request from time to time, Newco (and, if this Agreement is terminated prior to the consummation of the Merger, the Company) shall reimburse Acquiror and each such officer, director and controlling Person for any legal or any other expenses reasonably incurred by any of them in connection with investigating or defending any such loss, claim, damage, liability or action or enforcing this indemnity.

(h) For the purpose of this **Section 6.06**, the term “Indemnifying Party” shall mean the party having an obligation hereunder to indemnify the other party pursuant to this **Section 6.06**, and the term “Indemnified Party” shall mean the party having the right to be indemnified pursuant to this **Section 6.06**. Whenever any claim shall arise for indemnification under this **Section 6.06**, the Indemnified Party shall promptly notify the Indemnifying Party in writing of such claim and, when known, the facts constituting the basis for such claim (in reasonable detail). Failure by the Indemnified Party to so notify the Indemnifying Party shall not relieve the Indemnifying Party of any liability hereunder except to the extent that such failure prejudices the Indemnifying Party.

(i) After such notice, if the Indemnifying Party undertakes to defend any such claim, then the Indemnifying Party shall be entitled, if it so elects, to take control of the defense and investigation with respect to such claim and to employ and engage attorneys of its own choice and reasonably acceptable to the Indemnified Party to handle and defend the same, at the Indemnifying Party’s cost, risk and expense, upon written notice to the Indemnified Party of such election, which notice acknowledges the Indemnifying Party’s obligation to provide indemnification hereunder. The Indemnifying Party shall not settle any third-party claim that is the subject of indemnification without the prior written consent of the Indemnified Party, which consent shall not be unreasonably withheld; PROVIDED, HOWEVER, that the Indemnifying Party may settle a claim without the Indemnified Party’s consent, if such settlement (i) makes no admission or acknowledgment of liability or culpability with respect to the Indemnified Party, (ii) includes a complete release of the Indemnified Party and (iii) does not require the Indemnified Party to make any payment or forego or take any action or otherwise materially adversely affect the Indemnified Party. The Indemnified Party shall cooperate in all reasonable respects with the Indemnifying Party and its attorneys in the investigation, trial and defense of any lawsuit or

action with respect to such claim and any appeal arising therefrom (including the filing in the Indemnified Party's name of appropriate cross claims and counterclaims). The Indemnified Party may, at its own cost, participate in any investigation, trial and defense of such lawsuit or action controlled by the Indemnifying Party and any appeal arising therefrom. If, after receipt of a notice of claim pursuant to **Section 6.06(h)**, the Indemnifying Party does not undertake to defend any such claim, the Indemnified Party may, but shall have no obligation to, contest any lawsuit or action with respect to such claim and the Indemnifying Party shall be bound by the result obtained with respect thereto by the Indemnified Party (including the settlement thereof without the consent of the Indemnifying Party). If there are one or more legal defenses available to the Indemnified Party that conflict with those available to the Indemnifying Party or there is otherwise an actual or potential conflict of interest, the Indemnified Party shall have the right, at the expense of the Indemnifying Party, to assume the defense of the lawsuit or action; PROVIDED, HOWEVER, that the Indemnified Party may not settle such lawsuit or action without the consent of the Indemnifying Party, which consent shall not be unreasonably withheld.

(j) If the indemnification provided for in this **Section 6.06** shall for any reason be unavailable to the Indemnified Party in respect of any loss, claim, damage or liability, or action referred to herein, then the Indemnifying Party shall, in lieu of indemnifying the Indemnified Party, contribute to the amount paid or payable by the Indemnified Party as a result of such loss, claim, damage or liability, or action in respect thereof, in such proportion as is appropriate to reflect the relative fault of the Indemnifying Party on the one hand and the Indemnified Party on the other hand with respect to the statements or omissions that resulted in such loss, claim, damage or liability, or action in respect thereof, as well as any other relevant equitable considerations. The relative fault shall be determined by reference to whether the untrue or alleged untrue statement or omission of a material fact related to information supplied by the Indemnifying Party on the one hand or the Indemnified Party on the other hand, the intent of the parties and their relative knowledge, access to information and opportunity to correct or prevent such statement or omission. The amount paid or payable by the Indemnified Party as a result of the loss, claim, damage or liability, or action in respect thereof, referred to above in this paragraph shall be deemed to include, for purposes of this paragraph, any legal or other expenses reasonably incurred by the Indemnified Party in connection with investigating or defending any such action or claim or enforcing this provision. No person guilty of fraudulent misrepresentation (within the meaning of Section 11(f) of the Securities Act) shall be entitled to contribution from any person who was not guilty of such fraudulent misrepresentation.

6.07. REASONABLE BEST EFFORTS. Subject to the other terms and conditions hereof, each of the parties hereto agrees to use its reasonable best efforts to take, or cause to be taken, all appropriate action, and to do, or cause to be done, all things necessary, proper or advisable under applicable laws and regulations to consummate and make effective the Transactions contemplated by this Agreement in the most expeditious manner practicable, including the satisfaction of all conditions to the Merger and the other Transactions and seeking to remove promptly any injunction or other legal barrier that may prevent or delay such consummation. Each of the parties shall promptly notify the other whenever a material consent is obtained and shall keep the other informed as to the progress in obtaining such material consents.

6.08. PUBLIC ANNOUNCEMENTS. Except as otherwise may be required by law, no party hereto shall make any public announcements or otherwise communicate with any news media with respect to this Agreement or any of the Transactions without such prior consultation with the other parties as to the timing and content of any such announcement as may be reasonable under the circumstances; PROVIDED, HOWEVER, that nothing contained herein shall prevent any party from promptly making all filings with governmental authorities as may, in its judgment, be required or advisable in connection with the execution and delivery of this Agreement, the Transaction Agreements or the consummation of the Transactions.

6.09. TAX MATTERS.

(a) INDEMNIFICATION OBLIGATIONS.

(i) NEWCO'S INDEMNIFICATION OBLIGATIONS. Newco shall be liable for, shall pay and shall indemnify and hold the Surviving Corporation and its Subsidiaries harmless, on an After-Tax Basis, against (A) subject to **Section 6.09(a)(ii)(D)**, any Tax of the Company or any Subsidiary of the Company

attributable to any Pre-Closing Tax Period, including, without limitation, any Spin-Off Tax, but not including any Tax assessed against the Company as a result of the Merger not qualifying as a reorganization under Section 368(a)(1)(A) of the Code by reason of any action or inaction on the part of Acquiror subsequent to the Effective Time, (B) any Tax of Newco or any Subsidiary of Newco, whether attributable to a Pre-Closing Tax Period or Post-Closing Tax Period, and (C) any Transfer Taxes which may be imposed or assessed as a result of the Contribution and the Distribution.

(ii) ACQUIROR'S INDEMNIFICATION OBLIGATIONS. Acquiror and the Surviving Corporation shall be liable for, shall pay and shall indemnify and hold Newco and its Subsidiaries harmless, on an After-Tax Basis, against (A) any Tax of Acquiror or any Subsidiary of Acquiror (other than the Company or any Subsidiary of the Company) attributable to any Pre-Closing Tax Period, (B) any Tax of Acquiror, any Subsidiary of Acquiror, the Surviving Corporation, Broadcasting or any Subsidiary of the Surviving Corporation attributable to any Post-Closing Tax Period, (C) any Transfer Tax imposed or assessed as a result of the Merger, and (D) any Taxes (including, for purposes of this **Section 6.09(a)(ii)(D)**, any income Taxes for which any stockholders of the Company immediately prior to the Effective Time are liable as a result of the Transactions) arising primarily as a result of a breach by Acquiror of any of the covenants set forth in **Section 6.09(i)(ii)** hereof (provided that actions or omissions by Newco do not materially contribute to the incurrence of such Taxes).

(iii) PRORATION OF TAXES. To the extent required or permitted by applicable Law or administrative practice, the then-current Tax period of the Company and any of the Broadcasting Subsidiaries shall terminate as of the close of the Closing Date. Any Taxes imposed with respect to any Straddle Period shall be allocated between the Pre-Closing Tax Period and the Post-Closing Tax Period, based on the permanent books and records maintained by the Company, as follows:

(A) in the case of any Taxes based upon or related to income, as if the Pre-Closing Tax Period ended on the Closing Date and the Post-Closing Tax Period began on the date immediately following the Closing Date; and

(B) in the case of any Taxes other than Taxes based upon or related to income, the amount of Taxes attributable to the Pre-Closing Tax Period shall be calculated by reference to the number of days in such period ending on the Closing Date as compared to the total number of days in the Straddle Period, and the amount of Taxes attributable to the Post-Closing Tax Period shall be calculated by reference to the number of days in such period beginning after the Closing Date as compared to the total number of days in the Straddle Period.

(iv) REFUNDS AND CREDITS OF TAXES. Each party shall be entitled to all refunds or credits of any Tax, including, without limitation, in the case of Newco, any refunds attributable to the Spin-Off Tax, for which such party is liable hereunder. Any party receiving a refund or credit (and interest, if any, with respect thereto) that is for the account of another party hereunder shall promptly and, in any event, no later than five Business Days following its receipt, pay to the other party such refund or credit (and any interest with respect thereto).

(v) CONTROL OF TAX PROCEEDINGS.

(A) Newco shall be designated as the agent for the Company Group pursuant to Section 1.1502-77(d) of the Treasury Regulations, subject to the approval of the District Director of the IRS, and any similar provisions of applicable state income or franchise Tax laws for any Tax period relating to Taxes for which Newco is obligated to indemnify the Surviving Corporation and its Subsidiaries under **Section 6.09(a)(i)**. Whenever any Taxing authority asserts a claim, makes an assessment or otherwise disputes the amount of Taxes for which Newco is obligated to indemnify the Surviving Corporation and its Subsidiaries under **Section 6.09(a)(i)**, in whole or in part, under this Agreement, including, without limitation, any Taxes of the Company or any Subsidiary of the Company attributable to any Pre-Closing Tax Period (except as otherwise provided in **Section 6.09(a)(i)** and any Spin-Off Tax, Acquiror shall promptly inform Newco, and Newco, at its cost and expense, shall have the right to control any resulting proceedings and to determine whether and when to settle any such claim,

assessment or dispute, PROVIDED, HOWEVER, that Newco shall not, without Acquiror's consent, which consent shall not be unreasonably withheld, take any action or omit to take any action relating to a Pre-Closing Tax Period which would result in an increase of more than $1,000,000 in the Tax liability of the Surviving Corporation or any Subsidiary of the Surviving Corporation for all Post-Closing Tax Periods, computed on an After Tax Basis.

(B) If any Taxing authority notifies Newco of a claim, makes an assessment or otherwise disputes the amount of Taxes for which Acquiror is obligated to indemnify Newco and its Subsidiaries under **Section 6.09(a)(ii)**, in whole or in part, under this Agreement, Newco shall promptly inform Acquiror, and Acquiror, at its cost and expense, shall have the right to control any resulting proceedings and to determine whether and when to settle any such claim, assessment or dispute, provided, however, that Acquiror shall not take any action or omit to take any action relating to a Post-Closing Tax Period which would result in an increase of more than $1,000,000 in the Tax liability of the Company or any Subsidiary of the Company for all Pre-Closing Tax Periods, computed on an After-Tax Basis.

(C) Notwithstanding the foregoing provisions of this **Section 6.09(a)(v)**, in the event any Taxing authority asserts a claim, makes an assessment or otherwise disputes the amount of Taxes attributable to any Straddle Period for which both Newco and Acquiror may be liable under this Agreement, Newco and Acquiror, at their respective cost and expense, shall jointly participate in any resulting proceedings and mutually determine whether and when to settle any such claim, assessment or dispute, PROVIDED, HOWEVER, that Newco or Acquiror, at its cost and expense, may, by written notice to the other, elect to control the defense of such claim, assessment or dispute, including the decision whether and when to settle such claim, assessment or dispute, but in the event Newco or Acquiror so elects, the other shall no longer be obligated to indemnify Acquiror or Newco, as the case may be, and its Subsidiaries for any portion of the Taxes attributable to such Straddle Period which are in dispute.

(b) TAX RETURNS.

(i) Newco shall be responsible for the preparation and timely filing of all Company Consolidated Income Tax Returns for any Pre-Closing Tax Period, including Company Consolidated Income Tax Returns for such period that are due after the Closing Date, all Tax Returns for any Tax period relating to the Newspaper Subsidiaries, and all Broadcasting Tax Returns required to be filed on or before the Closing Date. Within twenty (20) days following the filing of Company Consolidated Income Tax Returns for the Tax period ended on the Closing Date, Newco shall furnish Acquiror with (i) copies of such Tax Returns, and (ii) information concerning (A) the Tax basis of the assets of Broadcasting as of the Closing Date; (B) the earnings and profits of the Company and Broadcasting as of the Closing Date; (C) the Company's Tax basis in the stock of Broadcasting and PBC's Tax basis in the stock of each of its Subsidiaries as of the Closing Date; (D) the net operating loss carryover, investment tax credit carryover, alternative minimum tax carryover and the capital loss carryover, if any, available to the Surviving Corporation and its Subsidiaries for a Post-Closing Tax Period; and (E) all elections with respect to Company Consolidated Income Taxes in effect for Broadcasting as of the Closing Date. Other than elections in the ordinary course of business consistent with past practice or elections which will not have the effect of increasing the Taxes of Acquiror in a Post-Closing Tax Period, no Tax elections shall be made with respect to any of the Tax Returns for which Newco is responsible under this **Section 6.09(b)(i)** on behalf of the Company or any Broadcasting Subsidiary without the consent of Acquiror.

(ii) Acquiror shall be responsible for the preparation and timely filing of all Tax Returns relating to the business or assets of the Company or Broadcasting required to be filed after the Closing Date (other than the Tax Returns to be prepared and filed by Newco pursuant to **Section 6.09(b)(i)**, PROVIDED, HOWEVER, that all such Tax Returns relating to any Pre-Closing Tax Period or Straddle Period shall be prepared in a manner consistent with the past practice of the Company in preparing such Tax Returns. Acquiror shall provide Newco with a draft of any such Tax Return relating to any Pre-Closing Tax Period or Straddle Period at least thirty (30) days prior to the due date for filing such Tax Return (taking into account any applicable extensions), and Newco may provide Acquiror with written comments on such draft Tax Return within ten (10) days after its receipt of such draft. Subject to **Section 6.09(e)**, Acquiror and

Newco shall attempt to resolve any disputes regarding such draft Tax Return in good faith at least ten (10) days prior to the due date for filing such Tax Return.

(c) COOPERATION. Acquiror and Newco shall cooperate with each other in a timely manner in the preparation and filing of any Tax Returns described in **Section 6.09(b)**, payment of any Taxes in accordance with this Agreement, and the conduct of any audit or other proceeding relating thereto. Each party shall execute and deliver such powers of attorney and make available such other documents as are necessary to carry out the intent of this **Section 6.09**. Each party agrees to notify the other party of any audit adjustments that do not result in Tax liability but can reasonably be expected to affect Tax Returns of the other party.

(d) RETENTION OF RECORDS. Acquiror and Newco shall each, to the extent potentially relevant to the other party, (1) retain records, documents, accounting data and other information (including computer data) necessary for the preparation and filing of all Tax Returns or the audit of such Tax Returns, and (2) give to the other reasonable access to such records, documents, accounting data, Tax Returns and related books and records and other information (including computer data) and to its personnel (insuring their cooperation) and premises, for purposes of the review or audit of such Tax Returns to the extent relevant to an obligation or liability of a party under this Agreement.

(e) PAYMENTS; DISPUTES. Except as otherwise provided in this **Section 6.09**, any amounts owed by any party ("Indemnitor") to any other party ("Indemnitee") under this **Section 6.09** shall be paid within ten days of notice from the Indemnitee, PROVIDED, HOWEVER, that if such amounts are being contested before a Taxing authority in good faith, the Indemnitor shall not be required to make payment until it is determined finally by such Taxing authority, unless the Indemnitor has authorized the Indemnitee to make payment to such Taxing Authority. Unless otherwise required under applicable Law, the Company, Newco and Acquiror agree to treat any and all indemnity payments made pursuant to this Agreement as having been made immediately prior to the Distribution and as a dividend from or a capital contribution to Newco, as the case may be, for federal, state and local Tax purposes. If Acquiror and Newco cannot agree on any calculation or determination of any of their respective liabilities or any other matter under this **Section 6.09**, such calculation or determination shall be made by an independent public accounting firm reasonably acceptable to both such parties. The decision of such firm shall be final and binding. The fees and expenses incurred in connection with such calculation or determination shall be borne equally by the disputing parties.

(f) TERMINATION OF TAX SHARING AGREEMENTS. Except as specifically provided in this **Section 6.09**, any Tax Sharing Agreement or policy of the Company Group shall be terminated at the Effective Time, and the Company and Broadcasting shall have no obligation under such agreements after the Effective Time.

(g) SURVIVAL. Notwithstanding anything in this Agreement to the contrary, the provisions of this **Section 6.09** shall survive for the full period of all statutes of limitations (giving effect to any waiver or extension thereof) applicable to Taxes and Tax Returns subject to this **Section 6.09**.

(h) DEFINITIONS.

(i) "After-Tax Basis" means, with respect to any payment, an amount calculated by taking into account the Tax consequences of the receipt of such payment, as well as any Tax benefit associated with the liability giving rise to the payment, in each case calculated on a present value basis using the Agreed Rate.

(ii) "Broadcasting Tax Return" means any Tax Return of PBC or any of its Subsidiaries.

(iii) "Company Consolidated Income Tax Returns" means any Tax Return of the Company or any Subsidiary with respect to Company Consolidated Income Taxes.

(iv) "Company Consolidated Income Taxes" means the federal income Tax and all applicable state or local income or franchise Taxes of the Company Group.

(v) “Company Group” means the affiliated group of corporations, within the meaning of Section 1504(a) of the Code, of which the Company is the common parent or any unitary, combined or consolidated group of corporations for state income Tax purposes in which the Company or any Broadcasting Subsidiary is included.

(vi) “Pre-Closing Tax Period” means any Tax period, or portion thereof, ending on or before the close of business on the Closing Date.

(vii) “Post-Closing Tax Period” means any Tax Period or portion thereof, beginning after the close of business on the Closing Date.

(viii) “Spin-Off Tax” means any Tax to which the Company or any Subsidiary of the Company is subject as a result of the application of Section 311(b), Section 355(c)(2), Section 355(e) or Section 361(c)(2) of the Code (or any corresponding or similar provision of state or local law) to the Distribution.

(ix) “Straddle Period” means any Tax period which begins before and ends after the Closing Date.

(x) “Tax” (including with correlative meaning, the terms “Taxes” and “Taxable”) means any income, gross receipts, ad valorem, premium, excise, value-added, sales, use, transfer, franchise, license, severance, stamp, occupation, service, lease, withholding, employment, payroll premium, property or windfall profits tax, alternative or add-on-minimum tax, or other tax, fee or assessment, and any payment required to be made to any state abandoned property administrator or other public official pursuant to an abandoned property, escheat or similar law, together with any interest and any penalty, addition to tax or additional amount imposed by any Taxing authority responsible for the imposition of any such Tax or payment.

(xi) “Tax Return” means any return, report, statement, information statement, refund claim and the like, including any amendment thereto, required to be filed with any Taxing authority with respect to Taxes.

(xii) “Tax Sharing Agreement” means any Tax sharing agreement or arrangement (whether or not written) binding on a Person, and any agreement or arrangement (including any arrangement required or permitted by law) which (i) requires a Person to make a payment to or for the account of any other Person, (ii) requires or permits the transfer or assignment of income, revenues, receipts or gains to a Person from any other Person, or (iii) otherwise requires a Person to indemnify any other Person in respect of Taxes.

(xiii) “Transfer Tax” means any excise, sales, use, transfer, documentary, filing, recordation or other similar tax or fee, together with any interest, additions or penalties with respect thereto and any interest in respect of such additions or penalties.

(i) ADDITIONAL COVENANTS.

(i) Each of the Company, Acquiror and their respective Affiliates shall exercise their best efforts to obtain and assist in obtaining the advance letter ruling from the IRS contemplated by Section 6.16 hereof. Without in any way limiting the foregoing, each of the Company and Acquiror agrees that it (and such of its Affiliates as are reasonably required by the IRS) shall make such representations as are reasonably required by the IRS pursuant to Rev. Proc. 96-30, 1996-1 C.B. 696, including, in particular, Sections 4.04 and 4.05 thereof.

(ii) Acquiror covenants that any representations made by it or any of its Affiliates to the IRS in connection with the IRS ruling request and any information supplied by it to the IRS in connection with the ruling request will be true and accurate. In addition, for a period of two years after the Closing Date:

(A) except for actions taken in the ordinary course of business or as otherwise required by applicable Law, Acquiror shall not sell, transfer, distribute or otherwise dispose of any of the operating assets of Broadcasting or any shares of capital stock of Broadcasting or a Broadcasting Subsidiary, whether by merger or otherwise, in a transaction or series of transactions which would cause the Transactions to fail to satisfy the continuity of business enterprise requirements of the Treasury Regulations; and

(B) Acquiror shall not adopt a plan of liquidation or initiate and enter into an agreement of merger or other transaction pursuant to which the corporate legal existence of Acquiror would terminate or the outstanding stock of Acquiror would, in a taxable transaction, be converted into cash, other property or the stock or securities of any other issuer.

Notwithstanding the foregoing, Acquiror may take any actions described in clauses (A) and (B) above if it first obtains either (i) a ruling from the IRS; or (ii) an opinion reasonably satisfactory to Newco of nationally recognized tax counsel that such actions will not result in the Distribution or the Merger being taxable to the Company's stockholders.

(j) PAYMENT OF SPIN-OFF TAX. The Company shall pay the Spin-Off Tax to the appropriate governmental authorities as and when such payment is required to be made, including by making estimated Tax payments which take into account its liability for the Spin-Off Tax as and when such estimated Tax payments are required to be made.

6.10. NOTIFICATION. Each party hereto shall, in the event of, or promptly after obtaining knowledge of the occurrence or threatened occurrence of, any fact or circumstance that would cause or constitute a breach of any of its representations and warranties set forth herein, give notice thereof to the other parties and shall use its reasonable best efforts to prevent or promptly remedy such breach.

6.11. EMPLOYEE BENEFIT MATTERS.

(a) Except as otherwise provided herein, as of the Effective Time, Newco will assume sponsorship of and responsibility for the employer obligations under the Company Employee Plans. From and after the Effective Time, except with respect to previously accrued and unpaid benefits, all Broadcasting Employees will cease to be covered by any Company Employee Plan that is assumed by Newco. Except as otherwise specifically provided herein, neither Acquiror, the Company, PBC nor any of their respective Affiliates, shall retain or acquire any liability or obligation under any Company Employee Plan; and Newco will defend and indemnify Acquiror, the Surviving Corporation, PBC and their respective Affiliates from and against all Losses arising from or relating to any such liability or obligation that is not so retained or acquired. The indemnification arrangements set forth in this **Section 6.11(a)** shall be subject to the procedures set forth in Section 2.04 of the Contribution Agreement. All Broadcasting Employees who become employees of Acquiror as of the Effective Time will thereupon become fully vested in their accrued benefits under the Broadcasting Pension Plans.

(b) All Broadcasting Employees who are employed by the Company or PBC or a subsidiary of PBC immediately prior to the Effective Time will remain or become employees of PBC (or a Subsidiary of PBC) or Surviving Corporation, as the case may be, immediately after the Effective Time (the "Transferred Employees"). At the Effective Time, Acquiror will provide or cause Transferred Employees (and, where applicable, their eligible dependents) to be provided with compensation, pension, retirement, welfare (including, without limitation, group health, life insurance, disability, severance and vacation benefits) and fringe benefits (exclusive of any benefit or plan which provides for any opportunity to acquire or invest in employer equity) which, in the aggregate, are not less favorable than the compensation, pension, welfare and fringe benefits theretofore provided to such Transferred Employees (and their dependents) under the Broadcasting Employee Plans, PROVIDED HOWEVER that Acquiror shall not be required to offer post-retirement benefits except as provided in **Section 6.11(f)**. Each Transferred Employee's pre-Effective Time service with the Company or its Affiliates will be treated as service with Acquiror and its Affiliates for purposes of determining such Transferred Employee's eligibility, vesting and seniority (but expressly excluding service for determining benefit accruals) under the Employee Plans of Acquiror and its Affiliates, if such service is otherwise creditable under such plans, from and after the Effective Time.

(c) At or as soon as practicable after the Effective Time, the account balances held for the Transferred Employees under the Pulitzer Retirement Savings Plan (the "Pulitzer Savings Plan") will be transferred in cash (or such other form as may be agreed upon by Newco and Acquiror) by the trustee of the trust maintained under the Pulitzer Savings Plan to the trustee of the trust maintained under an existing or newly-established qualified defined contribution plan sponsored by Acquiror or PBC (the "Transferee DC Plan") in a plan-to-plan transfer of assets and liabilities that satisfies the requirements of applicable law, including Sections 411(d) and 414(l) of the Code. After the Effective Time and until the completion of the aforesaid plan-to-plan transfer of assets and liabilities, Newco will cause the fiduciaries of the Pulitzer Savings Plan to process distributions that become payable to Transferred Employees whose employment with Acquiror, PBC or any of their Subsidiaries is terminated, and the amount to be transferred in the plan-to-plan transfer will be reduced accordingly. The Company, Newco and Acquiror will make or cause to be made any plan amendments and filings as may be required in connection with said plan-to-plan transfer of assets and liabilities from the Pulitzer Savings Plan to the Transferee DC Plan, whether before or after the Effective Time. Newco and Acquiror each may require, as a condition to the plan-to-plan transfer from the Pulitzer Savings Plan to the Transferee DC Plan, evidence reasonably satisfactory to it or its counsel of the qualified status of the Transferee DC Plan or the Pulitzer Savings Plan, as the case may be, at the time of such transfer under Section 401(a) of the Code. Each of the parties will pay its own expenses in connection with the plan to plan transfer of assets and liabilities from the Pulitzer Savings Plan to the Transferee DC Plan. Newco and Acquiror will take such other and further actions as may be required or reasonably requested by the other in order to carry out the transfer of assets and liabilities contemplated by this subsection without undue delay.

(d) At or as soon as practicable after the Effective Time, Newco shall cause the trustee of the Pulitzer Publishing Company Pension Plan (the "Pulitzer Pension Plan") to transfer to the trustee of the trust maintained as part of an existing or newly-established qualified defined benefit pension plan maintained or to be maintained by Acquiror or PBC (the "Transferee DB Plan") cash (or such other assets as may be agreed upon by said trustees) and benefit liabilities accrued prior to the Effective Time for and on behalf of the Transferred Employees under the Pulitzer Pension Plan in a plan-to-plan transfer of assets and liabilities that satisfies the requirements of applicable law, including the provisions of Sections 414(l) and 411(d) of the Code. For these purposes, the amount of the plan-to-plan asset transfer will be equal to the current liability as defined in Section 412(l)(7) of the Code (calculated as of the Effective Time with appropriate interest adjustment to the date of transfer at the rate assumed for calculating the benefit liability) using the 1983 Group Annuity Morality Table and the PBGC annuity valuation rate in effect at the Effective Time, provided that the amount transferred shall in no event be less than the amount required to be transferred pursuant to Section 414(l) of the Code, and Section 4044 of ERISA as of the Effective Time. The value of the assets and liabilities to be transferred from the Pulitzer Pension Plan to the Transferee DB Plan shall initially be calculated and certified as correct as soon as practicable following the Effective Time by an actuary selected by Newco ("Newco's Actuary"). The Acquiror will have the right to appoint is own actuary ("Acquiror's Actuary") for the purpose of verifying whether the calculation made by Newco's Actuary is correct. Such calculation shall be based upon the method and assumptions specified for this purpose by Section 414(l) of the Code and the regulations issued thereunder. The calculations certified by Newco's Actuary shall be final, conclusive and binding unless, within thirty (30) days after the delivery of such certification to Acquiror's Actuary, together with such supporting information as Acquiror's Actuary may reasonably request, Acquiror's Actuary shall notify Newco's Actuary of its disagreement with same. If any such disagreement is not resolved to the satisfaction of Newco and Acquiror within thirty (30) days of Newco's receipt of such notification, then either Newco or Acquiror may elect to have the calculations submitted for resolution to a third independent actuary designated for this purpose by both Newco's Actuary and Acquiror's Actuary, whose determination shall be made within thirty (30) days and shall be conclusive and binding on all Persons. After the Effective Time and until the completion of the aforesaid plan to plan transfer of assets and liabilities, Newco will cause the fiduciaries of the Pulitzer Pension Plan to process distributions that become payable to Transferred Employees whose employment with Acquiror, PBC or any of their Subsidiaries is terminated, and the value of assets and liabilities to be transferred in the plan to plan transfer will be reduced accordingly. The Company, Newco and Acquiror will make or cause to be made any plan amendments and filings (including, without limitation, any filing required pursuant to Section 4043(c) of ERISA) as may be required or appropriate in

connection with said plan-to-plan transfer of assets and liabilities from the Pulitzer Pension Plan to the Transferee DB Plan, whether before or after the Effective Time. Newco and Acquiror each may require, as a condition of the plan-to-plan transfer from the Pulitzer Pension Plan to the Transferee DB Plan, evidence reasonably satisfactory to it or its counsel of the qualified status of the Transferee DB Plan or the Pulitzer Pension Plan, as the case may be, at the time of such transfer under Section 401(a) of the Code. Each of the parties will pay its own expenses in connection with the plan-to-plan transfer of assets and liabilities from the Pulitzer Pension Plan film to the Transferee DB Plan. Newco and Acquiror will take such other and further actions as may be required or reasonably requested by the other in order to carry out the transfer of assets and liabilities contemplated by this subsection without undue delay.

(e) No provision of this **Section 6.11** or this Agreement shall create any third party beneficiary or other rights in any employee or former employee (including any beneficiary or dependent thereof) or any bargaining unit representing any employee or former employee of the Company, PBC or any of their Subsidiaries in respect of continued employment (or resumed employment) with Acquiror or any of its Subsidiaries, and no provision of this **Section 6.11** or this Agreement shall create any such rights in any such employee or former employee in respect of any benefits that may be provided, directly or indirectly, under any Employee Plan or any plan or arrangement which may be established by Acquiror or any of its Subsidiaries.

(f) The following obligations and Broadcasting Employee Plans will not be assumed by Newco and will continue to be the sole responsibility of the Company and PBC: (1) the satisfaction and timely payment of any retirement or other benefits that have been earned as of the Effective Time by Transferring Employees (other than Ken J. Elkins) under the Pulitzer Publishing Company Supplemental Executive Retirement Plan (which benefits will become fully vested as of the Effective Time) (the "SERP Liability"), PROVIDED, HOWEVER, that Newco will pay to the Surviving Corporation in cash, promptly after the Effective Time on demand by Acquiror, as an adjustment to the Contribution to be treated for tax purposes in accordance with the treatment of indemnitee payments under **Section 6.09(e)**, in an amount equal to the excess of the SERP Liability over the deferred tax asset attributable to the SERP Liability calculated in accordance with GAAP, consistently applied, (2) the executive employment and participation agreements listed on **Schedule 6.11(f)(2)** annexed hereto, (3) the group health plan maintained by PBC and any other Broadcasting Employee Plan listed on **Schedule 6.11(f)(3)** annexed hereto, which is sponsored and maintained by PBC or any of its subsidiaries exclusively for the benefit of any current or former Broadcasting Employees (and their eligible dependents and beneficiaries) (it being understood that the assets to be contributed to Newco pursuant to Section 2.02 will not include employee balances, if any, under such plans), and (4) post-retirement medical or other welfare benefits which are or may become payable to any Transferring Employee or any dependent or beneficiary of a Transferring Employee pursuant to the Broadcasting Employee Plan(s) listed on **Schedule 6.11(f)(4)** annexed hereto.

(g) At or immediately prior to the Effective Time, the Company will satisfy its retention and transaction incentive obligations then payable under any participation and employment agreements described on **Schedule 6.11(g)**. Notwithstanding anything to the contrary contained herein, any retention or transaction incentive, stock option cashout (described in Section 6.12 of this Agreement) or other compensatory amounts payable by the Company to an individual who, for the taxable year of the Company ending on the date the Merger is consummated, is a "covered employee" of the Company (within the meaning of Section 162(m)(3) of the Code), will be paid at the Effective Time to the trustee of a trust established for their benefit by Newco (the "Newco Trust") if and to the extent that the payment of those amounts, when added to all other compensation paid or payable to that individual, would not be deductible by the Company for such taxable year by reason of the deduction limitation prescribed by Section 162(m)(l) of the Code. Obligations covered by amounts transferred to the Newco Trust will be deemed to have been assumed by Newco for purposes of applying the provisions of Section 6.11(a) of this Agreement, and neither the Acquiror, the Surviving Corporation, PBC nor any of their respective Affiliates will have any further liability with respect to said covered obligations. At the Effective Time, the Company will have made all contributions theretofore required to be made to any Broadcasting Employee Plan for the benefit of Transferred Employees.

6.12. EMPLOYEE STOCK OPTIONS. At or immediately prior to the Effective Time, the Company will cause all options then outstanding under the Company's 1986 and 1994 stock option plans (the "Company Option Plans"), whether or not vested, to be cashed out and terminated. The amount payable by the Company in respect of the termination of an outstanding Company stock option will be equal to the difference between the exercise price of the option and the average daily closing price of the Company Common Stock for the ten trading days immediately prior to the Closing Date. The Company may prohibit the exercise of vested options after a specified cutoff date prior to the Effective Time in order to facilitate the orderly liquidation and termination of the remaining vested and nonvested outstanding options. Unless the Board determines otherwise, the Company will suspend payroll deductions and Company stock option grants under the Employee Stock Purchase Plan as of or prior to October 1, 1998. All such Employee Stock Purchase Plan grants will have been exercised or terminated before the Effective Time.

6.13. MEETINGS OF STOCKHOLDERS. Subject to the terms and conditions of this Agreement, each of the Company and Acquiror shall take all action necessary, in accordance with applicable law and its charter and bylaws, to duly call, give notice of, convene and hold a meeting of its stockholders to consider and vote upon the adoption and approval of the Merger, this Agreement and the Transactions (except the Company Charter Amendment, in the case of Acquiror). The Company and Acquiror shall coordinate and cooperate with respect to the timing of their respective stockholder meetings and shall endeavor to hold such meetings on the same day. The stockholder vote required for the adoption and approval of the Merger, this Agreement and the Transactions (except the Company Charter Amendment, in the case of Acquiror) shall be the vote required: (i) in the case of the Company, by the DGCL and the Company's Certificate of Incorporation; and (ii) in the case of Acquiror, by the DGCL and Acquiror's Certificate of Incorporation. The Boards of Directors of the Company and Acquiror shall recommend that their respective stockholders approve the Merger, this Agreement and the related Transactions (except the Company Charter Amendment, in the case of Aquiror) and such recommendation shall be contained in the Joint Proxy Statement/Prospectus. Nothing contained in the preceding sentence shall prohibit the Company from taking and disclosing to its stockholders a position contemplated by Rule 14e-2(a) promulgated under the Exchange Act or from making any disclosure to the Company or the Company's Stockholders if, in the good faith judgment of the Board of Directors of the Company, after consultation with outside counsel, failure so to disclose would be inconsistent with its duties to the Company or the Company's stockholders under applicable law. Notwithstanding the preceding sentence, neither the Company nor its Board of Directors nor any committee thereof shall withdraw or modify, or propose publicly to withdraw or modify its position with respect to, this Agreement or the Merger or, except as permitted by the preceding sentence, approve or recommend, or propose publicly to approve or recommend, an Acquisition Proposal.

6.14. REGULATORY AND OTHER AUTHORIZATIONS.

(a) The Company and Acquiror agree to use their respective commercially reasonable efforts (i) to obtain all Licenses and waivers of federal, state, local and foreign regulatory bodies and officials (each a "Governmental Authority") and non-governmental third parties that may be or become necessary for performance of their respective obligations pursuant to this Agreement, (ii) to lift or rescind any injunction or restraining order or other order adversely affecting the ability of the parties hereto to consummate the Transactions contemplated hereby and (iii) to effect all necessary registrations and filings including, but not limited to, filings under the HSR Act and submissions of information requested by any Governmental Authority. The parties hereto further covenant and agree, with respect to any threatened or pending preliminary or permanent injunction or other order, decree or ruling or statute, rule, regulation, executive order or withheld waiver or approval that would adversely affect the ability of the parties hereto to consummate the Merger and the other Transactions contemplated hereby, to respectively use their commercially reasonable efforts (including, if necessary, the measures described in subsection (b) below) to prevent the entry, enactment or promulgation thereof or to obtain such waiver or approval, as the case may be.

(b) Without limiting the obligations of the parties hereto under **Section 6.14(a)**, Acquiror and the Company agree to take or cause to be taken the following actions: (i) provide promptly to Governmental Authorities with regulatory jurisdiction over (a) enforcement of any applicable antitrust laws ("Government Antitrust Entity") or

(b) the laws, rules or regulations of the FCC or otherwise relating to the broadcast, newspaper, mass media or communications industry ("Government Communications Entity," and together with Government Antitrust Entity, a "Government Regulatory Entity") information and documents requested by any Government Regulatory Entity, or necessary, proper or advisable to permit consummation of the Transactions contemplated by this Agreement; (ii) without in any way limiting the provisions or **Section 6.14(b)(i)** above, (a) file any Notification and Report Form and related material required under the HSR Act as soon as practicable and in any event not later than fifteen (15) business days after the date hereof (which shall request early termination of the waiting period imposed by the HSR Act), and thereafter use its reasonable efforts to certify as soon as practicable its substantial compliance with any requests for additional information or documentary material that may be made under the HSR Act and (b) file the FCC Application as soon as practicable and in any event not later than fifteen (15) business days after the date hereof; (iii) the proffer by Acquiror of its willingness to sell or otherwise dispose of either WBAL or WGAL or any other broadcast station, if such action is necessary or reasonably advisable for the purpose of avoiding or preventing any action by any Government Regulatory Entity which would restrain, enjoin, withhold approval or otherwise prevent consummation of the Transactions contemplated by this Agreement; and (iv) Acquiror shall take promptly, in the event that any permanent or preliminary injunction or other order is entered or becomes reasonably foreseeable to be entered in any proceeding that would make consummation of the Transactions contemplated hereby in accordance with the terms of this Agreement unlawful or that would prevent or delay consummation of the Transactions contemplated hereby, any and all commercially reasonable steps including the appeal thereof, the posting of a bond or the taking of the steps contemplated by clause (iii) of this subsection (b) necessary to vacate, modify, suspend such injunction or order, or obtain such approval so as to permit such consummation. Each of the Company and Acquiror will provide to the other copies of all correspondence between it (or its advisors) and any Government Regulatory Entity relating to this Agreement or any of the matters described in this **Section 6.14(b)** other than statements or filings under the HSR Act. Acquiror and Company agree that all telephonic calls, meetings or hearings with a Government Regulatory Entity regarding the Transactions contemplated hereby or any of the matters described in this **Section 6.14(b)** shall include representatives of each of Acquiror and Company.

(c) Each party hereto shall promptly inform the other of any material communication from any other Government Regulatory Entity regarding any of the Transactions contemplated hereby. If any party hereto or any Affiliate thereof receives a request for additional information or documentary material from any such Government Regulatory Entity with respect to the Transactions contemplated hereby, then such party shall endeavor in good faith to make, or cause to be made, as soon as reasonably practicable and after consultation with the other party, an appropriate response in compliance with such request. Acquiror shall advise Company promptly in respect of any understandings, undertakings or agreements (oral or written) that Acquiror proposes to make or enter into with any other Government Regulatory Entity in connection with the Transactions contemplated hereby.

(d) Notwithstanding the generality of any other provision of this **Section 6.14**, each of Acquiror and the Company, to the extent applicable, further agrees to file contemporaneously with the filing of the FCC Application any requests for waivers of applicable FCC rules or rules or regulations of other Governmental Regulatory Entities as may be required, to expeditiously prosecute such waiver requests and to diligently submit any additional information or amendments for which the FCC or any other relevant Governmental Regulatory Entity may ask with respect to such waiver requests. In furtherance of the foregoing, Acquiror will agree to seek a temporary waiver (not more than 6 months in duration) of the FCC's mass media ownership rules (the "Temporary Waiver") to allow for the disposition of the assets comprising either WBAL or WGAL or any other broadcast station (the "Divestiture Assets") to the extent that, under the FCC's mass media ownership rules, the Divestiture Assets could not be held in common control with any of the Acquiror broadcasting assets following the Effective Time, and (i) conditional waivers of the FCC's mass media ownership rules (the "Conditional Waivers") to allow for the common ownership of WESH-TV, Daytona Beach, Florida, and WWWB-TV, Lakeland, Florida, and WLKY-TV, Louisville, Kentucky, and WLWT-TV, Cincinnati, Ohio; and (ii) waivers of the FCC's mass media ownership rules to permit the common ownership of (A) WLKY-TV, Louisville, Kentucky, and WLKY (AM), Louisville, Kentucky, and (B) WXII (TV), Winston-Salem, North Carolina, and

WXII (AM), Eden, North Carolina. Acquiror further covenants that, prior to the Effective Time, it shall not acquire any new or increased "attributable interest," as defined in the FCC rules, in any media property ("Further Media Interest"), which Further Media Interest could not be held in common control with any Station by Acquiror following the Effective Time (including by virtue of the FCC's multiple ownership limits), without the prior written consent of the Company. Notwithstanding anything to the contrary contained in this Agreement, it shall not be a condition to the Closing that any such waiver shall have been obtained.

(e) If at Closing one or more applications for renewal of any of the Company's FCC Licenses is pending or any order of the FCC granting an application for renewal of any of the Company's FCC Licenses has not become a Final Order, then each party agrees to abide by the procedures established in *Stockholders of CBS, Inc.*, FCC 95-469 (rel. Nov. 22, 1995) ¶¶ 31-35, for processing applications for assignment of licenses during the pendency of an application for renewal of a station license (or such other procedures as may be established by the FCC). For purposes of this provision, a "Final Order" is an order of the FCC granting any such renewal application (i) that has not been reversed, stayed, enjoined, set aside, annulled or suspended; (ii) as to which, no timely request for a stay, petition for reconsideration or appeal of *sua sponte* action of the FCC with comparable effect is pending; and (iii) the time for filing any such request, petition or appeal or for the taking of any such action *sua sponte* by the FCC has expired. The parties further agree that the pendency of any such renewal application or applications, or the fact that the FCC grant of any renewal application shall not have become a Final Order, shall not be a cause for delaying the Closing. Notwithstanding anything in this Agreement to the contrary, this Section shall survive the Closing until any order issued by the FCC with respect to any such renewal application becomes a Final Order.

6.15. FURTHER ASSURANCES. Upon the terms and subject to the conditions hereof, each of the parties hereto shall execute such documents and other instruments and take such further actions as may be reasonably required or desirable to carry out the provisions hereof and consummate the Transactions or, at and after the Closing Date, to evidence the consummation of the Transactions by this Agreement.

6.16. IRS RULING. The Company shall, as promptly as practicable after the date hereof, prepare and submit to the IRS a request for an advance letter ruling from the IRS that the Contribution and Distribution will qualify as a reorganization within the meaning of Section 368(a)(1)(D) of the Codes and that the Company's stockholders will recognize no gain or loss (and no amount will be included in the income of the Company's stockholders) under Section 355(a) of the Code as a result of the Distribution. Such request shall be true and correct in all material respects, and all facts material to the ruling shall be disclosed in such request. The Company shall afford Acquiror with reasonable opportunity to review and comment on the IRS ruling request prior to its submission to the IRS. The Company shall advise Acquiror's tax counsel of the substance of all communications with the IRS relating to the IRS ruling request, and provide Acquiror and its tax counsel with copies of all written materials submitted to the IRS and written communications received from the IRS in connection with such ruling request. If any written communication to the IRS is to include information relating to Acquiror or any of its Affiliates (other than public filings made with the SEC) or representations of Acquiror, any of its Affiliates or any of their respective officers, directors or shareholders, such information shall be delivered to Acquiror and its tax counsel for their review and comment prior to submission, and the Company shall make such reasonable changes and corrections to such information or representations as are requested by Acquiror.

6.17. RECORDS RETENTION.

(a) For a period of five years after the Closing Date, Acquiror shall retain all of its books and records relating to Broadcasting for periods prior to the Closing Date and Newco shall have the right to inspect and copy such books and records during normal business hours, upon reasonable prior notice, in connection with the preparation of financial statements, reports and filings and for any other reasonable purpose including its indemnification obligations under this Agreement and the Contribution Agreement.

(b) For a period of five years after the Closing Date, Newco shall retain all of its books and records relating to Newco and the Newspaper Subsidiaries for periods prior to the Closing Date and Acquiror shall have the right to inspect and copy such books and records during normal business hours, upon reasonable prior notice, in connection with the preparation of financial statements, reports and filings and for any other reasonable purpose including its indemnification obligations under this Agreement and the Contribution Agreement.

6.18. STOCK EXCHANGE LISTING. Newco shall apply to the NYSE for the listing of the Newco Common Stock and shall use its reasonable best efforts to receive approval for the listing of such shares and, if such listing is not available, then the NASDAQ. Acquiror shall submit a supplemental listing application to NASDAQ or the NYSE, as the case may be, for the listing of the Merger Stock and shall use its reasonable best efforts to receive approval for the listing of such stock.

6.19. COMPANY NAMES.

(a) Acquiror acknowledges that the name “Pulitzer,” or any part thereof, whether alone or in combination with one or more other words, are to the extent owned by the Company or any of its Subsidiaries an asset of the Company being transferred to Newco in the Contribution. On the Closing Date, Acquiror shall (i) cause PBC and the Broadcasting Subsidiaries to change their names to delete any reference therein to the aforesaid name, (ii) reasonably cooperate in assisting Newco to change its name to Pulitzer Inc., and (iii) cease using the aforesaid name in connection with the business operations of Broadcasting.

(b) Between the consummation of the Contribution and the Closing, the Company, PBC and the Broadcasting Subsidiaries shall have a non-exclusive license to use the name “Pulitzer.”

6.20. OTHER AGREEMENTS. Contemporaneously with the execution and delivery of this Agreement, the parties thereto have executed and delivered the following agreements: (i) a Registration Rights Agreement in substantially the form set forth in *Exhibit D*, (ii) the FCC Agreement in substantially the form set forth in *Exhibit E*, (iii) a Board Representation Agreement in substantially the form set forth in *Exhibit F*, (iv) the Arizona Diamondbacks agreement in substantially the form set forth in *Exhibit G*, (v) the Acquiror Voting Agreement in substantially the form of *Exhibit H*, and (vi) the Pulitzer Voting Agreement in substantially the form of *Exhibit I*. The Company, Newco and Acquiror shall fully and timely perform all their respective obligations under, and take all actions necessary to effectuate the intent and purposes of, the foregoing agreements.

6.21. FORM 8-K; PROVISION OF FINANCIAL STATEMENTS.

(a) As soon as practicable after the date hereof, the Company will prepare and file a Current Report on Form 8-K (the “Form 8-K”) which will include a description of the business of Broadcasting and certain financial and other information with respect to Broadcasting. The Company covenants that the Form 8-K will not contain any untrue statement of a material fact or omit to state a material fact required to be stated therein or necessary in order to make the statements therein, in light of the circumstances under which they were made, not misleading.

(b) At the request of Acquiror, the Company agrees to provide (or, if requested by Acquiror, cooperate with Acquiror in the preparation of) as promptly as practicable (but in any event within 45 days of the request) such financial statements (audited or unaudited, as requested by Acquiror) relating to Broadcasting as the Acquiror may reasonably request in order to comply with the requirements of the Securities Act or the Exchange Act or in order to secure financing (including pursuant to a public offering registered under the Securities Act).

6.22. WORKING CAPITAL ADJUSTMENT.

(a) Two days prior to the Effective Time, the Company shall inform Acquiror of (i) the Company’s estimate of the Working Capital Amount as of the end of the most recently available month end period immediately preceding the Effective Time (the “Estimated Working Capital Amount”) and (ii) the Company’s basis for such estimates. The calculation of the Estimated Working Capital Amount shall be reasonably satisfactory to Acquiror.

(b) At the Effective Time, Acquiror shall pay to Newco in immediately available funds the amount, if any, by which the Estimated Working Capital Amount exceeds $41,000,000 or Newco shall pay to Acquiror in immediately available funds the amount, if any, by which $41,000,000 exceeds the Estimated Working Capital Amount.

(c) As promptly as practicable after the Effective Time, but in any event within ninety (90) days thereafter, Acquiror shall prepare and deliver to Newco a schedule (the "Acquiror Schedule") showing Acquiror's determination of the Working Capital Amount at the Closing Date. If Newco disagrees with the determination set forth in the Acquiror Schedule, Newco shall give notice thereof to Acquiror within sixty (60) days after delivery of the Acquiror Schedule to Newco, such notice to include reasonable detail regarding the basis for the disagreement.

(d) Acquiror and Newco shall attempt to settle any such disagreement; any such settlement shall be final and binding upon Acquiror and Newco. If, however, Acquiror and Newco are unable to settle such dispute within sixty (60) days after receipt by Acquiror of such notice of dispute, the dispute shall be submitted to an independent certified public accounting firm mutually acceptable to Acquiror and Newco for resolution, and the decision of such firm shall be final and binding upon Acquiror and Newco. All costs incurred in connection with the resolution of said dispute by such independent public accountants, including expenses and fees for services rendered, shall be paid one-half by Acquiror and one-half by Newco. Acquiror and Newco shall use reasonable efforts to have the dispute resolved within ninety (90) days after such dispute is submitted to said independent public accountants. The final determination of the Working Capital Amount (whether as a result of Newco's failing to give notice of Newco's disagreement with Acquiror's determination within the time period prescribed above, a resolution by Acquiror and Newco of any such disagreement, or a determination by an accounting firm selected pursuant to this paragraph to resolve any disagreement among the parties) may occur on different dates.

(e) Within ten (10) Business Days following a final determination of the Final Working Capital Amount ("Final Working Capital Amount"), (i) if the Final Working Capital Amount exceeds the Estimated Working Capital Amount, then Acquiror will pay to Newco in immediately available funds an amount equal to such excess plus interest at the Agreed Rate from the Closing Date to the date of payment and (ii) if the Estimated Working Capital Amount exceeds the Final Working Capital Amount, Newco will pay to Acquiror in immediately available funds an amount equal to such excess plus interest at the Agreed Rate from the Closing Date to the date of payment. Any such payments shall be made on an After-Tax Basis.

(f) In the event that after the Effective Time it is determined that the Company shall have failed to pay or provide for the Existing Company Debt and the Deal Expenses as provided in **Section 2.0l(b)** and the Surviving Corporation makes such payment, Newco shall promptly pay such amount to the Surviving Corporation in immediately available funds promptly upon demand therefor.

6.23. CAPITAL EXPENDITURES. Prior to the Effective Time, PBC and the Broadcasting Subsidiaries shall be responsible for and pay all capital expenditures incurred in the ordinary and usual course of their respective businesses based upon the Company's plans concerning the timing of such capital expenditures during 1998.

6.24. EXCESS CASH. From time to time, after the date of execution of this Agreement and until the Effective Time, and subject to applicable law, (i) PBC and the Broadcasting Subsidiaries may pay cash dividends, or otherwise make cash distributions, to the Company or any of its Subsidiaries and (ii) the Company shall contribute to Newco cash held by the Company, including the proceeds of the New Company Debt after payment or provision for the Existing Company Debt and the Deal Expenses as provided in **Section 2.01(b)**. Immediately prior to the Contribution, PBC and the Broadcasting Subsidiaries shall, to the extent permitted by law, pay dividends in cash or cash equivalents, or otherwise make contributions in cash or cash equivalents, to the Company and its Subsidiaries so that neither PBC nor the Broadcasting Subsidiaries owns any cash or cash equivalents at the Effective Time, except that each of the Stations may retain cash in those operating and payroll checking accounts in existence as of the date hereof, in amounts necessary, as determined by the Company, for general operating purposes of each of the Stations or group of Stations, as the case may be.

6.25. INDEMNITY RELATING TO CERTAIN LITIGATION.

(a) Newco shall indemnify from and after the Closing Date (i) the Surviving Corporation, its Subsidiaries, including Broadcasting, and their Affiliates against all Losses in connection with any suit, action, proceeding or investigation pending at or arising after the Closing Date that relates to the Newspaper Subsidiaries or their respective operations prior to the Effective Time and (ii) any person who was an officer, director, partner or employee of the Company, PBC or any Broadcasting Subsidiary against all Losses in connection with any such suit, action, proceeding or investigation. The Company and Newco, jointly and severally, shall indemnify Acquiror and its Subsidiaries against all Losses arising prior to the Closing, and Newco shall indemnify the Surviving Corporation and its Subsidiaries against all Losses arising after the Closing, from or relating to any claim, action or proceeding brought by or on behalf of the holders of Company Stock in connection with the Transactions except by reason of actions taken or omitted to be taken by Acquiror or except as provided in **Section 6.06** hereof. The obligations of the Company pursuant to this **Section 6.25(a)** shall terminate at the Effective Time.

(b) Acquiror shall indemnify from and after the Closing Date (i) Newco, its Subsidiaries and their Affiliates against all Losses in connection with any suit, action, proceeding or investigation pending at or arising after the Closing Date that relates to the business and operations of Broadcasting and (ii) any person who was an officer, director, partner or employee of PBC or any Broadcasting Subsidiary prior to, whether or not any person continues in such capacity after, the Closing against all Losses in connection with any such suit, action, proceeding or investigation. Acquiror shall indemnify the Company and Newco against all Losses arising from or relating to any claim, action or proceeding brought by or on behalf of the holders of Acquiror Common Stock in connection with the Transactions except by reason actions taken or omitted to be taken by the Company or except as provided in **Section 6.06** hereof.

(c) The indemnification arrangements set forth in this **Section 6.25** shall be subject to the procedures set forth in **Section 2.04** of the Contribution Agreement.

6.26. CANCELLATION OF INTERCOMPANY ARRANGEMENTS. Prior to the Effective Time, and except as otherwise provided herein or as otherwise agreed by the parties hereto, all accounts, payables, receivables, contracts, commitments and agreements between the Company and its Newspaper Subsidiaries, on the one hand, and PBC and the Broadcasting Subsidiaries, on the other hand, will be settled, cancelled or otherwise terminated.

6.27. NETWORK AFFILIATION AGREEMENTS. Upon the terms and subject to the conditions hereof, each of the parties shall use its respective reasonable best efforts to take or cause to be taken all actions and to do or cause to be done all other things necessary to assign the Station Network Affiliation Agreements to Acquiror.

6.28. GROSS-UP MATTERS.

(a) Newco shall be liable for, shall pay and shall indemnify and hold the Surviving Corporation, its Subsidiaries, their Affiliates and their respective directors, officers and employees harmless against all Losses arising from or relating to any claim or dispute relating to the Gross-Up Agreements and/or the Gross-Up Amount.

(b) Newco shall have the sole authority to deal with and control any matters, disputes, claims, proceedings or litigations relating to the Gross-Up Agreements and/or the Gross-Up Amount. If Acquiror receives written notice that any Person is asserting a claim or is otherwise disputing the amount of the Gross-Up Amount for which Newco is or may be liable, in whole or in part, under this Agreement, Acquiror shall promptly inform Newco, and Newco, at its sole cost and expense, shall have the sole right to control any resulting actions, proceedings or negotiations, including the sole right to determine whether and when to settle any such claim or dispute, PROVIDED HOWEVER, that the failure by an indemnified party hereunder to so notify Newco shall not affect Newco's obligations except to the extent that Newco is actually prejudiced by such failure and Newco

may not settle a claim without the Surviving Corporation's consent if such settlement (i) makes an admission or acknowledgement of liability or culpability with respect to any indemnified party hereunder, (ii) does not include a complete release of such indemnified parties, or (iii) requires any indemnified party hereunder to make any payment or forego or take any action or otherwise materially adversely affect such indemnified party.

(c) Acquiror shall use commercially reasonable efforts to cooperate with Newco at Newco's expense, in a timely manner in the resolution of any claim or dispute by any Person relating to the Gross-Up Agreements and/or the Gross-Up Amount, including the performance of all rights and non-monetary obligations of the Surviving Corporation under the Gross-Up Agreements and the conduct of any actions or proceedings relating thereto.

(d) Any amounts owed by Newco to any indemnified party under this **Section 6.28** shall be paid within ten days of notice from such indemnified party, PROVIDED, HOWEVER, that if Newco has not paid such amounts and is contesting such amounts in good faith, Newco shall not be required to make payment until it is determined finally, by settlement, by agreement or determination in accordance with the Gross-Up Agreements or by a court, that payment is due.

6.29. AFFILIATE LETTERS; FCC LETTERS.

(a) At least thirty (30) days prior to the Closing Date, the Company shall deliver to Acquiror a list of names and addresses of those persons who were, in the Company's reasonable judgment, at the record date for the meeting of the Company's stockholders to be held for the purposes of voting on the Transactions, "affiliates" (each such person, an "Affiliate") of the Company within the meaning of Rule 145 of the rules and regulations promulgated under the Securities Act. The Company shall use all reasonable efforts to deliver or cause to be delivered to Acquiror prior to the Closing Date, from each of the Affiliates of the Company identified in the foregoing list, an Affiliate Letter in the form attached hereto as *Exhibit J*. The Surviving Corporation shall be entitled to place legends as specified in such Affiliate Letters on the certificates evidencing any Acquiror Common Stock to be received by such Affiliates pursuant to the terms of this Agreement, and to issue appropriate stop transfer instructions to the transfer agent for the Acquiror Common Stock, consistent with the terms of such Affiliate Letters.

(b) At least five (5) days prior to the Closing, the Company shall deliver to Acquiror a list names and addresses of those Persons who, in the Company's reasonable judgment will own immediately after the Effective Time 5% or more of outstanding Acquiror Common Stock. The Company shall use all reasonable efforts to deliver or cause to be delivered to Acquiror at the Closing, from each of the stockholders identified on the foregoing list (other than institutional holders of such Stock), an FCC Agreement in the form attached hereto as *Exhibit E* other than those Persons who have executed such FCC Agreement on the date hereof.

ARTICLE VII

CLOSING AND CLOSING DATE; CONDITIONS TO CLOSING

7.01. CLOSING AND CLOSING DATE. As soon as practicable after the satisfaction or waiver of the conditions set forth herein (but no later than five (5) business days thereafter) and immediately prior to the filing of the Certificate of Merger, a closing of the Transactions (the "Closing") shall take place at the offices of Fulbright & Jaworski L.L.P., 666 Fifth Avenue, New York, New York, or on such other date and at such other location as the parties may agree in writing. The date on which the Closing occurs is referred to as the "Closing Date."

7.02. CONDITIONS TO THE OBLIGATIONS OF THE COMPANY, NEWCO AND ACQUIROR. The respective obligations of the Company and Newco, on the one hand, to consummate the Transactions and the obligations of the Acquiror, on the other hand, to consummate the Merger are subject to the requirements that:

(a) The Transactions shall have been approved and adopted by the stockholders of the Company and of Acquiror, as applicable and as contemplated hereby;

(b) The Transactions contemplated by **Article II** hereof shall have been consummated in accordance with the terms hereof and in accordance with applicable Law and the Company shall have drawn down in its entirety the New Company Debt;

(c) Any waiting period applicable to the consummation of the Transactions under the HSR Act shall have expired or been terminated;

(d) Any governmental or regulatory Licenses, notices or temporary or permanent waivers, including FCC Approval, necessary for the performance of the parties' respective obligations pursuant to this Agreement shall have been either filed (in the case of notices) or received and be in effect, PROVIDED that in no event shall the foregoing require the satisfaction of any condition or the taking of any action that could under the terms of the FCC Approval be so satisfied or taken subsequent to the consummation of the Merger. "FCC Approval" means action by the FCC or its staff granting consent to the transfer of control of the material Licenses held by Broadcasting to Acquiror which: (i) has not been reversed, stayed, enjoined, set aside, annulled or suspended; (ii) with respect to which no timely request for a stay, petition for reconsideration or appeal of *sua sponte* action of the FCC with comparable effect is pending; and (iii) as to which the time for filing any such request, petition or appeal or for the taking of any such *sua sponte* action by the FCC has expired;

(e) No federal, state or foreign governmental authority or other agency or commission or court of competent jurisdiction shall have enacted, issued, promulgated, enforced or entered any statute, rule, or regulation, or any permanent injunction or other order (whether temporary, preliminary or permanent), which remains in effect and which has the effect of making any of the Transactions illegal or otherwise prohibiting any of the Transactions, or which questions the validity or the legality of any of the Transactions and which could reasonably be expected to have a Material Adverse Effect on Broadcasting or on Acquiror and its Subsidiaries taken as a whole; and

(f) The Registration Statement on Form S-4 shall have been declared effective under the Securities Act and no stop orders with respect thereto shall have been issued.

7.03. CONDITIONS TO THE OBLIGATIONS OF THE COMPANY AND NEWCO. The obligations of the Company and Newco to effect the Transactions are subject to the satisfaction, on or prior to the Closing Date, of the following conditions:

(a) The representations and warranties of Acquiror contained in this Agreement, the Transaction Agreements to which it is a party or in any other document delivered pursuant hereto shall be true and correct in all material respects on and as of the Closing Date with the same effect as if made on and as of the Closing Date, and at the Closing Acquiror shall have delivered to the Company and Newco a certificate to that effect;

(b) Each of the obligations of Acquiror to be performed on or before the Closing Date pursuant to the terms of this Agreement or the Transaction Agreements shall have been duly performed in all material respects on or before the Closing Date, and at the Closing Acquiror shall have delivered to the Company and Newco a certificate to that effect;

(c) The Acquiror Common Stock shall have been approved for listing on the NYSE or the NASDAQ, as the case may be, subject to official notice of issuance;

(d) The Newco Common Stock shall have been approved for listing on the NYSE or the NASDAQ, as the case may be, subject to official notice of issuance;

(e) [INTENTIONALLY OMITTED]

(f) The Company shall have received from the IRS an advance letter ruling as contemplated by **Section 6.16** hereof;

(g) The Company shall have received from its counsel, Fulbright & Jaworski L.L.P. (or another nationally recognized law firm acceptable to the Company), an opinion that, based upon appropriate representations, certificates and letters acceptable to Fulbright & Jaworski L.L.P. (or another nationally recognized law firm acceptable to the Company) dated as of the Closing Date, the Merger constitutes a tax-free reorganization under Section 368(a)(1)(A) of the Code (with appropriate exceptions, assumptions and qualifications); and

(h) The Company and Newco shall have received all customary closing documents they may reasonably request relating to the existence of Acquiror and the authority of Acquiror to enter into this Agreement, the Transaction Agreements and the Transactions, all in form and substance reasonably satisfactory to the Company and Newco.

7.04. CONDITIONS TO OBLIGATIONS OF ACQUIROR. The obligations of Acquiror to effect the Merger are subject to the satisfaction, on or prior to the Closing Date, of the following conditions:

(a) The representations and warranties of the Company and Newco contained in this Agreement, the Transaction Agreements to which they are a party or in any other document delivered pursuant hereto shall be true and correct in all material respects on and as of the Closing Date with the same effect as if made on and as of the Closing Date, and at the Closing the Company and Newco shall have delivered to Acquiror their respective certificates to that effect;

(b) Each of the obligations of the Company and Newco to be performed on or before the Closing Date pursuant to the terms of this Agreement shall have been duly performed in all material respects on or before the Closing Date, and at the Closing the Company and Newco shall have delivered to Acquiror their respective certificates to that effect;

(c) The Company shall have delivered to Acquiror a certificate signed by the Chief Financial Officer of the Company certifying, as of the Closing, as to the number of shares of capital stock of the Company outstanding, indicating the class and series of such shares:

(d) Acquiror shall have received all customary closing documents it may reasonably request relating to the existence of the Company, Newco, PBC and the Broadcasting Subsidiaries and the authority of the Company and Newco to enter into this Agreement and the Transactions, all in form and substance reasonably satisfactory to Acquiror.

(e) Acquiror shall have received from its counsel, Rogers & Wells LLP (or another nationally recognized law firm acceptable to Acquiror), an opinion that, based upon appropriate representations, certificates and letters acceptable to Rogers & Wells LLP (or another nationally recognized law firm acceptable to Acquiror) dated as of the Closing Date, the Merger constitutes a tax-free reorganization under Section 368(a)(1)(A) of the Code (with appropriate exceptions, assumptions and qualifications);

(f) The Company shall have paid in full the Existing Company Debt as of the Closing;

(g) There shall have been obtained and delivered to Acquiror all necessary approvals and consents to the assignment to Acquiror of the Station Network Affiliation Agreements; and

(h) Each of the Affiliates referred to in **Section 6.29(a)** shall have executed and delivered to Acquiror the Affiliate Letter referred to therein.

ARTICLE VIII

TERMINATION

8.01. TERMINATION. This Agreement may be terminated and the Transactions may be abandoned at any time prior to the Closing:

(a) by mutual written consent duly authorized by the Boards of Directors of the Company, Newco and Acquiror;

(b) by either the Company or Acquiror (i) if, at the stockholders' meetings referred to in **Section 6.13** (including any postponement or adjournment thereof), the Merger and the other Transactions that require stockholder approval shall fail to be approved and adopted by the affirmative vote specified herein, or (ii) so long as the terminating party is not then in breach of any of its obligations hereunder, after May 1, 1999 or such other date as the parties shall have mutually agreed (the "Termination Date") if the Merger shall not have been consummated on or before such date;

(c) by the Company, provided neither it nor Newco is then in breach of any of its material obligations hereunder, if either (i) Acquiror fails to perform, in any material respect, any covenant in this Agreement when performance thereof is due and does not cure the failure within twenty (20) Business Days after written notice by the Company thereof, or (ii) any other condition in **Sections 7.02 or 7.03** has not been satisfied and is not capable of being satisfied prior to the Termination Date;

(d) by the Company, whether or not the conditions set forth in **Section 7.02** have been satisfied, if the Board of Directors of the Company determines, with the advice of outside counsel, in the exercise of its fiduciary duties to approve or recommend a Superior Proposal or to authorize the Company to enter into an agreement with respect to a Superior Proposal;

(e) by Acquiror, provided it is not then in breach of any of its material obligations hereunder, if either (i) the Company or Newco fails to perform, in any material respect, any covenant in this Agreement when performance thereof is due and does not cure the failure within twenty (20) Business Days after written notice by Acquiror thereof or (ii) any other condition in **Section 7.02 or Section 7.04** has not been satisfied and is not capable of being satisfied prior to the Termination Date;

(f) [INTENTIONALLY OMITTED];

(g) by either the Company or Acquiror if either has received any communication from an HSR Authority (such communication to be confirmed in writing by such HSR Authority to the other party) indicating that an HSR Authority has authorized the institution of litigation challenging any of the Transactions under the U.S. antitrust laws, which litigation will include a motion seeking an order or injunction prohibiting the consummation of any of the Transactions; or

(h) by Acquiror if the Board of Directors of the Company shall have withdrawn or modified in any manner materially adverse to Acquiror its approval or recommendation of this Agreement or the Transactions or shall have approved or recommended a Superior Proposal.

8.02. EFFECT OF TERMINATION. Except as set forth in the following sentence, in the event of the termination of this Agreement and abandonment of the Transactions by any of the parties pursuant to **Section 8.01** hereof, prompt written notice thereof shall be given to the other party and this Agreement, except for the provisions of **Section 6.06(f)-(j), Section 8.03, Section 9.08 and Section 9.12** and the provisions of the Confidentiality Agreement, shall forthwith become null and void and have no effect, without any liability or further obligation on the part of any party or its directors, officers or stockholders. Nothing in this **Section 8.02** shall relieve any party to this Agreement of liability for breach of this Agreement. If this Agreement is terminated as provided herein, all filings, applications and other submissions relating to the Merger shall, to the extent practicable, be withdrawn from the agency or Person to which made.

8.03. FEES AND EXPENSES.

(a) In order to induce Acquiror to, among other things, enter into this Agreement, the Company agrees as follows: If (1) subsection (c) below does not apply and (2) this Agreement is terminated (A) by the Company pursuant to **Sections 8.01(d)**, (B) by either the Company or Acquiror pursuant to **Section 8.01(b)(i)** hereof in the event that the Merger, this Agreement and the other Transactions are not approved at the stockholders' meeting of the Company referred to in **Section 6.13**, or (C) by Acquiror pursuant to Section 8.01(h), then the Company shall pay to Acquiror a fee equal to $50,000,000.

(b) In order to induce the Company and Newco to, among other things, enter into this Agreement, Acquiror agrees as follows: If this Agreement is terminated by the Company or Acquiror pursuant to

Section 8.01(b)(i) hereof, in the event that the Merger, this Agreement and the other Transactions, if any, that require stockholder approval are not approved at the stockholders' meeting of Acquiror referred to in **Section 6.13**, then Acquiror shall promptly pay to the Company a fee equal to $50,000,000.

(c) In order to induce the Company and Newco to, among other things, enter into this Agreement, Acquiror agrees promptly to pay to the Company a fee equal to $50,000,000 in the event that the Company is unable to obtain the New Company Debt at the time of any of the following: (i) this Agreement is terminated pursuant to **Section 8.01(a)**; (ii) this Agreement is terminated pursuant to **Section 8.01(b)(ii)**; or (iii) this Agreement is terminated pursuant to **Section 8.01(c)(i)**, in each case for any reason other than (x) the Company's failure to use commercially reasonable efforts to obtain the New Company Debt or (y) a breach of this Agreement by the Company.

(d) Except in circumstances where the second sentence of **Section 8.02** is applicable or as otherwise expressly provided herein each of the parties shall pay all costs and expenses incurred or to be incurred by it in negotiating and preparing this Agreement and in carrying out and closing the Transactions (including any title insurance policies, surveys and environmental reports on the Real Property).

(e) Any amounts payable pursuant to **Section 8.03** shall be made in immediately available funds no later than two (2) Business Days after termination of this Agreement.

ARTICLE IX

MISCELLANEOUS

9.01. SURVIVAL OF REPRESENTATIONS AND WARRANTIES. The representations and warranties contained herein shall not survive beyond the Closing Date. This **Section 9.01** shall not limit any covenant or agreement of the parties hereto which by its terms requires performance after the Closing Date.

9.02. ENTIRE AGREEMENT. This Agreement, including the Exhibits and Schedules hereto and the documents delivered pursuant to this Agreement, together with the Confidentiality Agreement, constitute the entire agreement among the parties with respect to the subject matter hereof and supersedes all prior written and oral and all contemporaneous oral agreements and understandings with respect to the subject matter hereof. The Exhibits and Schedules hereto are an integral part of this Agreement and are incorporated by reference herein.

9.03. NOTICES. All notices and other communications hereunder shall be in writing and shall be deemed to have been duly given when delivered in person, by telecopy (with confirmation of transmission), by express or overnight mail delivered by a nationally recognized air courier (delivery charges prepaid), or by registered or certified mail (postage prepaid, return receipt requested) to the respective parties as follows:

If to Acquiror or to the Company (after the Merger):

Hearst-Argyle Television, Inc.
888 Seventh Avenue
New York, New York 10019
Attention: Dean H. Blythe
Telecopy: (212) 887-6855

with a copy to:

Rogers & Wells LLP
200 Park Avenue
New York, New York 10166
Attention: Steven A. Hobbs, Esq.
Telecopy: (212) 878-8375

If to the Company (before the Merger) or Newco:

Pulitzer Publishing Company
900 North Tucker Boulevard
St. Louis, Missouri 63101
Attention: Michael E. Pulitzer
Telecopy: (314) 340-3125

with a copy to:

Fulbright & Jaworski L.L.P.
666 Fifth Avenue
New York, New York 10103
Attention: Richard A. Palmer, Esq.
Telecopy: (212) 752-5958

or to such other address as the party to whom notice is given may have previously furnished to the others in writing in the manner set forth above. Any notice or communication delivered in person shall be deemed effective on delivery. Any notice or communication sent by telecopy or by air courier shall be deemed effective on the first business day at the place at which such notice or communication is received following the day on which such notice or communication was sent. Any notice or communication sent by registered or certified mail shall be deemed effective on the fifth business day at the place from which such notice or communication was mailed following the day on which such notice or communication was mailed.

9.04. GOVERNING LAW. This Agreement shall be governed by and construed in accordance with the laws of the State of Delaware, regardless of the laws that might otherwise govern under principles of conflicts of laws applicable thereto.

9.05. KNOWLEDGE OF THE COMPANY. The phrase “to the knowledge of the Company” and phrases of similar import shall mean the actual knowledge of Michael E. Pulitzer, Ken J. Elkins, Ronald H. Ridgway, Nicholas G. Penniman IV, C. Wayne Godsey and John Kueneke.

9.06. PARTIES IN INTEREST. This Agreement shall be binding upon and inure solely to the benefit of each party hereto, and nothing in this Agreement, express or implied, is intended to confer upon any other Person any rights or remedies of any nature whatsoever under or by reason of this Agreement, except for **Sections 6.06(f)-(j), 6.25, 6.28 and 9.08** (which are intended to be for the benefit of the Persons provided for therein and may be enforced by such Persons).

9.07. COUNTERPARTS. This Agreement (and any amendment hereof) may be executed in any number of counterparts, each of which shall be deemed to be an original as against any party whose signature appears thereon, and all of which shall together constitute one and the same instrument. This Agreement (and any amendment hereof) shall become binding when one or more counterparts hereof, individually or taken together, shall bear the signatures of all of the parties reflected hereon as the signatories.

9.08. PERSONAL LIABILITY. This Agreement shall not create or be deemed to create or permit any personal liability or obligation on the part of any direct or indirect stockholder of any party hereto or any officer, director, employee, agent, representative or investor of any party hereto.

9.09. BINDING EFFECT; ASSIGNMENT. This Agreement shall inure to the benefit of and be binding upon the parties hereto and their respective legal representatives and successors. This Agreement may not be assigned by any party hereto and any purported assignment in violation hereof shall be null and void.

9.10. AMENDMENT. This Agreement may not be amended except by an instrument in writing signed on behalf of all the parties. Any amendment to this Agreement after the meetings of the stockholders of the Company and the Acquiror referred to in **Section 6.13** may, subject to applicable law, be made without seeking the approval of such stockholders.

9.11. EXTENSION; WAIVER. All parties hereto affected thereby may (i) extend the time for the performance of any of the obligations or other acts of any other party hereto, (ii) waive any inaccuracies in the representations and warranties of any other party contained herein or in any document, certificate or writing delivered pursuant hereto by any other party, or (iii) waive compliance with any of the covenants, agreements or conditions contained herein or any breach thereof. Any agreement on the part of any party to any such extension or waiver shall be valid only if set forth in an instrument in writing signed on behalf of such party.

9.12. LEGAL FEES; COSTS. If any party hereto institutes any action or proceeding to enforce any provision of this Agreement, the prevailing party therein shall be entitled to receive from the losing party reasonable attorneys' fees and costs incurred in such action or proceeding whether or not such action or proceeding, is prosecuted to final judgment.

9.13. DRAFTING. Each party acknowledges that its legal counsel participated in the preparation of this Agreement and, therefore, stipulates that the rule of construction that ambiguities are to be resolved against the drafting party shall not be applied in the interpretation of this Agreement to favor any party against the other.

9.14. CONSENT TO JURISDICTION AND SERVICE OF PROCESS. The parties hereto irrevocably: (a) agree that any suit, action or other legal proceeding arising out of this Agreement may be brought in the courts of the State of New York or the courts of the United States located in New York County, New York, (b) consent to the jurisdiction of each court in any such suit, action or proceeding, (c) waive any objection which they, or any of them, may have to the laying of venue of any such suit, action or proceeding in any of such courts, and (d) waives the right to a trial by jury in any such suit, action or other legal proceeding. Each of the Company and Newco hereby designates and appoints Fulbright & Jaworski L.L.P., 666 Fifth Avenue, New York, New York 10103 (the "Authorized Agent"), as its agent to accept and acknowledge on its behalf, service of any and all process which may be served in any such suit, action or other proceeding, and agrees that service upon such Authorized Agent shall be deemed in every respect service of process on the Company or Newco (as the case may be) or with respect to Newco its successors or assigns and, to the extent permitted by applicable law, shall be taken and held to be valid personal service, except that such appointment shall end at the Effective Time in the case of the Company. Each of the Company and Newco represent and warrant that the Authorized Agent has agreed to act as such agent for service of process.

ARTICLE X

DEFINITIONS

10.01. DEFINITIONS. When used in this Agreement, the following terms shall have the meanings indicated.

"Acquiror" has the meaning set forth in the first paragraph of this Agreement.

"Acquiror's Actuary" has the meaning set forth in **Section 6.11(d)**.

"Acquiror Common Stock" means the Series A Common Stock, par value $.01 per share, of Acquiror.

"Acquiror's Financial Statements" has the meaning set forth in **Section 5.07**.

"Acquiror's 10-K" has the meaning set forth in **Section 5.07**.

"Acquiror's 10-Q" has the meaning set forth in **Section 5.07**.

"Acquiror's SEC Reports" has the meaning set forth in **Section 5.06**.

"Acquiror Schedule" has the meaning set forth in **Section 6.22(b)**.

"Acquiror Voting Agreement" means the voting agreement, dated the date hereof, between Acquiror, the Company and Hearst Corporation.

"Acquisition Proposal" has the meaning set forth in **Section 6.01(a)**.

"Affiliate" of any Person means any other Person, directly or indirectly, through one or more intermediary Persons, controlling, controlled by or under common control with such Person.

"After Tax Basis" has the meaning set forth in **Section 6.09(h)(i)**.

"Aggregate Consideration" has the meaning set forth in **Section 1.02(d)**.

"Aggregate Shares Delivered" has the meaning set forth in **Section 1.02(d)**.

"Agreed Rate" means the annual rate of interest quoted, from time to time, by Citibank, N.A. in New York City as its prime rate of interest for the purpose of determining the interest rates charged by it for United States dollar commercial loans made in the United States.

"Agreement" or "this Agreement" shall mean, and the words "herein", "hereof" and "hereunder" and words of similar import shall refer to, this instrument as it from time to time may be amended, including the exhibits and schedules hereto.

"Audit or "audited" when used in regard to financial statements shall mean an examination of the financial statements by a firm of independent public accountants in accordance with generally accepted auditing standards for the purpose of expressing an opinion thereon.

"Authorized Agent" has the meaning set forth in **Section 9.14**.

"Broadcasting" means, collectively, PBC and the Broadcasting Subsidiaries.

"Broadcasting Assets" has the meaning set forth in **Section 2.02(a)**.

"Broadcasting Employee" means any employee or former employee of Broadcasting.

"Broadcasting Employee Plan" has the meaning set forth in **Section 4.10(a)**.

"Broadcasting Pension Plan" has the meaning set forth in **Section 4.10(b)**.

"Broadcasting Subsidiaries" has the meaning set forth in **Section 2.02(a)**.

"Broadcasting Tax Returns" has the meaning set forth in **Section 6.09(h)(ii)**.

"Broadcasting Unaudited Financial Statements" has the meaning set forth in **Section 4.03**.

"Business Day" means any day other than a Saturday, Sunday or other day on which commercial banking institutions in New York City are authorized or required by law, regulation or executive order to be closed.

"Certificate of Merger" has the meaning set forth in **Section 1.03**.

"Certificates" has the meaning set forth in **Section 1.04(b)**.

"Closing" and "Closing Date" have the meanings set forth in **Section 7.01**.

"Closing Agreement" has the meaning set forth in **Section 3.11(d)**.

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

"Common Stock Conversion Number" has the meaning set forth in **Section 1.02(d)**.

"Communications Act" has the meaning set forth in **Section 5.01**.

"Company" has the meaning set forth in the first paragraph of this Agreement.

"Company Charter Amendment" has the meaning set forth in **Section 2.01(a)**.

"Company Class B Common Stock" means the Company's Class B Common Stock, par value $.01 per share.

"Company Common Stock" means the Company's Common Stock, par value $.01 per share.

"Company Consolidated Income Taxes" has the meaning set forth in **Section 6.09(h)(iv)**.

"Company Consolidated Income Tax Returns" has the meaning set forth in **Section 6.09(h)(iii)**.

"Company Employee Plan" means any Employee Plan that is or was sponsored or contributed to by the Company, Newco or any of their ERISA Affiliates covering the employees or former employees (or their beneficiaries or dependents) of the Company, Newco or any of their ERISA Affiliates.

"Company Financial Statements" has the meaning set forth in **Section 3.07**.

"Company Group" has the meaning set forth in **Section 6.09(h)(v)**.

"Company Option Plans" has the meaning set forth in **Section 6.12**.

"Company Preferred Stock" has the meaning set forth in **Section 3.05(a)**.

"Company's SEC Reports" has the meaning set forth in **Section 3.06**.

"Company Stock" means, collectively, the Company Common Stock and the Company Class B Common Stock.

"Company 10-K" has the meaning set forth in **Section 3.07**.

"Company 10-Q" has the meaning set forth in **Section 3.07**.

"Confidentiality Agreement" has the meaning set forth in **Section 6.05**.

"Contract" means any contract, agreement or understanding.

"Contribution" has the meaning set forth in **Section 2.02(a)**.

"Contribution Agreement" has the meaning set forth in **Section 2.01(b)**.

The term "control", with respect to any Person, shall mean the power to direct the management and policies of such Person, directly or indirectly, by or through stock ownership, agency or otherwise, or pursuant to or in connection with an agreement, arrangement or understanding (written or oral) with one or more other Persons by or through stock ownership, agency or otherwise; and the terms "controlling" and "controlled" shall have meanings correlative to the foregoing.

"Deal Expenses" means the sum of (i) all fees and expenses due Goldman Sachs and Huntleigh relating to the Merger and the Transactions; (ii) all out-of-pocket costs and expenses incurred by the Company or any of its Subsidiaries with respect to this Agreement, the Merger and the Transactions, including commitment fees payable to the providers of New Company Debt and all fees and expenses due legal counsel, accountants, compensation advisors and other advisors for the Company or any of its Subsidiaries relating to this Agreement, the Merger and the Transactions to the extent not paid or provided for on the Closing Date; (iii) all payments due at Closing (x) in connection with the Transactions or (y) for the benefit of employees of the Company, PBC or the Broadcasting Subsidiaries pursuant to the agreements listed on **Schedule 6.11(f)(2) or 6.11(g)**; and (iv) all amounts payable to cancel all outstanding options under the Company Option Plans immediately before the Closing.

"DGCL" has the meaning set forth in **Section l.02(e)**.

"Dissenting Shares" has the meaning set forth in **Section 1.02(e)**.

"Dissenting Stockholder" has the meaning set forth in **Section l.02(e)**.

"Distribution" has the meaning set forth in **Section 2.02(c)**.

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

"ERISA Affiliate" means a Person and/or such Person's Subsidiary or any trade or business (whether or not incorporated) which is under common control with such entity or such entity's Subsidiaries or which is treated as a single employer with such Person or any Subsidiary of such Person under Section 4l4(b), (c), (m) or (o) of the Code or Section 4001(b)(1) of ERISA.

"Effective Time" has the meaning set forth in **Section 1.03**.

"Employee Plan" has the meaning set forth in **Section 4.10(a)**.

"Employee Stock Purchase Plan" means the Pulitzer Publishing Company 1997 Employee Stock Purchase Plan.

"Enforceability Exceptions" has the meaning set forth in **Section 3.01**.

"Environmental Law" or "Environmental Laws" means all laws, rules, regulations, statutes, ordinances, decrees or orders of any governmental entity relating to (i) the control of any potential pollutant or protection of the air, water or land, (ii) solid, gaseous or liquid waste generation, handling, treatment, storage, disposal or transportation, and (iii) exposure to hazardous, toxic or other substances alleged to be harmful, and includes, (A) the terms and conditions of any License from any governmental entity, and (B) judicial, administrative, or other regulatory decrees, judgments, and orders of any governmental entity. The term "Environmental Laws" shall include, but not be limited to, the following statutes and the regulations, promulgated thereunder: the Clean Air:

Act, 42 U.S.C. § 7401 *et seq.*, the Clean Water Act, 33 U.S.C. § 1251 *et seq.*, the Resource Conservation and Recovery Act, 42 U.S.C. § 6901 *et seq.*, the Superfund Amendments and Reauthorization Act, 42 U.S.C. § 11011 *et seq.*, the Toxic Substances Control Act, 15 U.S.C. § 2601 *et seq.*, the Water Pollution Control Act, 33 U.S.C. § 1251 *et seq.*, the Safe Drinking Water Act, 42 U.S.C.§ 300f *et seq.*, the Comprehensive Environmental Response, Compensation, and Liability Act, 42 U.S.C. § 9601 *et seq.*, and any state, county, or local regulations similar thereto.

"Environmental Liabilities" shall mean any and all liabilities, responsibilities, claims, suits, losses, costs (including remediation, removal, response, abatement, clean-up, investigative, and/or monitoring costs and any other related costs and expenses), other causes of action recognized now or at any later time, damages, settlements, expenses, charges, assessments, Liens, penalties, fines, pre-judgment and post-judgment interest, attorney fees and other legal fees (i) pursuant to any agreement, order, notice, requirement, responsibility, or directive (including directives embodied in Environmental Laws), injunction, judgment or similar documents (including settlements) arising out of or in connection with any Environmental Laws, or (ii) pursuant to any claim by a governmental entity or other Person for personal injury, property damage, damage to natural resources, remediation, or similar costs or expenses incurred or asserted by such governmental entity or Person pursuant to common law or statute.

"Estimated Working Capital Amount" has the meaning set forth in **Section 6.22(a)**.

"Exchange Act" has the meaning set forth in **Section 3.03**.

"Exchange Agent" has the meaning set forth in **Section 1.04(a)**.

"Existing Company Debt" means the sum as of the Closing Date of (i) aggregate principal amount of debt under the Company's agreements with Prudential referred to in **Schedule 3.02**, together with all accrued and unpaid interest thereon, outstanding as of Closing Date, (ii) the principal amount of debt under the Company's agreements with the First National Bank of Chicago referred to in **Schedule 3.02**, together with all accrued and unpaid interest thereon, outstanding as of the Closing Date, and (iii) any other Indebtedness (other than the New Company Debt) of the Company and its Subsidiaries, together with all accrued and unpaid interest thereon outstanding. Existing Company Debt shall include any prepayment penalty or premium required to prepay the Existing Company Debt at Closing.

"FCC" has the meaning set forth in **Section 3.03**.

"FCC Application" means any application filed with the FCC necessary to transfer ownership of Broadcasting's FCC Licenses to Acquiror.

"Final Order" has the meaning set forth in **Section 6.14(e)**.

"Final Working Capital Amount" has the meaning set forth in **Section 6.22(e)**.

"FCC" has the meaning set forth in **Section 3.03**.

"FCC Approval" has the meaning set forth in **Section 7.02(d)**.

"Form 8-K" has the meaning set forth in **Section 6.21(a)**.

"Further Media Interest" has the meaning set forth in **Section 6.14(d)**.

"GAAP" shall mean generally accepted accounting principles in effect on the date hereof as set forth in the opinions and pronouncements of the Accounting Principles Board of the American Institute of Certified Public Accountants and statements and pronouncements of the Financial Accounting Standards Board or as may be generally accepted by the accounting profession of the United States.

"Goldman Sachs" means Goldman, Sachs & Co.

"Government Antitrust Entity" has the meaning set forth in **Section 6.14(b)**.

"Government Communications Entity" has the meaning set forth in **Section 6.14(b)**.

"Government Regulatory Entity" has the meaning set forth in **Section 6.14(b)**.

"Governmental Authority" has the meaning set forth in **Section 6.14(a)**.

"Gross-Up Agreements" means (i) the Agreement, dated as of May 12, 1986, by and among The Pulitzer Publishing Company, a Missouri corporation, and each of the owners of shares of capital stock of The Pulitzer Publishing Company who was a signatory to such Agreement, (ii) the Agreement, dated as of May 12, 1986, by and among The Pulitzer Publishing Company and each of the owners of shares of capital stock of The Pulitzer Publishing Company who was a signatory to such Agreement, (iii) the Agreement, dated as of September 29, 1986, by and among The Pulitzer Publishing Company and each of the parties thereto; and (iv) the Agreement, dated as of September 29, 1986, by and among The Pulitzer Publishing Company and each of the owners of shares of capital stock of The Pulitzer Publishing Company who was a signatory to such Agreement.

"Gross-Up Amount" means the amount, if any, due by the Company to any Person with respect to the consummation of the Transactions pursuant to the Gross-Up Agreements.

"HSR Act" has the meaning set forth in **Section 3.03**.

"HSR Authority" means either the Department of Justice or the Federal Trade Commission.

"Huntleigh" means Huntleigh Securities Corporation.

"IRS" means the Internal Revenue Service.

"Indebtedness" of any Person means all obligations of such Person (i) for borrowed money, (ii) evidenced by notes, bonds, debentures or similar instruments, (iii) for the deferred purchase price of goods or services (other than trade payables or accruals incurred in the ordinary course of business), (iv) under capital leases and (v) in the nature of guarantees of the obligations described in clauses (i) through (iv) above of any other Person.

"Indemnified Party" has the meaning set forth in **Section 6.06(h)**.

"Indemnifying Party" has the meaning set forth in **Section 6.06(h)**.

"Indemnitee" has the meaning set forth in **Section 6.09(e)**.

"Indemnitor" has the meaning set forth in **Section 6.09(e)**.

"Joint Proxy Statement/Prospectus" has the meaning set forth in **Section 6.06(a)**.

"Laws" means all applicable statutes, laws, ordinances, rules and regulations (including any of the foregoing related to occupational safety, storage, disposal, discharge into the environment of hazardous wastes, environmental protection, conservation, unfair competition, labor practices or corrupt practices).

"Licenses" means approvals, authorizations, consents, rights, certificates, orders, franchises, determinations, permissions, permits, qualifications, registrations, licenses, authorities or grants issued, declared, designated or adopted by any nation or government, any federal, state, municipal or other political subdivision thereof or any department, commission, board, bureau, agency or instrumentality exercising executive, legislative, judicial, regulatory or administrative functions pertaining to government.

"Liens" means any lien, claim, charge, restriction, pledge, mortgage, security interest or other encumbrance of any nature whatsoever.

"Losses" means all losses, claims, damages, liabilities or actions, including any legal or other expenses reasonably incurred in connection with investigating or defending any such loss, claim, damage or liability or action or enforcing any indemnity with respect thereto.

"Material Adverse Effect" means a material adverse effect on the business, condition (financial or otherwise) or assets of the named entity or the named entities taken as a whole, other than changes or effects resulting from (i) changes attributable to conditions affecting the newspaper, radio and/or television businesses generally, (ii) changes in general economic conditions, (ii) cyclical changes that are consistent with the past operating history of the named entity or entities, or (iv) changes attributable to the announcement or pendency of the Merger and the other Transactions. When the term "Material Adverse Effect" or material is used with respect to more than one act, occurrence, item or circumstance, all such acts, occurrences, items and circumstances shall be considered individually and in the aggregate.

"Merger" has the meaning set forth in **Section 1.01**.

"Merger Stock" has the meaning set forth in **Section 1.04(a)**.

"Multiemployer Plan" means a multiemployer plan, as defined in Sections 3(37) and 4001(a)(3) of ERISA.

"NASDAQ" means the Nasdaq National Market.

"NLRB" means the National Labor Relations Board.

"NYSE" means the New York Stock Exchange, Inc.

"New Company Debt" has the meaning set forth in **Section 2.01(b)**.

"Newco" has the meaning set forth in the first paragraph of this Agreement.

"Newco's Actuary" has the meaning set forth in **Section 6.11(d)**.

"Newco Charter Amendment" has the meaning set forth in **Section 2.01(a)**.

"Newco Class B Common Stock" means the Class B Common Stock, $0.01 par value per share, of Newco.

"Newco Common Shares" has the meaning set forth in **Section 3.05(b)**.

"Newco Common Stock " means the Common Stock, $0.01 par value per share, of Newco.

"Newco Preferred Stock" has the meaning set forth in **Section 3.05(b)**.

"Newspaper Subsidiaries" means the Post-Dispatch division of the Company and all direct and indirect Subsidiaries of the Company, other than Broadcasting, prior to the Contribution.

"Other Filings" has the meaning set forth in **Section 6.06(b)**.

"Outstanding Company Stock" has the meaning set forth in **Section 1.02(d)**.

"PBC" has the meaning set forth in **Section 2.02(a)**.

"Permitted Exceptions" has the meaning set forth **Section 4.08(b)**.

"Person" means any individual, general partnership, limited partnership, corporation, limited liability company, joint venture, trust, business trust, cooperative or association, and the heirs, executors, administrators, legal representatives, successors, and assigns of such Person where the context so requires.

"Post-Closing Tax Period" has the meaning set forth in **Section 6.09(h)(vii)**.

"Pre-Closing Tax Period" has the meaning set forth in **Section 6.09(h)(vi)**.

"Preliminary Joint Proxy Statement/Prospectus" has the meaning set forth in **Section 6.06(a)**.

"Prudential" means The Prudential Insurance Company of America.

"Pulitzer Pension Plan" has the meaning set forth in **Section 6.11(d)**.

"Pulitzer Savings Plan" has the meaning set forth in **Section 6.11(c)**.

"Pulitzer Voting Agreement" means the amended and restated voting agreement, dated as of the date hereof, between the Company and certain holders of Company Stock.

"Real Property" means all realty owned or leased and used primarily in the business and operations of PBC and the Broadcasting Subsidiaries, including all appurtenances, improvements and fixtures located on such realty, but excluding personal property.

"Record Date" has the meaning set forth in **Section 2.02(c)**.

"Retained Assets" has the meaning set forth in the Contribution Agreement.

"Retained Business" means the assets and liabilities of the Company and its Subsidiaries after giving effect to the Contribution and the Distribution.

"Retained Liabilities" has the meaning set forth in the Contribution Agreement.

"Rules and Regulations" has the meaning set forth in **Section 5.01**.

"SEC" has the meaning set forth in **Section 3.06**.

"SEC Filings" has the meaning set forth in **Section 6.06(c)**.

"Securities Act" has the meaning set forth in **Section 3.03**.

"Spin-Off Tax" has the meaning set forth in **Section 6.09(h)(viii)**.

"Station Network Affiliation Agreements" has the meaning set forth in **Section 4.07**.

"Stations" means, collectively, KETV-TV, KOAT-TV, KOCT-TV, KOVT-TV, KCCI-TV, WLKY-TV, WGAL-TV, WDSU-TV, WYFF-TV, WXII-TV, WESH-TV, KTAR(AM), KMVP(AM), KKLT(FM), WLKY(AM), and WXII(AM).

"Subsidiary" as to any Person means (i) any corporation of which such Person owns, either directly or through its Subsidiaries, more than 50% of the total combined voting power of all classes of voting securities of

such corporation or (ii) any partnership, association, joint venture or other form of business organization, whether or not it constitutes a legal entity, in which such Person directly or indirectly through its Subsidiaries owns more than 50% of the total equity interests.

"Superior Proposal" means an Acquisition Proposal that the Board of Directors of the Company determines in the good faith exercise of its business judgment (after consultation with the Company's independent financial advisors) to be more favorable to the Company's stockholders than the Merger.

"Surviving Corporation" has the meaning set forth in **Section 1.01**.

"Tax" has the meaning set forth in **Section 6.09(h)(x)**.

"Tax Return" has the meaning set forth in **Section 6.09(h)(xi)**.

"Tax Ruling Request" has the meaning set forth in **Section 3.11(d).**

"Temporary Waiver" has the meaning set forth in **Section 6.14(d)**.

"Termination Date" has the meaning set forth in **Section 8.0l(b)**.

"Transaction Agreement" has the meaning set forth in **Section 3.01**.

"Transactions" means (i) the Contribution, (ii) the Distribution, (iii) the Company Charter Amendment, (iv) the Newco Charter Amendment, (v) the borrowing by the Company of the New Company Debt, (vi) and any other transactions contemplated by this Agreement (including the Merger) and the Transaction Agreements.

"Transfer Agent" means First Chicago Trust Company of New York.

"Transferee DB Plan" has the meaning set forth in **Section 6.11(d)**.

"Transferee DC Plan" has the meaning set forth in **Section 6.11(c)**.

"Transferred Employees" has the meaning set forth in **Section 6.11(b)**.

"Working Capital Amount" means the difference between (x) the total current assets of the Company and its Subsidiaries and (y) the total current liabilities (other than the New Company Debt, the Existing Company Debt and Deal Expenses) of the Company and its Subsidiaries (in each case calculated in accordance with GAAP immediately prior to the Effective Time and after giving effect to the Contribution, the Distribution and the disposition of cash and cash equivalents contemplated by **Section 6.24**).

10.02. INTERPRETATION. Unless the context otherwise requires, the terms defined in Section 10.01 shall have the meanings herein specified for all purposes of this Agreement, applicable to both the singular and plural forms of any of the terms defined herein. All accounting terms defined in this Section 10.01, and those accounting terms used in this Agreement not defined in Section 10.01, except as otherwise expressly provided herein, shall have the meanings customarily given thereto in accordance with GAAP. Except as otherwise expressly provided herein, all terms used in conjunction with description of securities have the meanings given to those terms under the Exchange Act. When a reference is made in this Agreement to Sections, such reference

shall be to a Section of this Agreement unless otherwise indicated. The headings contained in this Agreement are for reference purposes only and shall not affect in any way the meaning or interpretation of this Agreement. Whenever the words “include”, “includes” or “including” are used in this Agreement, they shall be deemed to be followed by the words “without limitation”. The use of the neuter gender herein shall be deemed to include the masculine and feminine genders wherever necessary or appropriate, the use of the masculine gender shall be deemed to include the neuter and feminine genders and the use of the feminine gender shall be deemed to include the neuter and masculine genders wherever necessary or appropriate.

[The remainder of this page intentionally left blank]

IN WITNESS WHEREOF, each of the parties has caused this Agreement to be executed on its behalf by its officers thereunto duly authorized as of the day and year first above written.

PULITZER PUBLISHING COMPANY

By: /s/ MICHAEL E. PULITZER
Name: **Michael E. Pulitzer**
Title: **Chairman of the Board, President and Chief Executive Officer**

PULITZER INC.

By: /s/ MICHAEL E. PULITZER
Name: **Michael E. Pulitzer**
Title: **Chairman of the Board**

HEARST-ARGYLE TELEVISION, INC.

By: /s/ DEAN H. BLYTHE
Name: **Dean H. Blythe**
Title: **Senior Vice President, Secretary and General Counsel**

EXHIBITS OMITTED

AMENDED AND RESTATED

JOINT OPERATING AGREEMENT

BETWEEN

STAR PUBLISHING COMPANY

AND

CITIZEN PUBLISHING COMPANY

December 22, 1988

AMENDED AND RESTATED
JOINT OPERATING AGREEMENT
BETWEEN
STAR PUBLISHING COMPANY
AND
CITIZEN PUBLISHING COMPANY

December 22, 1988

TABLE OF CONTENTS

AMENDED AND RESTATED
JOINT OPERATING AGREEMENT

THIS AMENDED AND RESTATED JOINT OPERATING AGREEMENT dated as of December 22, 1988 between STAR PUBLISHING COMPANY, an Arizona corporation ("Star"), and CITIZEN PUBLISHING COMPANY, an Arizona corporation ("Citizen").

WHEREAS, Star publishes The Arizona Daily Star, a seven day per week morning newspaper, including Sunday, and Citizen publishes the Tucson Citizen, a weekday afternoon and Saturday newspaper, both in Tucson, Arizona;

WHEREAS, Star and Citizen, or their respective predecessors, have entered into and are operating pursuant to that certain Operating Agreement dated March 28, 1940, as amended by agreements dated June 15, 1953 and October 14, 1970 (collectively, the "Operating Agreement"), whereby Tucson Newspapers, Inc., an Arizona corporation ("TNI"), was organized by Star and Citizen to handle, manage and operate The Arizona Daily Star and Tucson Citizen, save and except for the news and editorial departments of each of the newspapers, which news and editorial departments have remained separate and independent;

WHEREAS, the current term of the Operating Agreement runs until June 1, 1990 and, pursuant to the terms thereof, has been renewed and extended for an additional twenty-five year period from such date;

WHEREAS, Star and Citizen desire to reformulate their arrangement to provide that the functions currently performed by TNI, a corporation 50% of whose capital stock is owned by each of Star and Citizen, will be performed by a general partnership that is 50% owned by each of Star and Citizen, and to provide for the organization, operation and governance of such partnership;

WHEREAS, the purpose and intent of this Agreement is to provide a plan of common operation of the newspapers published by Star and Citizen, so as to afford economy in money and effort, produce better newspapers for their readers, improve acceptance for their advertisers, subserve public interests by maintaining the separate identities, individuality and editorial and news freedom and integrity of each of said newspapers, and ensure the ability of each newspaper to maintain its journalistic characteristics and to meet the highest standards of editorial quality and journalistic excellence; and

Whereas, this agreement continues to maintain as separate and independent the respective news, editorial and reportorial operations, departments and staffs (the “news operations” or “news departments”) of Star and Citizen, consistent with the requirements of the Newspaper Preservation Act, 15 U.S.C. Section 1801 et seq.

NOW, THEREFORE, in consideration of the mutual promises contained herein, the parties hereby agree that the

Operating Agreement shall be amended and restated in its entirety as follows:

ARTICLE 1
THE AGENCY

1.1 Formation.

(a) Star and Citizen will on the date hereof cause to be formed under the laws of the State of Arizona a general partnership named "TNI Partners" (such new partnership is referred to herein as the "Agency"), by executing and delivering to each other the Partnership Agreement (the "Partnership Agreement") in the form set forth as Exhibit A hereto, and by making such filings and taking such other actions as are appropriate under applicable Arizona law.

(b) Each of Star and Citizen shall have a 50% partnership interest in the Agency and shall, as of the Effective Date, make the respective initial capital contributions described in Sections 1.2 and 1.3 hereof.

(c) As used in this Agreement, the "Effective Date" shall be 12:01 A.M., Tucson, Arizona time, on December 26, 1988.

(d) Star and Citizen will cause the Agency, on the date hereof, to become a party to this Agreement and to agree to perform all of the obligations herein to be performed by it by signing this Agreement and delivering executed copies hereof to Star and Citizen.

1.2 Initial Capital Contribution of Star.

(a) Effective as of the Effective Date, Star hereby contributes, assigns, transfers and conveys to the Agency all of its right, title and interest (which Star represents and warrants to Citizen are free and clear of any and all pledges, mortgages, security interests, liens or other encumbrances except for those that do not materially affect use, value or marketability), in and to the following property and assets (collectively, the "Star Contributed Assets"):

(1) Star's interest in all trade accounts receivable and contracts in existence on the Effective Date that arise from or in connection with any activity or operation that has been carried on by TNI as agent for Star and Citizen, including without limitation trade accounts receivable and contracts arising out of or relating to the sale or distribution of The Arizona Daily Star or the Tucson Citizen, the sale of advertising in either such newspaper, or the printing or distribution of any other material;

(2) Star's interest in any and all non-capital assets in existence on the Effective Date that are jointly owned by Star and Citizen and that are used or held for use in connection with, or that arise from, any activity or operation that has been carried on by TNI as agent for Star and Citizen; and

(3) All shares of common stock of TNI owned by Star, which Star represents and warrants to Citizen constitute 50% of TNI's outstanding capital stock.

(b) The following assets shall not constitute any part of the Star Contributed Assets but shall remain the separate property of Star:

(1) (i) The whole or any part of the name, title, and masthead of The Arizona Daily Star, together with all names, titles and slogans used exclusively in connection with The Arizona Daily Star and all intangible rights and privileges of whatever kind belonging to or incidental thereto, including any and all copyrights and trademarks relating thereto, and any and all copyrights, and the right to renew the same, on issues of The Arizona Daily Star published before, on or after the Effective Date, and the right to reprint all or any part thereof (collectively the "Star Names"), (ii) all lists relating to subscriptions, bulk sales, circulation, dealers and sub-dealers of The Arizona Daily Star, together with all records and other lists relating to or concerning the following: routes, daily draws by editions, distribution, delivery, sales, subscriptions and returns of The Arizona Daily Star in any territory, all lists of dealers and agencies served by all distribution methods in the city of Tucson, its

metropolitan areas and in all cities and towns served by The Arizona Daily Star, including a list of dealer and agency deposits, if any, and (iii) lists of all advertisers and advertising contracts relating to The Arizona Daily Star and related advertiser information, including dates of contracts, names and addresses of advertisers, space contracted for, frequency of insertions, rates per line, expiration dates and any special conditions, records requirements or publication orders with advertisers with the dates thereof, as well as lists of any special agreements or commitments with advertisers and all insertion orders (the assets described in clauses (ii) and (iii) of this subsection being referred to collectively as the "Star Intangibles"); provided however, that Star shall grant to the Agency a royalty-free license covering the Star Names and the Star Intangibles, in the form attached hereto as Exhibit B, which shall be executed by Star and delivered to the Agency on the Effective Date;

(2) The library or "morgue" of The Arizona Daily Star, including all files of clippings, photographs (negatives and positives) and related publication material, together with all bound files and file copies of The Arizona Daily Star and microfilms thereof;

(3) Any properties, assets and contract and other rights of Star used or held for use solely in connection

with the operation of the news department of The Arizona Daily Star;

(4) Star's interest in all capital assets in existence on the Effective Date that are jointly owned by Star and Citizen and that are used or held for use in connection with any activity or operation that has been carried on by TNI as agent for Star and Citizen; and

(5) Any asset or property right of any kind or description that is not specifically listed in section 1.2(a) hereof.

1.3 Initial Capital Contribution of Citizen.

(a) Effective as of the Effective Date, Citizen hereby contributes, assigns, transfers and conveys to the Agency all of its right, title and interest (which Citizen represents and warrants to Star are free and clear of any and all pledges, mortgages, security interests, liens or other encumbrances except for those that do not materially affect use, value or marketability), in and to the following property and assets (collectively, the "Citizen Contributed Assets"):

(1) Citizen's interest in all trade accounts receivable and contracts in existence on the Effective Date that arise from or in connection with any activity or operation that has been carried on by TNI as agent for Star and Citizen, including without limitation trade accounts

receivable and contracts arising out of or relating to the sale or distribution of The Arizona Daily Stag or the Tucson Citizen, the sale of advertising in either such newspaper, or the printing or distribution of any other material.

(2) Citizen's interest in any and all non-capital assets in existence on the Effective Date that are jointly owned by Star and Citizen and that are used or held for use in connection with, or that arise from, any activity or operation that has been carried on by TNI as agent for Star and Citizen.

(3) All shares of common stock of TNI owned by Citizen, which Citizen represents and warrants to Star constitute 50% of TNI's outstanding capital stock.

(b) The following assets shall not constitute any part of the Citizen Contributed Assets but shall remain the separate property of Citizen:

(1) (i) The whole or any part of the name, title, and masthead of Tucson Citizen, together with all names, titles and slogans used exclusively in connection with Tucson Citizen and all intangible rights and privileges of whatever kind belonging to or incidental thereto, including any and all copyrights and trademarks relating thereto, and any and all copyrights, and the right to renew the same, on

issues of Tucson Citizen published before, on or after the Effective Date, and the right to reprint all or any part thereof (collectively the "Citizen Names"), (ii) all lists relating to subscriptions, bulk sales, circulation, dealers and sub-dealers of Tucson Citizen, together with all records and other lists relating to or concerning the following: routes, daily draws by editions, distribution, delivery, sales, subscriptions and returns of Tucson Citizen in any territory, all lists of dealers and agencies served by all distribution methods in the City of Tucson, its metropolitan area and in all cities and towns served by Tucson Citizen, including a list of dealer and agency deposits, if any, and (iii) lists of all advertisers and advertising contracts relating to Tucson Citizen and related advertiser information, including dates of contracts, names and addresses of advertisers, space contracted for, frequency of insertions, rates per line, expiration dates and any special conditions, records requirements or publication orders with advertisers with the dates thereof, as well as lists of any special agreements or commitments with advertisers and all insertion orders (the assets described in clauses (ii) and (iii) of this subsection being referred to collectively as the "Citizen Intangibles"); provided, however, that Citizen shall grant to the Agency a royalty-free license covering the Citizen Names and Citizen Intangibles, in the form attached hereto as Exhibit C, which shall be executed by Citizen and delivered to the Agency on the Effective Date;

(2) The library or “morgue” of Tucson Citizen, including all files of clippings, photographs (negatives and positives) and related publication material, together with all bound files and file copies of Tucson Citizen and microfilms thereof;

(3) Any properties, assets and contract and other rights of Citizen used or held for use solely in connection with the operation of the news department of Tucson Citizen;

(4) Citizen’s interest in all capital assets in existence on the Effective Date that are jointly owned by Star and Citizen and that are used or held for use in connection with any activity or operation that has been carried on by TNI as Agent for Star and Citizen; and

(5) Any asset or property right of any kind or description that is not specifically listed in Section 1.3(a) hereof.

1.4 Valuation of Initial Capital Contributions. For all purposes of this Agreement and the Partnership Agreement, the value of the respective initial capital contributions of Star and Citizen shall be equal in amount and shall each be equal to the sum of (i) 50% of the book value of the aggregate

trade accounts receivable referred to in Sections 1.2(a)(1) and 1.3(a)(1) hereof, (ii) 50% of the book value of the aggregate non-capital assets referred to in Sections 1.2(a)(2) and 1.3(a)(2) hereof, and (iii) 50% of the total stockholders' equity of TNI as of the close of business on December 25, 1988.

1.5 Other Capital Contributions. In the event that the Agency shall require funds or other capital contributions for any authorized business purpose, such funds or contributions, unless obtained from outside sources, shall be contributed by Star and Citizen on identical terms and in equal amounts when and as authorized and directed by the Agency's Board of Directors.

1.6 Failure to Make Payments. If either partner (a "Defaulting Party") (i) fails to make any payment to the Agency including, but not limited to, any properly authorized capital contribution, whether arising under the terms of this Agreement or the Partnership Agreement, or (ii) fails to pay its portion of any properly authorized capital expenditure, then the other partner may lend the amount thereof to the Agency or make such payment on behalf of the Defaulting Party, as the case may be, including any amounts or payments necessary to cure the consequences of the failure by the Defaulting Party to have made such payment. In either such event, no distributions

shall thereafter be made by the Agency pursuant to Section 3.1 hereof or otherwise until the full amount of such loan and/or such payment and/or the cost of such cure that was made or incurred by the non-Defaulting Party (plus interest from the date of default to the date(s) of such repayment(s) at a rate per annum equal to the lesser of (i) 150% of the rate announced from time to time by Morgan Guaranty Trust Company of New York as its prime or reference rate or (ii) the maximum rate permitted by applicable law as in effect from time to time) has been paid in full to the non-Defaulting Party by the Agency. If at any time both partners are entitled to the priority payments set out herein, then priority payments shall be made in the same ratio as the respective payments due to each of them bear to one another.

1.7 Dissolution of TNI. Effective on the Effective Date: (i) the status of TNI as agent of Star and Citizen under the Operating Agreement shall terminate, except for the discharge of any liabilities of TNI not assumed by the Agency and any other winding up of TNI's affairs; and (ii) the Agency will cause TNI to distribute to the Agency all or substantially all of TNI's assets and property rights of every kind and description. As soon as practicable after the Effective Date, the Agency will cause TNI to be dissolved under the applicable provisions of Arizona law.

1.8 Assumption of Liabilities. Effective as of the Effective Date, the Agency will assume and agree to pay, perform and discharge (i) any and all obligations and liabilities arising under the contracts assigned to it pursuant to Section 1.2(a)(1) or Section 1.3(a)(1) hereof, and (ii) all or substantially all of the contracts, obligations and liabilities of TNI, contingent or otherwise, that are in existence as of the Effective Date.

1.9 Employees. It is the intention of the parties that: (i) on the Effective Date, the Agency will employ, or offer to employ, all those who were employees of TNI immediately before the Effective Date; (ii) the terms and conditions of such employment by the Agency shall be the same or substantially the same as those in effect with TNI immediately before the Effective Date; and (iii) the Agency shall take such actions as are appropriate with respect to any pension or employee benefit plans applicable to such employees in order to ensure that such plans (or their substantial equivalent), including credit for years of service, will be applicable to such employees in their capacity as employees of the Agency. Nothing herein, however, is intended to confer on any employee of TNI or the Agency any legal or contractual right (as a third party beneficiary or otherwise) to be or remain

employed by the Agency, to be or remain employed by the Agency on any particular terms and conditions of employment, or to be entitled to the continuation of, or to participate in, any pension or employee benefit plan.

ARTICLE 2

ACTIVITIES OF THE AGENCY

The parties agree that from and after the Effective Date:

2.1 Publication and Operations.

(a) Subject to the provisions of Section 2.3 hereof, the Agency shall print, produce, distribute, sell and market (both circulation and advertising) The Arizona Daily Star seven mornings per week, including Sunday, and Tucson Citizen weekday afternoons and Saturday. The Agency shall control, supervise, manage and perform all operations (other than news/editorial operations) involved in printing, producing, distributing, selling and marketing the newspapers; shall determine the edition times of the newspapers; shall purchase newsprint, materials and supplies as appropriate; shall solicit and sell advertising space in such newspapers; shall collect for its own account all accounts receivable, whether such accounts receivable come into existence prior to, on or after the Effective Date; shall establish circulation and advertising rates for such newspapers; and shall make all determinations

and decisions and do any and all acts and things necessarily connected with the foregoing activities;

(b) The Agency shall promote and market each newspaper in a manner designed to enhance or improve the advertising in and circulation of each newspaper and allow each newspaper to achieve its full market potential;

(c) The Agency shall provide all accounting and controlling services necessary in connection with the business and affairs of the Agency and the newspapers;

(d) The Agency shall receive and collect all of the receipts and income relating to The Arizona Daily Star and the Tucson Citizen, and from such income pay all operating expenses incident to the Agency's operations and the publication of the newspapers in the manner and to the extent provided in this Agreement; and

(e) Subject to Section 2.3 hereof, the Agency may engage in other activities that would be appropriate for an entity that owns one or more newspapers, including distributing or making available all or a portion of the information or advertising in the newspapers by printed or other various means of distribution; commercial printing, including commercial printing of other publications; and any other activities necessary for or compatible with its principal business. Star and Citizen shall retain exclusive rights to all news and information content (including photographs) generated for

publication in their respective newspapers, but any sale or licensing thereof to wire services or otherwise shall be for the account of the Agency.

2.2 Capital Assets.

(a) The parties presently intend that the Agency will own no capital assets, and that in producing, and carrying on the business functions of, the newspapers under this Agreement, the Agency shall utilize plant, property and equipment owned or leased jointly by Star and Citizen.

(b) Each of Star and Citizen agree that they shall make available to the Agency such plant, property and equipment as is appropriate for the Agency's operations, including all capital assets that are currently used or held for use by TNI, Star or Citizen (whether or not jointly owned by Star and Citizen) and including such capital assets as the Agency's Board of Directors may in the future determine (pursuant to the budgeting process described in Section 2.5(a) hereof) are necessary or appropriate for the Agency's operations or for the news and editorial departments of Star and Citizen. In the case of such future capital assets, Star and Citizen will jointly (on an equal basis) acquire and fund the acquisition of such assets, and make the same available to the Agency, Star or Citizen, as the case may be.

(c) All operating costs, including costs of repair, maintenance, light, heat, air conditioning, janitorial services and the like, associated with all capital assets referred to in this Section 2.2 shall be an operating expense of the Agency or, if paid by Star and/or Citizen in the first instance, will be reimbursed by the Agency.

2.3 Editorial Independence. Preservation of the editorial independence of each newspaper is of the essence of this Agreement. The editorial and reportorial staffs of the respective newspapers shall be independent and shall not be merged, combined or amalgamated, and their editorial policies shall be independently determined. Star and Citizen shall retain complete and exclusive control of the news operations, contracts, conduct and contents, and the selection of the editors and news department employees, for their respective newspapers. Neither Star, Citizen nor the Agency shall seek to influence or to impair the independent news, editorial and reportorial voice and content of any other party's newspaper. Each of Star and Citizen shall independently develop standards for determining the acceptability of advertising copy for publication in its newspaper, and the Agency shall apply these standards in determining the acceptability of advertising copy for publication in such newspaper. The news department of The Arizona Daily Star and all employees engaged in said department

shall be employed by and under the exclusive direction and control of Star. The news department of Tucson Citizen and all employees engaged in said department shall be employed by and under the exclusive direction and control of Citizen.

2.4 News and Editorial Services and Expenses.

(a) Each newspaper shall maintain a staff of news and editorial employees appropriate to furnish, and shall furnish to the Agency, complete news and editorial services necessary and appropriate for the publication of such newspaper as provided in this Agreement. Each newspaper, in furnishing news and editorial copy and like materials to the Agency for publication, shall conform to the mechanical standards and limitations which prevail in the Agency's plant or plants from time to time, including edition times established by the Agency.

(b) Subject to the reimbursement provisions of Section 2.4(d) hereof, all Editorial Expense (as defined in Section 2.4(c) hereof) of the news department of The Arizona Daily Star shall be borne by Star and all Editorial Expense of the news department of the Tucson Citizen shall be borne by Citizen.

(c) The term "Editorial Expense" as used in this Agreement shall mean all costs and expenses associated with the news department of The Arizona Daily Star or of the Tucson Citizen. Notwithstanding the foregoing, Editorial Expense

shall not include, and the reimbursement provisions of Section 2.4(d) hereof shall not be applicable to, the following:

(1) the capital cost of office space, equipment, and other capital assets that are owned by Star and/or Citizen or that are jointly leased by Star and Citizen, and that in either case are related to the news departments of The Arizona Daily Star or the Tucson Citizen, such assets to be provided by, and the cost of which shall be borne equally by, Star and Citizen, it being the intention of the parties that (i) the cost of such capital assets that have been acquired before the Effective Date shall be borne by Star or Citizen, as the case may be, as the separate owner thereof, (ii) the ownership and cost of such capital assets that are jointly acquired on or after the Effective Date shall be shared equally by Star and Citizen, and (iii) the rental cost of any capital assets that either Star or Citizen may elect separately to lease for its news department (and any operating costs associated therewith) shall, subject to Section 4.1(a)(x) hereof, be deemed an Editorial Expense and shall be subject to the reimbursement provisions of Section 2.4(d) hereof;

(2) any salary, benefits, memberships, travel or other costs associated with the publisher (or equivalent local senior executive) of either newspaper, or any executive or parent-level persons who are not full-time employees of either newspaper, or any financial, accounting or controlling

employees of either newspaper, all such costs to be borne separately by Star or Citizen, as the case may be;

(3) the cost of defending, settling, paying or discharging any liability or claim on account of anything published in the news or editorial columns of either of the newspapers, or an account of the advertising acceptability standards of either of the newspapers, where such liability or claim does not result from an error in printing or the negligence of an employee of the Agency, it being the intention of the parties that (i) Star or Citizen, as the case may be, shall bear the full cost of such liabilities or claims, (ii) the Agency shall bear, as an operating expense, the full cost of liabilities or claims resulting from an error in printing or the negligence of an employee of the Agency, and (iii) notwithstanding the foregoing, costs incurred by Star or Citizen for insurance policies insuring against such liabilities, as well as costs incurred for any pre-publication review of material prepared for publication in the news or editorial columns of either of the newspapers, shall in each case be deemed an Editorial Expense and shall be subject to the reimbursement provisions of Section 2.4(d) hereof;

(4) any depreciation on any capital assets owned by Star and/or Citizen;

(5) any charitable contributions made by Star or Citizen, unless such contributions are specifically authorized

by the Agency's Board of Directors as being in the Agency's best interest;

(6) any costs or fees incurred for any audit or review of the separate financial statements of Star or Citizen; or

(7) any costs or expenses incurred for any special cultural or promotional events that are not produced or sponsored by the Agency.

(d) On a monthly basis during each fiscal year, the Agency shall, as part of its operating expenses, reimburse Star and Citizen for their respective actual Editorial Expense, as documented by each newspaper. In the event that the actual total Editorial Expense of either Star or Citizen for a full fiscal year shall exceed the aggregate reimbursable Editorial Expense budget for such newspaper applicable to such year, then the amount of such excess shall be billed by the Agency to, and promptly paid by, Star or Citizen, as the case may be. Nothing in this Agreement, however, shall in any way whatsoever limit the amount of Editorial Expense that either Star or Citizen may, in its sole discretion, elect from time to time to expend.

2.5 Budgets and Allocations of News Space.

(a) On an annual basis, the Agency's Board of Directors will consider and approve, for the Agency's next fiscal year, capital and operating budgets, including an

aggregate reimbursable Editorial Expense budget for each of Star and Citizen, all in a manner and amounts consistent with the purposes and intent of this Agreement. The determination by the Board of the capital and operating budgets, including an aggregate reimbursable Editorial Expense budget for each of Star and Citizen, shall take into account, among other things, the editorial and news expenses incident to the nature, frequency of publication and edition times of the newspapers as contemplated by this Agreement. The Board may in its discretion review and revise any of such budgets from time to time.

(b) As part of the budgeting process, the Agency's Board of Directors will establish allocations of news space for The Arizona Daily Star and the Tucson Citizen, which shall include "newshole banks" of space beyond the normal allocations to be used for coverage of special stories or projects as separately determined by Star or Citizen. Star or Citizen may exceed its respective allocations of news space (including such "newshole bank") upon reasonable notice to the Agency; provided, however, that (i) such excess must be compatible with the Agency's production capability and scheduling, and (ii) the newsprint and production costs associated with such excess shall be billed by the Agency to, and promptly paid by, Star or Citizen, as the case may be, at the end of the applicable fiscal year.

ARTICLE 3
ALLOCATIONS AND OTHER FINANCIAL MATTERS

The parties agree that from and after the Effective Date:

3.1 Distributions. The Agency shall, after payment of its operating expenses, distribute equally to Star and citizen all funds in excess of funds reasonably needed by the Agency for the conduct of its business. Such distributions shall be made at least monthly, or at more frequent intervals as may be authorized by the Agency's Board of Directors.

3.2 Allocations. Net income or net loss of the Agency, as determined in accordance with generally accepted accounting principles consistently applied (except as otherwise agreed by the Agency's Board of Directors), shall be allocated equally to Star and Citizen. Taxable income or taxable loss of the Agency shall be allocated equally to Star and Citizen.

3.3 Books and Records. The Agency shall keep, at its principal office, accurate, full and complete books of accounts and records, wherein all transactions of the Agency, and of Star and Citizen (insofar as such transactions of Star or Citizen relate to activities contemplated by this Agreement), shall be entered in accordance with generally accepted

accounting principles consistently applied (except as otherwise agreed by the Agency's Board of Directors). Star, Citizen and their respective representatives shall have the right to inspect, copy or reproduce, each at its own expense, the books and records of the Agency.

3.4 Financial Statements. The Agency shall account monthly to Star and Citizen for all revenues and expenditures of the Agency and keep Star and Citizen regularly informed of its affairs and business. In addition, the Agency shall cause to be delivered to Star and to Citizen the following financial statements and reports of the Agency (and of each of Star and Citizen, insofar as such statements of Star or Citizen relate to activities contemplated by this Agreement) prepared, in each case, in accordance with generally accepted accounting principles consistently applied (except as may otherwise be agreed by the Agency's Board of Directors):

(a) promptly upon availability and in any event within eight business days after the end of each fiscal month, (i) an unaudited balance sheet as of the end of such month and a comparison of such balance sheet with the balance sheet for the same month of the fiscal year immediately preceding, and (ii) an unaudited statement of income or loss for the interim period through such month and the monthly period then

ended, in reasonable detail, and a comparison of such statements with statements for the same periods of the fiscal year immediately preceding; and

(b) such other analytical reports relating to activities contemplated by this Agreement as either Star or Citizen (or their respective parent corporations) may from time to time request.

3.5 Auditors and Fiscal Year. The independent auditors of the Agency shall be selected by the Agency's Board of Directors. The Agency shall keep its books and records on the basis of a 52/53 week fiscal year ending on the last Sunday of each calendar year and on the basis of four fiscal quarters, each composed of months of five, four and four weeks.

3.6 Bank Accounts. The Agency shall maintain bank accounts in such banks or institutions as its Board of Directors from time to time shall select, and such accounts shall be drawn upon by check signed by any person, and in such manner, as may be designated by the Board of Directors. All moneys of the Agency shall be deposited in the bank accounts of the Agency and all debts and obligations of the Agency (except petty expense items) shall be paid by check or other prudent and customary method, including electronic transfer of funds.

3.7 Tax Returns. The Agency shall cause income and other required tax returns for the Agency to be prepared and timely filed with the appropriate authorities, making such elections as the Board of Directors shall deem to be in the best interests of the Agency, Star and Citizen. The Agency shall submit any such income tax filing to Star and Citizen for review at least 30 days prior to its filing date unless otherwise agreed to by Star and Citizen.

ARTICLE 4

GOVERNANCE OF THE AGENCY

4.1 Board of Directors.

(a) The business and affairs of the Agency shall be managed by or under the direction of a Board of Directors in a manner consistent with the purposes and intent of this Agreement. The Board of Directors shall have and exercise final authority with respect to such business and affairs except as otherwise provided in this Agreement or the Partnership Agreement. Without limiting the generality of the foregoing, the Board of Directors shall have the sole power and authority to take or authorize the Agency to take the following actions:

(i) Elect and remove the President and other officers of the Agency;

(ii) Approve and revise budgets as provided in Section 2.5 hereof;

(iii) Make any capital call to Star and Citizen as provided in Section 1.5 (a) hereof;

(iv) Determine the timing of editions and the production format of the two newspapers, and determine whether the number of editions and/or sections of either newspaper shall be changed;

(v) Determine circulation and advertising rates for the two newspapers;

(vi) Determine the benefits and policies applicable to employees of the Agency;

(vii) Approve any material contracts that the Agency may enter into, including without limitation any employment contract, any contract with any labor union, any contract with a duration of more than one year, any contract in any fiscal year involving a value in excess of such amount as shall be determined from time to time by the Board of Directors, and any contract out of the ordinary course of business;

(viii) Determine whether and on what terms the Agency shall incur indebtedness for borrowed money;

(ix) Select the Agency's outside auditors;

(x) Determine whether and on what basis the Agency shall acquire or lease any capital assets, and determine whether and on what basis to reimburse Star or Citizen for the cost of any capital assets that may be acquired or leased separately by either of them;

(xi) Make any significant tax or accounting election for the Agency;

(xii) Waive any right of the Agency to receive any payment due to it from either Star or Citizen; and

(xiii) Allocate appropriate office space and other capital assets for the news departments and executive officers of Star and Citizen.

(b) Unless otherwise agreed in writing by both Star and Citizen, there shall be six members of the Agency's Board of Directors, three of whom shall be appointed by Star, and three of whom shall be appointed by Citizen. There shall in no event be an uneven number of directors, and each of Star and Citizen shall at all times have the right to appoint an equal number of directors. Each director shall hold office until he shall die, resign or be removed (with or without cause, with or without notice) by the party by whom he or she was appointed, whereupon such party shall appoint a successor.

(c) As provided in the Partnership Agreement, if proper notice (as set forth therein) of a meeting is given to all directors or waived, the presence at any meeting of the Board of Directors (in person or represented by proxy) of both (i) a majority of the total authorized number of directors, and (ii) a majority of directors who were appointed by Star and a majority of directors who were appointed by Citizen, shall constitute a quorum for the taking of action. Subject to the written consent procedure described in Section 3.2(c) of the Partnership Agreement, the Board of Directors shall act on all matters by an affirmative vote of both (i) a majority of directors present at any meeting in person or by proxy, and (ii) a majority of those directors who were appointed by Star and a majority of those directors who were appointed by Citizen.

4.2 Officers of the Agency.

(a) The Agency shall have a President and such other officers as the Board of Directors may from time to time determine. Officers shall serve for a one-year term unless they earlier die, resign or are removed. Any officer may be removed by the Board of Directors with or without cause or notice.

(b) Subject to this Agreement, the Partnership Agreement and the determinations of the Board of Directors, the President shall have full day-to-day operating authority, control and management of the business and affairs of the Agency.

(c) Subject to this Agreement and the Partnership Agreement, any other officers of the Agency shall have such authority as is from time to time determined by the Board of Directors.

4.3 Deadlocks. In the event of a controversy arising pertaining to the affairs of the Agency wherein the members of the Board of Directors representing Star and the members of the Board of Directors representing Citizen are evenly divided, then:

(a) At the written call of Star or Citizen, which call shall include a written statement specifically setting forth the matter or matters in controversy and the proposed resolution or resolutions of the Board of Directors on which the Board is deadlocked, the parties shall meet within fifteen (15) days from the date on which the written call is served for the purpose of resolving such controversy. If the parties shall also be evenly divided on the matter or matters so specified for more than fifteen (15) days following the date of such meeting, then either Star or Citizen (the “demanding party”) may thereafter demand that the matter or matters in controversy be submitted to arbitration by serving a written demand on the other party.

(b) In the event of a demand for arbitration, the parties shall seek to mutually appoint a Disinterested Person (as hereafter defined) to resolve the matter or matters in controversy. As used in this Section 4.3, “Disinterested Person” means a person who (i) has no employment, professional or financial interest in either party or in any person, firm, corporation or other entity directly or indirectly controlling, controlled by, or under common control with, either party and (ii) has significant experience in the newspaper publishing industry (who shall include for purposes of this clause (ii) any director of the American Newspaper Publishers Association).

(c) If, within thirty (30) days after service of the demand for arbitration, the parties are unable to agree upon and mutually appoint a single arbitrator who is a Disinterested Director and is willing to serve, then the parties shall provide for the appointment of a panel of three Disinterested Persons to resolve the matter or matters in controversy, as follows:

(i) Each of Star and Citizen shall name an arbitrator who is a Disinterested Person. Should the demanding party fail to name an arbitrator who is a Disinterested Person within fifteen (15) days of the lapse of the aforesaid thirty

(30) day period, the demanding party's right to arbitration of the specific matter or matters in controversy shall lapse. Should the other party fail to name an arbitrator who is a Disinterested Person within the same fifteen (15) day period, then the matter or matters in controversy shall be determined by the Disinterested Person appointed by the demanding party, acting as a single arbitrator.

(ii) In turn, the two arbitrators so named shall name a third arbitrator who is a Disinterested Person. Should the two arbitrators, within thirty (30) days after having been named as arbitrators as provided herein, fail to name a third arbitrator who is a Disinterested Person and is willing to serve, then the demanding party, within thirty (30) days of the lapse of the aforesaid thirty (30) days, either alone or together with the other party, may apply to the presiding judge for the United States District Court for the District of Arizona, sitting in Tucson, or if he refuses, within fifteen (15) days of such refusal, to the Senior Judge of the Pima County Superior Court, Tucson, Arizona, to designate and appoint a third arbitrator, from a list of six names submitted with the application to the court. The list shall contain the names of three Disinterested Persons specified by each of the two arbitrators. The three arbitrators shall decide the matter or matters in controversy by majority vote. If the demanding

party fails to make application to the court for designation and appointment of a third arbitrator within the specified time period (which shall include the names of three Disinterested Person designated by the arbitrator named by it), the demanding party's right to arbitration of the specific matter or matters in controversy shall lapse. If the other party fails to join in the application to the court or to furnish the names of three Disinterested Persons designated by the arbitrator named by it, then the matter or matters in controversy shall be determined by the Disinterested Person initially appointed by the demanding party, acting as a single arbitrator.

(d) The decision of a single arbitrator shall be rendered in writing within thirty (30) days after his appointment, and where three arbitrators are acting said decision shall be rendered in writing within thirty (30) days after appointment of the third arbitrator; provided, however, additional time to render a decision may be taken by the arbitrator or arbitrators as he, she or they may deem reasonably necessary under the circumstances. The written decision of the arbitrator or arbitrators, as the case may be, shall be final and shall be binding upon the parties and the Agency. All expenses and compensation of the arbitrator or the arbitrators, as the case may be, in connection with any matter or matters in controversy shall be paid by the Agency. No arbitrator(s) shall determine or have the power to determine

whether any party is in breach of any obligation under this Agreement or any other agreement, it being the intention of the parties that the sole function of the arbitration process described in this Section 4.3 is to provide a mechanism to break a deadlock at the Board of Directors of the Agency on matters that are appropriately before the Board and that are within the power and authority of the Board of Directors pursuant to this Agreement.

(e) Notwithstanding the foregoing, the parties agree that if the Board of Directors is evenly divided and therefore unable to approve, for any fiscal year, the reimbursable Editorial Expense budget for either Star or Citizen, as contemplated by Section 2.5(a) hereof, then the Board of Directors shall nonetheless be deemed to have approved for such fiscal year an aggregate reimbursable Editorial Expense budget that is identical to the budget (as the same may have been revised by the Board of Directors from time to time) that was actually approved by the Board of Directors for the next preceding year. If the Board of Directors is evenly divided and unable to approve an aggregate reimbursable Editorial Expense budget for two or more consecutive years, then the controversy shall be resolved and a budget for the year in dispute shall be set

by way of the procedures described in Section 4.3(a)-(d) hereof. Pending such resolution, the parties shall proceed as if such budget were identical to the budget that was in effect for the next preceding year, but upon such resolution such budget shall be effective retroactively to the beginning of the year for which the Board of Directors shall not have approved, or shall not be deemed to have approved, a budget.

ARTICLE 5
DURATION; TERMINATION

5.1 Term; Renewals. This Agreement shall run for a period ending at the close of business on June 1, 2015, and may be renewed and extended for subsequent periods of twenty-five (25) years each at the option of either Star or Citizen. Unless two years' written notice is given by both Star and Citizen that they desire to end this Agreement or any renewal hereof, this Agreement shall continue in force for subsequent periods of twenty-five (25) years each. Only by mutual written consent can this Agreement or any renewal hereof be terminated.

5.2 Termination; Dissolution of the Agency.

(a) This Agreement shall terminate only upon expiration of its term, including any renewals thereof, as provided in and subject to Section 5.1 hereof.

(b) No partner shall cause the Agency to be dissolved except as provided in this Section 5.2(b), and the Agency shall continue until so dissolved. The Agency shall be dissolved upon the occurrence of any of the following:

(i) expiration of the term of this Agreement, including any renewals thereof, as set forth in Section 5.1 hereof; or

(ii) upon the bankruptcy of a partner. For purposes hereof, "bankruptcy" means with respect to any partner, (A) the making by such partner of an assignment for the benefit of creditors or admitting in writing its inability to pay its debts when due; or (B) the commencement by such partner with respect to itself or its assets of any liquidation, dissolution, bankruptcy, reorganization, insolvency or other proceeding for the relief of financially distressed debtors; or (C) the appointment for such partner, or a substantial part of such partner's assets, of a receiver, liquidator, custodian or trustee, and, if any of the events referred to in this clause (C) occur involuntarily, the failure of the same to be dismissed, stayed or discharged within 90 days; or (D) the entry of an order for relief against such partner under Title 11 of the United States Code, or any other similar law enacted by the United States

Congress to regulate bankruptcies; or (E) the commencement against such partner of any liquidation, dissolution, bankruptcy, reorganization, insolvency or other proceeding for the relief of financially distressed debtors if such proceeding remains undismissed for a period of 90 days; or

(iii) at the written election of a partner if a court of competent jurisdiction, in a judgment no longer subject to appeal or judicial review, has found that (1) the other partner (and only the other partner) has willfully or persistently committed one or more material breaches of this Agreement or the Partnership Agreement, and (2) such breaches materially and adversely frustrate the essential purposes and intent of the parties as expressed in this Agreement, and (3) the electing partner gave written notice to the other partner of such breaches and such breaches were not substantially cured within 90 days after such notice was given; it being the intention of the parties that either partner may seek such a judgment in a court of competent jurisdiction without being barred from doing so by reason of the provisions of Section 4.3 hereof, which provisions are intended as a mechanism to break a deadlock at the Board of Directors of the Agency as provided in

Section 4.3(d) hereof, rather than as a mechanism to determine whether any breaches of this Agreement or the Partnership Agreement of the nature described in this Section 5.2(b)(iii) have occurred; or

(iv) in the manner and subject to the requirements provided in Sections 4.2 and 4.3 of the Partnership Agreement.

No termination of this Agreement or dissolution of the Agency shall be construed to release any partner from liability at law or in equity to the other partner or the Agency arising out of any breach of the terms of this Agreement or the Partnership Agreement.

5.3 Dissolution Prior to Expiration of Term.

As contemplated by Sections 5.1 and 5.2(a), it is the intention of Star and Citizen that both this Agreement and the Partnership Agreement shall continue in full force and effect until June 1, 2015 and thereafter for successive 25 year periods so long as either Star or Citizen wishes such renewals to occur. Star and Citizen recognize, however, that the partnership between them may be dissolved upon bankruptcy of a partner (as provided in Section 5.2(b)(ii) hereof) or pursuant to the provisions of Section 5.2(b)(iii) hereof or pursuant to the provisions of the applicable partnership law of the State

of Arizona. In order to take account of the possibility of such a dissolution, the parties therefore wish to provide in this Section 5.3 for the orderly continuation of this Agreement for its term and any renewals thereof in the unlikely and unanticipated event of, and notwithstanding, any such dissolution of the partnership between them that may occur.

For purposes of this Section 5.3 “Defaulting Partner” shall mean (i) a partner who becomes bankrupt within the meaning of Section 5.2(b)(ii) hereof, (ii) a partner whose breaches led to dissolution of the Agency in accordance with Section 5.2(b)(iii) hereof, or (iii) a partner who causes a dissolution of the Agency under applicable law but in contravention of this Agreement or the Partnership Agreement (whether by such partner’s express will or otherwise); “Non-defaulting Partner” shall mean the partner other than the Defaulting Partner; “Buying Party” shall mean the party who purchases the other party’s property rights (as described in Arizona Revised Statutes Sections 29-201 et seq. or other applicable law) in the Agency and other assets pursuant to this Section 5.3; and “Selling Party” shall mean the party who sells its property rights in the Agency and other assets pursuant to this Section 5.3.

If the Agency dissolves after the Effective Date and prior to the expiration of the then current term of this Agreement (other than in the manner and in accordance with the

requirements provided in Sections 4.2 and 4.3 of the Partnership Agreement), then:

(a) This Agreement and the joint operating arrangement contemplated hereby (as modified, however, pursuant to this Section 5.3) shall not terminate but shall continue for the remaining term of years (and any renewals) hereof.

(b) The Non-defaulting Partner (and not the Agency or the Board of Directors) shall, notwithstanding any provision of this Agreement or the Partnership Agreement, have and exercise final authority with respect to all the affairs of the Agency between the date of dissolution of the Agency (the "Dissolution Date") and the Closing Date (as defined below), and the Non-defaulting Partner may exercise any and all authority conferred in this Agreement or the Partnership Agreement on the Board of Directors (whether by majority vote, unanimous vote, or otherwise) or on the Agency.

(c) Within 90 days after the Dissolution Date, the Defaulting Partner shall give written notice to the Non-defaulting Partner of a specific dollar amount (the "Specified Amount"), which shall be a single number and not a formula of any kind. If the Defaulting Partner fails to do so, the Non-defaulting Partner shall give written notice to the Defaulting Partner of a Specified Amount, and that shall be the Specified Amount for purposes of this Section unless the Defaulting Partner within 10 days thereafter gives the

Non-defaulting Partner written notice of a different Specified Amount, in which event such different Specified Amount shall be the Specified Amount for purposes of this Section. Within 180 days after the Dissolution Date, the Non-defaulting Partner may give written notice to the Defaulting Partner of the Non-defaulting Partner's election either (1) to sell all its property rights as a partner in the Agency and all its property rights in capital assets used or held for use by the Agency to the Defaulting Partner for the Specified Amount (in which event the Non-defaulting Partner shall be the Selling Party and the Defaulting Partner shall be the Buying Party), or (2) to purchase all the Defaulting Partner's property rights as a partner in the Agency and all its property rights in capital assets used or held for use by the Agency for the Specified Amount (in which event the Non-defaulting Partner shall be the Buying Party and the Defaulting Partner shall be the Selling Party). If the Non-defaulting Partner fails to make a timely election, the Defaulting Partner shall within 210 days after the Dissolution Date make such election on behalf of the Non-defaulting Partner, and the Non-defaulting Partner shall be bound thereby. The date on which such election is made is referred to herein as the "Election Date".

(d) The closing of the purchase and sale contemplated by Section 5.3(c) hereof (the "Closing") shall occur at the principal offices of the Agency on a date (the "Closing Date")

selected by the Buying Party and as to which it has given at least 15 days' prior written notice to the Selling Party. The Closing Date shall be not less than 45 days nor more than 90 days after the Election Date.

(e) At the Closing, the Buying Party shall deliver to the Selling Party the full amount of the Specified Amount in immediately available funds. At the Closing, the Selling Party shall execute and deliver to the Buying Party such assignments of interest, deeds, bills of sale, instruments of conveyance, and other instruments as the Buying Party may reasonably require, to give good and clear record and marketable title to all the Selling Party's property rights as a partner in the Agency and all the Selling Party's property rights in capital assets used or held for use by the Agency.

(f) Following the Closing and for the remaining term of this Agreement (and any renewals thereof), the Buying Party shall print, produce, distribute and market (both circulation and advertising) the newspapers in the same manner that this Agreement contemplates shall be done by the Agency, subject in all cases to the editorial independence of the newspapers as contemplated herein. Each of Star and Citizen shall continue to be obligated to provide news and editorial product as provided in Section 2.4(a) hereof. All revenues, costs, expenses and distributions of money with respect to such newspapers shall be treated by the Buying Party in the same

manner that this Agreement contemplates shall be done by the Agency except that, for all periods of time subsequent to the Closing Date, distributions of all funds in excess of the funds reasonably needed by the Buying Party for the conduct of the joint operating arrangement contemplated hereby shall be made 75% to the Non-defaulting Partner and 25% to the Defaulting Partner. Notwithstanding anything in this Agreement, however, the Buying Party shall have sole and exclusive control, power and authority over all matters (excluding editorial matters of the Selling Party) related to the implementation of the joint operating arrangement contemplated by this Agreement, including without limitation, all right, power and authority that this Agreement contemplates shall be exercised by the Board of Directors (whether by majority vote, unanimous vote, or otherwise) or by the Agency.

(g) Upon dissolution of the Agency and occurrence of the events contemplated in this Section 5.3, nothing in this Agreement or the arrangements of the parties shall constitute the parties hereto partners, joint venturers, successors, alter egos, joint employers or an unincorporated association, or as having any relationship other than as specifically provided by this Agreement (as this Agreement is modified however, pursuant to this Section 5.3).

5.4 Termination at End of Term. If both this Agreement and the Partnership Agreement terminate upon expiration of their term, including any renewals thereof, and the purchase and sale contemplated by Section 5.3 shall not have occurred:

(a) Star and Citizen will meet with each other and use their best efforts to develop a just and equitable plan for discontinuing and dissolving the Agency, distributing its assets in kind between Star and Citizen (after payment of all indebtedness and liabilities of the Agency and all costs of dissolution and liquidation) equally to Star and Citizen, and partitioning on an equal basis all capital assets used or held for use by the Agency, so as to enable Star and Citizen to resume separate publication of The Arizona Daily Star and Tucson Citizen, respectively, as independent businesses (a "Distribution Plan"). If Star and Citizen agree on a Distribution Plan, the assets of the Agency shall be distributed, and said capital assets shall be partitioned, in accordance with the Distribution Plan, the Licenses granted pursuant to Sections 1.2(b)(i) and 1.3(b)(i) hereof shall automatically expire and terminate, and the Agency shall thereupon be dissolved. Except as provided in the Distribution Plan and upon the effective distribution of assets by the Agency pursuant thereto, neither Star nor Citizen shall have any separate right, title or interest in or to any asset of the Agency.

(b) If Star and Citizen are unable to agree upon a Distribution Plan, or if the Agency's assets are not sufficient to pay all of its indebtedness and liabilities and all costs of dissolution and liquidation, the business affairs and assets of the Agency shall be liquidated as promptly as possible and receivables collected, all in an orderly and businesslike manner so as not to involve undue sacrifice, and the assets of the Agency and the capital assets used or held for use by the Agency shall be converted into cash and all of its indebtedness and liabilities paid. In the event there is a cash surplus available for distribution, the surplus will be distributed equally to Star and Citizen, and in the event there is a deficiency, the same will be made up by Star and Citizen in accordance with Section 1.5 hereof, and the Agency shall thereupon be dissolved.

5.5 Change of Control.

(a) Neither control of Star or Citizen nor the assets or business of The Arizona Daily Star or Tucson Citizen shall be transferred to any other person, corporation, partnership, trust or other entity unless the transferee assumes all obligations of Star or Citizen, as the case may be, under this Agreement, the Partnership Agreement and the applicable License Agreement. Any purported transfer in violation of this Section 5.5(a) shall be null, void and of no effect. Neither

Star nor Citizen shall transfer any of its right, title and interest in this Agreement or in its partnership interest in the Agency except as part of a transaction permitted by this Section 5.5(a) in which control of Star or Citizen, or all or substantially all of the assets and business of The Arizona Daily Star or Tucson Citizen, are being transferred. For purposes of this Section 5.5(a), no transfer or change of control shall be deemed to have occurred as a result of a transfer to an Affiliate as permitted by Section 4.2 of the Partnership Agreement or a change of control, directly or indirectly, of the ultimate parent of Star or Citizen, as the case may be.

(b) If from time to time either Star or Citizen (the "transferring party") intends to effect a transfer other than one referred to in the last sentence of Section 5.5(a), notice of such intent shall first be given to the other party (the "non-transferring party") at least 30 days before the transferring party enters into any definitive agreement, agreement in principle, letter of intent or similar understanding with a transferee regarding the material terms of such a transfer. If requested by the transferring party, the non-transferring party will maintain the confidentiality of such notice. If, after giving such notice to the nontransferring party and within 150 days thereafter, the transferring party has not consummated with a third party a transaction of the type contemplated by this Section 5.5, then this Section 5.5(b) shall again become applicable except to the

consummation of a transaction with a third party that is contemplated pursuant to a definitive agreement (as it may be amended) that was entered into with such third party during such 150 day period.

ARTICLE 6

MISCELLANEOUS

6.1 Notices. Each notice or other communication given pursuant to this Agreement or the Partnership Agreement shall be in writing and shall be deemed to have been duly given when hand delivered or five days after being deposited in the United States mail, certified, postage prepaid, return receipt requested, and addressed to the party to be notified at such party's address as set forth below:

Star:

Star Publishing Company
4850 South Park Avenue
Tucson, Arizona 85726-6887
Attention: Vice President
and Business Manager

with a copy to:

Pulitzer Publishing Company
900 North Tucker Blvd.
St. Louis, Missouri 63101
Attention: Senior Vice President-
Newspaper Operations

Citizen:

Citizen Publishing Company
4850 South Park Avenue
Tucson, Arizona 85726-6887
Attention: Publisher

with a copy to:

Gannett Co., Inc.
1100 Wilson Blvd.
Arlington, Virginia 22209
Attention: Chief Financial Officer

Agency: TNI Partners
4850 South Park Avenue
P.O. Box 26887
Tucson, Arizona 85726-6887
Attention: President

All such notices to the Agency shall be to the attention of the President, with copies to Star and Citizen at the addresses then designated by them for the receipt of such notices pursuant to this Section 6.1. Any party may change its address or the individual to whom notice is to be directed hereunder by notice to the other parties given in accordance with this Section 6.1.

6.2 Assignment. Subject to Section 5.5 hereof, this Agreement shall be binding upon and shall inure to the benefit of each of the parties hereto and their permitted successors and assigns.

6.3 Entire Understanding. This Agreement (including the Exhibits hereto) and the Partnership Agreement constitute the entire understanding and agreement of the parties hereto on the subject matter herein contained and any and all other representations or agreements heretofore made on such subject

matter, whether oral or in writing, of any party or its agents shall be null, void and of no effect whatsoever.

6.4 Headings. Headings have been inserted in this Agreement for the purpose of convenience only. They will not be used to interpret or construe the meaning of the Articles or Sections hereof, nor will they have the effect of limiting or enlarging the meaning thereof.

6.5 Governing Law; Modification. This Agreement shall be governed by, construed and enforced in accordance with the internal laws of the State of Arizona, without giving effect to conflict of laws principles. This Agreement may not be changed orally, but only by an agreement in writing and signed by the party against whom enforcement of any waiver, modification or discharge is sought.

6.6 Severability. If any provision of this Agreement or the application thereof to any person or circumstance shall to any extent be held in any proceeding to be invalid or unenforceable, the remainder of this Agreement, or the application of such provision to persons or circumstances other than those to which it was held to be invalid or unenforceable, shall not be affected thereby, and shall be valid and be enforceable to the fullest extent

permitted by law, but only if and to the extent such enforcement would not materially and adversely frustrate the parties' essential purposes and intent as expressed herein.

6.7 Further Assurances. Each party agrees to take all action necessary to carry out and effectuate the intent, purposes and provisions of this Agreement and the Partnership Agreement, and to cooperate with the others in every reasonable and proper way that will promote the successful operation of the arrangements contemplated by this Agreement and the Partnership Agreement.

6.8 Force Majeure. No party shall be liable to the others for any failure or delay in performance under this Agreement or the Partnership Agreement occasioned by war, riot, act of God or public enemy, strike, labor dispute, shortage of any supplies, failure of suppliers or workers or other cause beyond the control of the party required to perform, and such failure or delay shall not be considered a default hereunder, but this Section 6.8 shall not excuse any party from its obligation to pay any sum of money which such party is otherwise required to pay pursuant to this Agreement or the Partnership Agreement.

6.9 Specific Performance. In addition to any other remedies the parties may have, each party shall have the right to enforce the provisions of this Agreement through injunctive relief or by a decree or decrees of specific performance.

6.10 No Third Party Beneficiaries. Nothing in this Agreement, express or implied, shall give to anyone other than the parties hereto and their respective permitted successors and assigns any benefit, or any legal or equitable right, remedy or claim, under or in respect of this Agreement.

6.11 Nature of Relationship. Nothing contained in this Agreement shall constitute the parties hereto as alter egos or joint employers or as having any relationship other than as specifically provided herein and in the Partnership Agreement.

6.12 Counterparts. This Agreement may be executed in counterparts, each of which shall constitute an original and all of which, when taken together, shall constitute one agreement, and any party hereto may execute this Agreement by signing one or more counterparts hereof. This Agreement shall become effective when counterparts hereof have been duly executed and delivered by each party.

IN WITNESS WHEREOF, the parties have executed this Agreement by their respective duly authorized officers as of the day and year first above written.

STAR PUBLISHING COMPANY

By: /s/ NICHOLAS G. PENNIMAN IV
Title: **Senior vice President**

CITIZEN PUBLISHING COMPANY

By: /s/ GARY L. WATSON
Title: **Vice President**

TNI PARTNERS, being the Agency referred to in the foregoing Agreement, hereby becomes a party thereto and agrees to perform all of the obligations therein to be performed by it and to be bound by all of the terms and provisions thereof.

TNI PARTNERS

By: Star Publishing Company
General Partner

By: /s/ NICHOLAS G. PENNIMAN IV
Title: **Senior Vice President**

By: Citizen Publishing Company
General Partner

BY: /s/ GARY L. WATSON
Title: **Vice President**

EXHIBIT A

PARTNERSHIP AGREEMENT

PARTNERSHIP AGREEMENT, dated as of December 22, 1988, between STAR PUBLISHING COMPANY ("STAR"), an Arizona corporation, and CITIZEN PUBLISHING COMPANY ("CITIZEN"), an Arizona corporation.

1. FORMATION OF PARTNERSHIP.

1.1 Partners. STAR and CITIZEN (individually, a "Partner" and collectively, the "Partners") hereby form a general partnership under the laws of the State of Arizona (the "Partnership") for the purposes and on the terms set forth herein.

1.2 Name and Principal Office. The name of the Partnership shall be "TNI PARTNERS", or such other name as shall be mutually agreeable to the Partners. The Partnership shall do business under the name "TNI PARTNERS" and its principal office shall be located at 4850 South Park Avenue, Tucson, Arizona 85726, or such other place as the Partners shall designate from time to time.

1.3 Purpose of Partnership. The purpose of the Partnership shall be (i) to be the Agency (as that term is defined in that certain Amended and Restated Joint Operating Agreement, dated the date hereof, between STAR and CITIZEN (the "Agency Agreement")) and to conduct all the activities, have all of the rights and powers, and perform all of the duties and obligations, of the Agency set forth in the Agency Agreement, and (ii) to do any act and thing and to enter into any contract incidental to, or necessary, proper or advisable for, the accomplishment of such purposes, to the extent permitted by law.

1.4 Commencement; Term. The Partnership shall commence on the date hereof and continue for a term ending at the close of business on June 1, 2015, and may be renewed and extended for subsequent periods of twenty-five (25) years each at the option of either STAR or CITIZEN. Unless two years' written notice is given by both STAR and CITIZEN that they desire to end this Partnership or any renewal hereof, this Partnership shall continue in force for subsequent periods of twenty-five (25) years each. Only by mutual written consent shall this Partnership Agreement or any renewal hereof be terminated.

2. PARTNERSHIP INTERESTS, CONTRIBUTIONS AND DISTRIBUTIONS.

2.1 Partnership Interests. Except as otherwise expressly provided herein or in the Agency Agreement, the

respective interests of the Partners in the assets, liabilities, profits and losses of the Partnership ("Partnership Interest") shall be as follows:

STAR:	50%
CITIZEN:	50%

Each Partner shall have at all times an interest as a tenant in partnership in the assets and properties of the Partnership equal to its Partnership Interest and neither Partner shall have any separate right, title or interest in or to any asset or property of the Partnership.

2.2 Capital Accounts and Contributions.

(a) The initial capital account of each Partner shall be the amount determined in accordance with Section 1.4 of the Agency Agreement. Subsequently, each Partner's capital account shall be (i) increased by (x) the amount of any net income of the Partnership allocable to such Partner pursuant to Section 3.2 of the Agency Agreement and (y) the amount of any cash plus the fair market value of any non-cash assets subsequently contributed by such Partner to the Partnership, and (ii) decreased by (a) the amount of any net loss of the Partnership allocable to such Partner pursuant to Section 3.2 of the Agency Agreement and (b) the amount of any cash and the fair market value of any non-cash assets distributed by the Partnership to such Partner.

(b) Each Partner shall make one or more capital contributions to the Partnership in such amounts, and upon such terms and conditions, as are provided in the Agency Agreement. No interest shall be paid by the Partnership on any capital contributed to the Partnership unless the Partners otherwise agree.

2.3 Distributions of Cash and Allocations of Taxable Income or Loss.

(a) Cash shall be distributed to each Partner at such times and in such amounts as is provided in Section 3.1 of the Agency Agreement.

(b) Net income and net loss shall be allocated to the Partners in the amounts specified in Section 3.2 of the Agency Agreement.

(c) For income tax purposes, taxable income and loss and allocations thereof to each Partner will be determined in accordance with Section 3.2 of the Agency Agreement.

2.4 Expenses Incurred Prior to the Formation of the Partnership. No expense or obligation incurred for services performed or products supplied by either Partner prior to the formation of the Partnership shall be considered to be a contribution or loan to, or made on behalf of, the Partnership, unless otherwise provided in the Agency Agreement or by agreement of the Partners.

2.5 Distribution to Partners; Funding of Losses. Cash and other property shall be distributed by or withdrawn from the Partnership, and losses of the Partnership shall be funded, on the terms and conditions (and pursuant to the procedures) set forth in the Agency Agreement.

3. MANAGEMENT OF THE PARTNERSHIP.

3.1 Board of Directors. There is hereby established a Board of Directors of the Partnership consisting of six members, or such even number of Directors as the Partners may from time to time agree upon, to have and exercise final authority, except as otherwise provided herein or in the Agency Agreement, with respect to the affairs of the Partnership specified in this Agreement. The initial members of the Board of Directors shall be appointed by the Partners on or prior to December 26, 1988, and shall consist of three members appointed by STAR and three members appointed by CITIZEN. Each member shall hold office until he shall die, resign or be removed (with or without cause or notice) by the Partner that he represents, whereupon such Partner shall appoint such member's successor to the Board of Directors. Each member shall have one vote.

3.2 Meetings and Action of the Board of Directors.

(a) The initial meeting of the Board of Directors shall take place at such time and place as the Partners shall agree. The Board of Directors may establish meeting dates and requisite notice requirements, adopt rules of procedure it deems consistent herewith, and may meet by means of a conference telephone or similar communications equipment allowing all persons participating in the meeting to hear each other at the same time.

(b) Any member of the Board of Directors may call a meeting. Unless waived, at least five business days' notice of a meeting is required. Notice to a director shall be given to the Partner whom the director represents, and shall be given in the manner described in Section 6.1 of the Agency Agreement. If proper notice of a meeting is given to all directors or waived, the presence at any meeting, in person or by proxy, of both (i) a majority of the total authorized number of directors and (ii) a majority of directors who were appointed by STAR and a majority of directors who were appointed by CITIZEN, shall constitute a quorum for the taking of any action, subject to Section 3.3 hereof. Any member may, in writing, appoint a proxy to act on his behalf and vote in his stead at any meeting. Subject to Section 3.2(c) below, the Board of Directors shall act on all matters by an affirmative vote of both (i) a majority of directors present at any meeting in person or by proxy, and (ii) a majority of directors who were appointed by STAR and a majority of directors who were appointed by CITIZEN.

(c) Any action required or permitted to be taken by the Board of Directors may be taken without notice and without a meeting if a majority of the total authorized number of directors, including at least a majority of directors who were appointed by CITIZEN and at least a majority of directors who were appointed by STAR, consent in writing to the adoption of a resolution authorizing the action.

3.3 Actions by Partners.

(a) The Board of Directors shall have no power, without action by the Partners themselves, (i) to amend this Agreement; (ii) to act other than in accordance with the purposes of the Partnership as set forth in Section 1.3 hereof; (iii) to admit a new partner; (iv) to merge or consolidate the Partnership with any other entity; or (v) to dissolve the Partnership.

(b) No partner shall, except as authorized by the provisions hereof, take any action or assume any obligations or liabilities on behalf of the Partnership.

(c) Nothing in this Agreement or the Agency Agreement shall in any way restrict, prohibit or impair the right of each Partner to sell or otherwise license its own news, editorial and feature content to wire services or otherwise (for the account of the Partnership) as it deems in its best interest.

(d) Any fiduciary or other duty that either Partner (or any Affiliate thereof) may owe to the other with respect to any of its businesses or operations that are allegedly in competition with those of the Agency shall be determined as if the legal relationship between the Partners were that which existed under the Previous operating Agreement, and without regard to any subsequent agreement between the parties other than the express contractual provisions under this Agreement or the Agency Agreement. For purposes of this Section 3.3(d), "Previous Operating Agreement" means that certain Operating Agreement dated March 28, 1940, as amended by agreements dated June 15, 1953 and October 14, 1970.

3.4 President and Other Officers. The Agency shall have a President and such other officers as the Board of Directors may from time to time determine. Officers shall serve for a one-year term unless they earlier die, resign or are removed. Any officer may be removed by the Board of Directors with or without cause or notice. Subject to the Agency Agreement, this Agreement and the determinations of the Board of Directors, the President shall have full day-to-day operating authority, control and management of the business and affairs of the Agency, and any other officers of the Agency shall have such authority as is from time to time determined by the Board of Directors.

The President and such other officers shall act in accordance with the decisions of the Board of Directors and shall have no authority to take any action requiring prior Board of Directors approval without first obtaining the approval of the Board of Directors.

3.5 Indemnification.

(a) The Partnership shall indemnify any person made, or threatened to be made, a party to an action or proceeding, whether brought by a Partner or Affiliate of a Partner or any other person, whether civil or criminal, including an action by or in the right of any other corporation of any type or kind, domestic or foreign, or any partnership, joint venture, trust, employee benefit plan or other enterprise, which any member of the Board of Directors or officer of the Partnership served in any capacity at the request of the Partnership, by reason of the fact that he, his testator or intestate, is or was a member of the Board of Directors or an officer of the Partnership, or served such other corporation, partnership, joint venture, trust, employee benefit plan or other enterprise in any capacity, against judgments, fines, amounts paid in settlement and reasonable expenses, including attorneys' fees actually and

necessarily incurred as a result of such action or proceeding, or any appeal therein, if such member of the Board of Directors or officer acted, in good faith, for a purpose which he reasonably believed to be in, or, in the case of service for any other corporation or any partnership, joint venture, trust, employee benefit plan or other enterprise, not opposed to, the best interests of the Partnership and, in criminal actions or proceedings, in addition, had no reasonable cause to believe that his conduct was unlawful.

(b) The termination of any such civil or criminal action or proceeding by judgment, settlement, conviction or upon a plea of nolo contendere, or its equivalent, shall not in itself create a presumption that any such member of the Board of Directors or officer did not act, in good faith, for a purpose which he reasonably believed to be in, or, in the case of service for any other corporation or any partnership, joint venture, trust, employee benefit plan or other enterprise, not opposed to, the best interest of the Partnership or that he had reasonable cause to believe that his conduct was unlawful.

(c) For the purpose of this Section 3.5, the Partnership shall be deemed to have requested a person to serve an employee benefit plan where the performance by such person of his duties to the Partnership also imposes duties on, or otherwise involves services by, such person to the plan or participants or beneficiaries of the plan; excise taxes assessed on a person with respect to an employee benefit plan pursuant to applicable law shall be considered fines; and action taken or omitted by a person with respect to an employee benefit plan in the performance of such person's duties for a purpose reasonably believed by such person to be in the interest of the participants and beneficiaries of the plan shall be deemed to be a purpose which is not opposed to the best interests of the Partnership.

(d) Indemnification under this Section 3.5 shall be made by the Partnership in any specific case only:

(i) if the beneficiary thereof shall have prevailed in an action or proceeding brought against him or shall have been found to have acted in compliance with the applicable standard of conduct set forth in this Section 3.5; or,

(ii) by the Board of Directors upon the opinion in writing of independent legal counsel that indemnification is proper in the circumstances because the applicable standard of conduct set

forth in this Section 3.5 has been met by such member or officer.

(e) The Partnership shall have the power, but shall not be obligated, to purchase and maintain insurance:

(i) to indemnify the Partnership for any obligation which it incurs as a result of the indemnification of the Board of Directors and officers under the provisions of this Section 3.5;

(ii) to indemnify such members and officers in instances in which they may be indemnified by the Partnership under the provisions of this Section 3.5; and

(iii) to indemnify such members and officers in instances in which they may not otherwise be indemnified by the Partnership under the provision of this Section 3.5.

4. TRANSFER OF PARTNERSHIP INTERESTS.

4.1 Prohibited Transfers. Except as expressly permitted by Section 4.2 hereof, neither Partner may transfer any of its right, title or interest in or to its Partnership Interest, in whole or in part. No attempted transfer of any Partnership Interest in violation of any provision of this Agreement or of the Agency Agreement shall be effective to pass any right, title or interest therein, but shall instead be null, void and of no effect.

4.2 Transfer to Affiliate. Subject to Section 4.3 hereof, a Partner (the "Transferor Partner") may transfer its entire Partnership Interest to any Affiliate of the Transferor Partner or to another transferee in accordance with the express provisions of Section 5.5 of the Agency Agreement. As used in this Agreement, an "Affiliate" of a party is any corporation or entity that directly or indirectly wholly owns such party, is directly or indirectly wholly-owned by such party, or is directly or indirectly wholly-owned by any other Affiliate of such party.

4.3 Conditions to Transfer. Any transfer made under Section 4.2 hereof is subject to satisfaction of the following conditions:

(a) the transferee shall be admitted as a Partner of the Partnership and the Partners shall cause this Agreement to be amended accordingly;

(b) the transferee shall in writing assume and agree to perform all of its duties and obligations as a Partner under this Agreement and under the Agency Agreement; and

(c) the Transferor Partner (and any Affiliate that directly or indirectly wholly owns the Transferor Partner) shall agree fully to indemnify on an after tax basis the other Partner against any adverse tax consequences to the other Partner that may result from any termination of the Partnership for tax purposes on account of such transfer.

5. DISSOLUTION AND TERMINATION OF THE PARTNERSHIP.

5.1 Dissolution of the Partnership. The Partnership shall continue until dissolved as herein provided. Except as provided in Section 4.2 hereof or in Section 5.2 of the Agency Agreement, no Partner shall cause the Partnership to be dissolved without the prior written consent of the other Partner. Upon dissolution of the Partnership, the provisions of Section 5.2, 5.3 and 5.4 of the Agency Agreement shall apply, as the case may be.

6. MISCELLANEOUS.

6.1 Amendments and Waivers. This Agreement may not be amended, modified, terminated, rescinded, or cancelled, except by a writing signed by both of the Partners. The observance of any term of this Agreement may be waived (either generally or in a particular instance and either retroactively or prospectively) by a writing signed by the Partner against which such waiver is to be asserted.

6.2 Specific Performance. In addition to any other remedies the Partners may have, each Partner shall have the right to enforce the provisions of this Agreement through injunctive relief or by a decree or decrees of specific performance.

6.3 Severability. If any provision of this Agreement or the application thereof to any person or circumstance shall to any extent be held in any proceeding to be invalid or unenforceable, the remainder of this Agreement, or the application of such provision to persons or circumstances other than those to which it was held to be invalid or unenforceable, shall not be affected thereby, and shall be valid and be enforceable to the fullest extent permitted by law, but only if and to the extent such enforcement would not materially and

adversely frustrate the Partners' essential purposes and intent as expressed herein and in the Agency Agreement.

6.4 No Waiver. No delay on the part of any Partner in exercising any right, power or privilege hereunder shall operate as a waiver thereof, nor shall any waiver on the part of any Partner of any right, power or privilege hereunder preclude any other or further exercise thereof or the exercise of any other right, power or privilege hereunder.

6.5 Headings. The section headings herein are intended only for convenience and do no constitute a part of this Agreement and shall not be considered in the interpretation of this Agreement or any of its provisions.

6.6 Variation of Pronouns. All pronouns and all variations thereof shall be deemed to refer to the masculine, feminine or neuter, singular or plural, as the identity or identities of the antecedent person or persons may require.

6.7 Counterparts. This Agreement may be executed in counterparts, each of which shall constitute an original and all of which, when taken together, shall constitute one agreement, and any party hereto may execute this Agreement by signing one or more counterparts hereof. This Agreement shall become effective when counterparts hereof duly executed by each Partner have been delivered to each Partner.

6.8 Binding Effect; No Third-Party Beneficiaries. This Agreement shall be binding upon and shall inure to the benefit of the Partners and their respective permitted successors and assigns. Nothing in the Agreement, expressed or implied, shall give to anyone other than the Partners and their respective permitted successors and assigns and the Partnership any benefit, or any legal or equitable right, remedy or claim, under or in respect of this Agreement.

6.9 Governing Law. This Agreement shall be governed by, construed and enforced in accordance with the internal laws of the State of Arizona, without giving effect to conflict of laws principles.

6.10 Priority of Interpretation. If any provision of this Agreement conflicts with any provision in the Agency Agreement, the provision in the Agency Agreement shall control.

6.11 Notices. Each notice or other communication given pursuant to this Agreement shall be given as provided in Section 6.1 of the Agency Agreement.

IN WITNESS WHEREOF, each of the parties hereto has caused this Agreement to be duly executed as of the date first above written.

STAR PUBLISHING COMPANY

By: _____
Name:
Title:

CITIZEN PUBLISHING COMPANY

By: _____
Name:
Title:

EXHIBIT B

LICENSE AGREEMENT (Star)

THIS LICENSE AGREEMENT (the "License Agreement") is made as of the 26th day of December, 1988, by and between STAR PUBLISHING COMPANY, an Arizona corporation ("Licensor") and TNI PARTNERS, an Arizona partnership ("Licensee").

WHEREAS, Licensor and CITIZEN PUBLISHING COMPANY, an Arizona corporation, have entered into an Amended and Restated Joint Operating Agreement dated as of December 22, 1988 (the "Contract"), and have formed the Licensee under a Partnership Agreement (the "Partnership Agreement"), for the purpose of establishing a joint operating arrangement to publish The Arizona Daily Star, owned by Licensor, and the Tucson Citizen owned by Citizen Publishing Company, all on the terms set forth in the Contract; and

WHEREAS, the Contract provides that Licensor shall grant to Licensee a license as hereinafter provided;

NOW, THEREFORE, in consideration of the premises and the covenants and agreements herein contained, the parties agree as follows:

1. Grant of License. Licensor hereby grants Licensee a royalty-free license and right (which license and right shall be exclusive against all persons and entities, except for Licensor and its Affiliates, as that term is defined in the Partnership Agreement, subject to the provisions of Section 3 herein) to use (i) the whole or any part of the name, title, and masthead of The Arizona Daily Star and all intangible rights and privileges of whatever kind belonging to or incidental thereto, including any and all copyrights and trademarks relating thereto and any and all copyrights, and the right to renew the same, on issues of The Arizona Daily Star published before, on or after the date hereof, and the right to reprint all or any part thereof (collectively the "Names"); (ii) all lists relating to subscriptions, bulk sales, circulation, dealers and sub-dealers of The Arizona Daily Star, together with all records and other lists relating to or concerning the following: routes, daily draws by editions, distribution, delivery, sales, subscriptions and returns of The Arizona Daily Star in any territory, all lists of dealers and agencies served by all distribution methods in the City of Tucson, its metropolitan areas and in all cities and towns served by The Arizona Daily Star, including a list of dealer and agency deposits, if any; and (iii) lists of all advertisers and advertising contracts relating to The Arizona Daily Star and related advertiser information, including dates of contracts, names and addresses of advertisers, space contracted

for, frequency of insertions, rates per line, expiration dates and any special conditions, records requirements or publication orders with advertisers with the dates thereof, and any special agreements or commitments with advertisers, as well as lists of all insertion orders (the items in clauses (ii) and (iii) are collectively referred to as the "Intangibles").

2. Term. The term of this License shall remain in effect for so long as and only for so long as the Contract remains in effect.

3. Use by Licensor. Licensor shall maintain quality control of the manner in which the Names are used by Licensee, all as provided in the Contract. Neither Licensor, Pulitzer Publishing Company nor any of their respective Affiliates shall use any of the Names or the Intangibles in connection with the printing or distribution of a daily newspaper, the dissemination of news or editorial information, or the sale or dissemination of advertising, in each case in the Tucson, Arizona metropolitan area, or otherwise in competition with the activities of the Licensee contemplated or permitted by the Contract. Notwithstanding the foregoing, Licensor, Pulitzer Publishing Company, and their respective Affiliates may engage in those activities described in the last sentence of Section 3.3(c) of the Partnership Agreement.

4. Default. If, for a period of six consecutive months, Licensee uses neither the Names nor the Intangibles, or if Licensee becomes insolvent, or if Licensee initiates proceedings in any court under any bankruptcy, reorganization or similar law or for the appointment of a trustee or receiver of Licensee's property, or if Licensee is adjudicated a bankrupt or debtor under any bankruptcy, reorganization or similar law, or if there shall be a default in the performance of any agreement herein contained on the part of Licensee and such default remains uncured for more than 180 days after written notice of such default is given by Licensor, this License Agreement (if Licensor so elects by written notice to Licensee) shall thereupon become null and void, and Licensee shall have no further right to use of the Names or the Intangibles.

5. Assignment. Licensee shall not, without Licensor's prior written consent, which consent shall not be unreasonably withheld, assign, directly or indirectly, its rights hereunder, except that no such consent shall be required if such assignment is made pursuant to Section 5.3 of the Contract.

6. Indemnification. Licensor agrees to indemnify and hold Licensee and its officers, agents and employees harmless from and against any and all claims, actions, liabilities, losses, damages, costs and expenses including reasonable attorneys' fees, arising out of any claim that Licensor did not have the right and power to enter into and perform this License Agreement and to license the Names and the Intangibles to Licensee as provided in this License Agreement without infringing the rights of any third party. Licensor shall have the right to defend any such claim or action at Licensor's own expense with counsel of its selection, in which event Licensee shall have the right at its expense to participate in such defense with counsel of its own selection. Licensee shall notify Licensor promptly of any adverse use or infringement of the use of the Names by any third parties and assist Licensor in all reasonable ways in the protection thereof. Subject to the first sentence of this Section 6, Licensor shall not be liable to Licensee for any loss or liability suffered by Licensee by reason of Licensee's use of the Names or the Intangibles or by reason of any infringement thereof by any third parties unless caused by Licensor.

7. Waivers. No assent, express or implied, by either party hereto, to any breach of any of the other party's covenants or agreements shall be deemed or taken to be a waiver of any succeeding breach of the same covenant or agreement.

8. Notices. Each notice or other communication given hereunder shall be deemed to have been duly given when hand delivered or five days after being deposited in the U.S. mail, certified, postage prepaid, return receipt requested, addressed as follows (or to such other address as may be given by either party hereto to the other party:

Licensor:

Star Publishing Company
4850 South Park Avenue
Tucson, Arizona 85726
Attention: Vice President and Business Manager

With a copy to:

Pulitzer Publishing Company
900 North Tucker Boulevard
St. Louis, Missouri 63102
Attention: Senior Vice President - Newspaper Operations

Licensee:

TNI Partners
4850 South Park Avenue
Tucson, Arizona 85726
Attention: Vice President and Business Manager

With copies to:

Citizen Publishing Company
4850 South Park Avenue
Tucson, Arizona 85726
Attention: Publisher

Pulitzer Publishing Company
900 North Tucker Boulevard
St. Louis, Missouri 63101
Attention: Senior Vice President-Newspaper Operations

Gannett Co., Inc.
1100 Wilson Boulevard
Arlington, Virginia 22206
Attention: Chief Financial Officer

9. Law Governing. This License Agreement shall be governed by, construed, and enforced in accordance with the internal laws of the State of Arizona, without giving effect to conflicts of laws principles.

10. Counterparts. This License Agreement may be executed in counterparts, each of which shall constitute an original and all of which, when taken together, shall constitute one agreement, and any party hereto may execute this License Agreement by signing one or more counterparts hereof.

IN WITNESS WHEREOF, the parties hereto have executed this License Agreement as of the day and year first above written.

STAR PUBLISHING COMPANY

By: _____

Title: _____

TNI PARTNERS

By: Citizen Publishing Company,
General Partner

By: _____

Title: _____

By: Star Publishing Company,
General Partner

By: _____

Title: _____

EXHIBIT C

LICENSE AGREEMENT (Citizen)

THIS LICENSE AGREEMENT (the "License Agreement") is made as of the 26th day of December, 1988, by and between CITIZEN PUBLISHING COMPANY, an Arizona corporation ("Licensor") and TNI PARTNERS, an Arizona partnership ("Licensee").

WHEREAS, Licensor and STAR PUBLISHING COMPANY, an Arizona corporation ("STAR"), have entered into an Amended and Restated Joint Operating Agreement dated as of December 22, 1988 (the "Contract"), and have formed the Licensee under a Partnership Agreement (the "Partnership Agreement"), for the purpose of establishing a joint operating arrangement to publish The Arizona Daily Star, owned by Star Publishing Company and the Tucson Citizen owned by Licensor, all on the terms set forth in the Contract; and

WHEREAS, the Contract provides that Licensor shall grant to Licensee a license as hereinafter provided;

NOW, THEREFORE, in consideration of the premises and the covenants and agreements herein contained, the parties agree as follows:

1. Grant of License. Licensor hereby grants Licensee a royalty-free license and right (which license and right shall be exclusive against all persons and entities, except for Licensor and its Affiliates, as that term is defined in the Partnership Agreement, subject to the provisions of Section 3 herein) to use (i) the whole or any part of the name, title, and masthead of the Tucson Citizen and all intangible rights and privileges of whatever kind belonging to or incidental thereto, including any and all copyrights and trademarks relating thereto and any and all copyrights, and the right to renew the same, on issues of the Tucson Citizen published before, on or after the date hereof, and the right to reprint all or any part thereof (collectively the "Names"); (ii) all lists relating to subscriptions, bulk sales, circulation, dealers and sub-dealers of the Tucson Citizen, together with all records and other lists relating to or concerning the following: routes, daily draws by editions, distribution, delivery, sales, subscriptions and returns of the Tucson Citizen in any territory, all lists of dealers and agencies served by all distribution methods in the City of Tucson, its metropolitan areas and in all cities and towns served by the Tucson Citizen, including a list of dealer and agency deposits, if any; and (iii) lists of all advertisers and advertising contracts relating to the Tucson Citizen and related advertiser information, including dates of contracts, names and addresses of advertisers, space contracted for,

frequency of insertions, rates per line, expiration dates and any special conditions, records requirements or publication orders with advertisers with the dates thereof, and any special agreements or commitments with advertisers, as well as lists of all insertion orders (the items in clauses (ii) and (iii) are collectively referred to as the "Intangibles").

2. Term. The term of this License shall remain in effect for so long as and only for so long as the Contract remains in effect.

3. Use by Licensor. Licensor shall maintain quality control of the manner in which the Names are used by Licensee, all as provided in the Contract. Neither Licensor, Gannett Co., Inc. nor any of their respective Affiliates shall use any of the Names or the Intangibles in connection with the printing or distribution of a daily newspaper, the dissemination of news or editorial information, or the sale or dissemination of advertising, in each case in the Tucson, Arizona metropolitan area, or otherwise in competition with the activities of the Licensee contemplated or permitted by the Contract. Notwithstanding the foregoing, Licensor, Gannett Co. Inc., and their respective Affiliates may engage in those activities described in the last sentence of Section 3.3(c) of the Partnership Agreement.

4. Default. If, for a period of six consecutive months, Licensee uses neither the Names nor the Intangibles, or if Licensee becomes insolvent, or if Licensee initiates proceedings in any court under any bankruptcy, reorganization or similar law or for the appointment of a trustee or receiver of Licensee's property, or if Licensee is adjudicated a bankrupt or debtor under any bankruptcy, reorganization or similar law, or if there shall be a default in the performance of any agreement herein contained on the part of Licensee and such default remains uncured for more than 180 days after written notice of such default is given by Licensor, this License Agreement (if Licensor so elects by written notice to Licensee) shall thereupon become null and void, and Licensee shall have no further right to use of the Names or the Intangibles.

5. Assignment. Licensee shall not, without Licensor's prior written consent, which consent shall not be unreasonably withheld, assign, directly or indirectly, its rights hereunder, except that no such consent shall be required if such assignment is made pursuant to Section 5.3 of the Contract.

6. Indemnification. Licensor agrees to indemnify and hold Licensee and its officers, agents and employees harmless from and against any and all claims, actions, liabilities, losses, damages, costs and expenses including reasonable attorneys' fees, arising out of any claim that Licensor did not have the right and power to enter into and perform this License Agreement and to license the Names and the Intangibles to Licensee as provided in this License Agreement without infringing the rights of any third party. Licensor shall have the right to defend any such claim or action at Licensor's own expense with counsel of its selection, in which event Licensee shall have the right at its expense to participate in such defense with counsel of its own selection. Licensee shall notify Licensor promptly of any adverse use or infringement of the use of the Names by any third parties and assist Licensor in all reasonable ways in the protection thereof. Subject to the first sentence of this Section 6, Licensor shall not be liable to Licensee for any loss or liability suffered by Licensee by reason of Licensee's use of the Names or the Intangibles or by reason of any infringement thereof by any third parties unless caused by Licensor.

7. Waivers. No assent, express or implied, by either party hereto, to any breach of any of the other party's covenants or agreements shall be deemed or taken to be a waiver of any succeeding breach of the same covenant or agreement.

8. Notices. Each notice or other communication given hereunder shall be deemed to have been duly given when hand delivered or five days after being deposited in the U.S. mail, certified, postage prepaid, return receipt requested, addressed as follows (or to such other address as may be given by either party hereto to the other party:

Licensor:

Citizen Publishing Company
4850 South Park Avenue
Tucson, Arizona 85726
Attention: Publisher

With a copy to:

Gannett Co., Inc.
1100 Wilson Boulevard
Arlington, Virginia 22206
Attention: Chief Financial Officer

Licensee:

TNI Partners
4850 South Park Avenue
Tucson, Arizona 85726
Attention: President

With copies to:

Star Publishing Company
4850 South Park Avenue
Tucson, Arizona 85726
Attention: Vice President and Business Manager

Pulitzer Publishing Company
900 North Tucker Boulevard
St. Louis, Missouri 63101
Attention: Senior Vice President-Newspaper Operations

Gannett Co., Inc.
1100 Wilson Boulevard
Arlington, Virginia 22206
Attention: Chief Financial Officer

9. Law Governing. This License Agreement shall be governed by, construed, and enforced in accordance with the internal laws of the State of Arizona, without giving effect to conflict of laws principles.

10. Counterparts. This License Agreement may be executed in counterparts, each of which shall constitute an original and all of which, when taken together, shall constitute one agreement, and any party hereto may execute this License Agreement by signing one or more counterparts hereof.

IN WITNESS WHEREOF, the parties hereto have executed this License Agreement as of the day and year first above written.

CITIZEN PUBLISHING COMPANY

By: _____

Title: _____

TNI PARTNERS

By: Citizen Publishing Company,
General Partner

By: _____

Title: _____

By: Star Publishing Company,
General Partner

By: _____

Title: _____

EXHIBIT 10.3

PARTNERSHIP AGREEMENT

PARTNERSHIP AGREEMENT, dated as of December 22, 1988, between STAR PUBLISHING COMPANY ("STAR"), an Arizona corporation, and CITIZEN PUBLISHING COMPANY ("CITIZEN"), an Arizona corporation.

1. FORMATION OF PARTNERSHIP.

1. 1 Partners. STAR and CITIZEN (individually, a "Partner" and collectively, the "Partners") hereby form a general partnership under the laws of the State of Arizona (the "Partnership") for the purposes and on the terms set forth herein.

1.2 Name and Principal Office. The name of the Partnership shall be "TNI PARTNERS", or such other name as shall be mutually agreeable to the Partners. The Partnership shall do business under the name "TNI PARTNERS" and its principal office shall be located at 4850 South Park Avenue, Tucson, Arizona 85726, or such other place as the Partners shall designate from time to time.

1.3 Purpose of Partnership. The purpose of the Partnership shall be (i) to be the Agency (as that term is defined in that certain Amended and Restated Joint Operating Agreement, dated the date hereof, between STAR and CITIZEN (the "Agency Agreement")) and to conduct all the activities, have all of the rights and powers, and perform all of the duties and obligations, of the Agency set forth in the Agency Agreement, and (ii) to do any act and thing and to enter into any contract incidental to, or necessary, proper or advisable for, the accomplishment of such purposes, to the extent permitted by law.

1.4 Commencement; Term. The Partnership shall commence on the date hereof and continue for a term ending at the close of business on June 1, 2015, and may be renewed and extended for subsequent periods of twenty-five (25) years each at the option of either STAR or CITIZEN. Unless two years' written notice is given by both STAR and CITIZEN that they desire to end this Partnership or any renewal hereof, this Partnership shall continue in force for subsequent periods of twenty-five (25) years each. Only by mutual written consent shall this Partnership Agreement or any renewal hereof be terminated.

2. PARTNERSHIP INTERESTS, CONTRIBUTIONS AND DISTRIBUTIONS.

2.1 Partnership Interests. Except as otherwise expressly provided herein or in the Agency Agreement, the

respective interests of the Partners in the assets, liabilities, profits and losses of the Partnership ("Partnership Interest") shall be as follows:

STAR:	50%
CITIZEN:	50%

Each Partner shall have at all times an interest as a tenant in partnership in the assets and properties of the Partnership equal to its Partnership Interest and neither Partner shall have any separate right, title or interest in or to any asset or property of the Partnership.

2.2 Capital Accounts and Contributions.

(a) The initial capital account of each Partner shall be the amount determined in accordance with Section 1.4 of the Agency Agreement. Subsequently, each Partner's capital account shall be (i) increased by (x) the amount of any net income of the Partnership allocable to such Partner pursuant to Section 3.2 of the Agency Agreement and (y) the amount of any cash plus the fair market value of any non-cash assets subsequently contributed by such Partner to the Partnership, and (ii) decreased by (a) the amount of any net loss of the Partnership allocable to such Partner pursuant to Section 3.2 of the Agency Agreement and (b) the amount of any cash and the fair market value of any non-cash assets distributed by the Partnership to such Partner.

(b) Each Partner shall make one or more capital contributions to the Partnership in such amounts, and upon such terms and conditions, as are provided in the Agency Agreement. No interest shall be paid by the Partnership on any capital contributed to the Partnership unless the Partners otherwise agree.

2.3 Distributions of Cash and Allocations of Taxable Income or Loss.

(a) Cash shall be distributed to each Partner at such times and in such amounts as is provided in Section 3.1 of the Agency Agreement.

(b) Net income and net loss shall be allocated to the Partners in the amounts specified in Section 3.2 of the Agency Agreement.

(c) For income tax purposes, taxable income and loss and allocations thereof to each Partner will be determined in accordance with Section 3.2 of the Agency Agreement.

2.4 Expenses Incurred Prior to the Formation of the Partnership. No expense or obligation incurred for services performed or products supplied by either Partner prior to the formation of the Partnership shall be considered to be a contribution or loan to, or made on behalf of, the Partnership, unless otherwise provided in the Agency Agreement or by agreement of the Partners.

2.5 Distribution to Partners; Funding of Losses. Cash and other property shall be distributed by or withdrawn from the Partnership, and losses of the Partnership shall be funded, on the terms and conditions (and pursuant to the procedures) set forth in the Agency Agreement.

3. MANAGEMENT OF THE PARTNERSHIP.

3.1 Board of Directors. There is hereby established a Board of Directors of the Partnership consisting of six members, or such even number of Directors as the Partners may from time to time agree upon, to have and exercise final authority, except as otherwise provided herein or in the Agency Agreement, with respect to the affairs of the Partnership specified in this Agreement. The initial members of the Board of Directors shall be appointed by the Partners on or prior to December 26, 1988, and shall consist of three members appointed by STAR and three members appointed by CITIZEN. Each member shall hold office until he shall die, resign or be removed (with or without cause or notice) by the Partner that he represents, whereupon such Partner shall appoint such member's successor to the Board of Directors. Each member shall have one vote.

3.2 Meetings and Action of the Board of Directors.

(a) The initial meeting of the Board of Directors shall take place at such time and place as the Partners shall agree. The Board of Directors may establish meeting dates and requisite notice requirements, adopt rules of procedure it deems consistent herewith, and may meet by means of a conference telephone or similar communications equipment allowing all persons participating in the meeting to hear each other at the same time.

(b) Any member of the Board of Directors may call a meeting. Unless waived, at least five business days' notice of a meeting is required. Notice to a director shall be given to the Partner whom the director represents, and shall be given in the manner described in Section 6.1 of the Agency Agreement. If proper notice of a meeting is given to all directors or waived, the presence at any meeting, in person or by proxy, of both (i) a majority of the total authorized number of directors and (ii) a majority of directors who were appointed by STAR and a majority of directors who were appointed by CITIZEN, shall constitute a quorum for the taking of any action, subject to Section 3.3 hereof. Any member may, in writing, appoint a proxy to act on his behalf and vote in his stead at any meeting. Subject to Section 3.2(c) below, the Board of Directors shall act on all matters by an affirmative vote of both (i) a majority of directors present at any meeting in person or by proxy, and (ii) a majority of directors who were appointed by STAR and a majority of directors who were appointed by CITIZEN.

(c) Any action required or permitted to be taken by the Board of Directors may be taken without notice and without a meeting if a majority of the total authorized number of directors, including at least a majority of directors who were appointed by CITIZEN and at least a majority of directors who were appointed by STAR, consent in writing to the adoption of a resolution authorizing the action.

3.3 Actions By Partners.

(a) The Board of Directors shall have no power, without action by the Partners themselves, (i) to amend this Agreement; (ii) to act other than in accordance with the purposes of the Partnership as. set forth in Section 1.3 hereof; to admit a new partner; (iv) to merge or consolidate the Partnership with any other entity; or (v) to dissolve the Partnership.

(b) No partner shall, except as authorized by the provisions hereof, take any action or assume any obligations or liabilities on behalf of the Partnership.

(c) Nothing in this Agreement or the Agency Agreement shall in any way restrict, prohibit or impair the right of each Partner to sell or otherwise license its own news, editorial and feature content to wire services or otherwise (for the account of the Partnership) as it deems in its best interest.

(d) Any fiduciary or other duty that either Partner (or any Affiliate thereof) may owe to the other with respect to any of its businesses or operations that are allegedly in competition with those of the Agency shall be determined as if the legal relationship between the Partners were that which existed under the Previous Operating Agreement, and without regard to any subsequent agreement between the parties other than the express contractual provisions under this Agreement or the Agency Agreement. For purposes of this Section 3.3(d), "Previous Operating Agreement" means that certain Operating Agreement dated March 28, 1940, as amended by agreements dated June 15, 1953 and October 14, 1970.

3 .4 President and Other Officers. The Agency shall have a President and such other officers as the Board of Directors may from time to time determine. Officers shall serve for a one-year term unless they earlier die, resign or are removed. Any officer may be removed by the Board of Directors with or without cause or notice. Subject to the Agency Agreement, this Agreement and the determinations of the Board of Directors, the President shall have full day-to-day operating authority, control and management of, the business and affairs of the Agency, and any other officers of the Agency shall have such authority as is from time to time determined by the Board of Directors.

The President and such other officers shall act in accordance with the decisions of the Board of Directors and shall have no authority to take any action requiring prior Board of Directors approval without first obtaining the approval of the Board of Directors.

3.5 Indemnification.

(a) The Partnership shall indemnify any person made, or threatened to be made, a party to an action or proceeding, whether brought by a Partner or Affiliate of a Partner or any other person, whether civil or criminal, including an action by or in the right of any other corporation of any type or kind, domestic or foreign, or any partnership, joint venture, trust, employee benefit plan or other enterprise, which any member of the Board of Directors or officer of the Partnership served in any capacity at the request of the Partnership, by reason of the fact that he, his testator or intestate, is or was a member of the Board of Directors or an officer of the Partnership, or served such other corporation, partnership, joint venture, trust, employee benefit plan or other enterprise in any capacity, against judgments, fines, amounts paid in settlement and reasonable expenses, including attorneys' fees actually and

necessarily incurred as a result of such action or proceeding, or any appeal therein, if such member of the Board of Directors or officer acted, in good faith, for a purpose which he reasonably believed to be in, or, in the case of service for any other corporation or any partnership, joint venture, trust, employee benefit plan or other enterprise, not opposed to, the best interests of the Partnership and, in criminal actions or proceedings, in addition, had no reasonable cause to believe that his conduct was unlawful.

(b) The termination of any such civil or criminal action or proceeding by judgment, settlement, conviction or upon a plea of nolo contendere, or its equivalent, shall not in itself create a presumption that any such member of the Board of Directors or officer did not act, in good faith, for a purpose which he reasonably believed to be in, or, in the case of service for any other corporation or any partnership, joint venture, trust, employee benefit plan or other enterprise, not opposed to, the best interest of the Partnership or that he had reasonable cause to believe that his conduct was unlawful.

(c) For the purpose of this Section 3.5, the Partnership shall be deemed to have requested a person to serve an employee benefit plan where the performance by such person of his duties to the Partnership also imposes duties on, or otherwise involves services by, such person to the plan or participants or beneficiaries of the plan; excise taxes assessed on a person with respect to an employee benefit plan pursuant to applicable law shall be considered fines; and action taken or omitted by a person with respect to an employee benefit plan in the performance of such person's duties for a purpose reasonably believed by such person to be in the interest of the participants and beneficiaries of the plan shall be deemed to be a purpose which is not opposed to the best interests of the Partnership.

(d) Indemnification under this Section 3.5 shall be made by the Partnership in any specific case only:

(i) if the beneficiary thereof shall have prevailed in an action or proceeding brought against him or shall have been found to have acted in compliance with the applicable standard of conduct set forth in this Section 3.5; or

(ii) by the Board of Directors upon the opinion in writing of independent legal counsel that indemnification is proper in the circumstances because the applicable standard of conduct set

forth in this Section 3.5 has been met by such member or officer.

(e) The Partnership shall have the power, but shall not be obligated, to purchase and maintain insurance:

(i) to indemnify the Partnership for any obligation which it incurs as a result of the indemnification of the Board of Directors and officers under the provisions of this Section 3.5;

(ii) to indemnify such members and officers in instances in which they may be indemnified by the Partnership under the provisions of this Section 3.5; and

(iii) to indemnify such members and officers in instances in which they may not otherwise be indemnified by the Partnership under the provision of this Section 3.5.

4. TRANSFER OF PARTNERSHIP INTERESTS.

4.1 Prohibited Transfers. Except as expressly permitted by Section 4.2 hereof, neither Partner may transfer any of its right, title or interest in or to its Partnership Interest, in whole or in part. No attempted transfer of any Partnership Interest in violation of any provision of this Agreement or of the Agency Agreement shall be effective to pass any right, title or interest therein, but shall instead be null, void and of no effect.

4.2 Transfer to Affiliate. Subject to Section 4.3 hereof, a Partner (the "Transferor Partner") may transfer its entire Partnership Interest to any Affiliate of the Transferor Partner or to another transferee in accordance with the express provisions of Section 5.5 of the Agency Agreement. As used in this Agreement, an "Affiliate" of a party is any corporation or entity that directly or indirectly wholly owns such party, is directly or indirectly wholly-owned by such party, or is directly or indirectly wholly-owned by any other Affiliate of such party.

4.3 Conditions to Transfer. Any transfer made under Section 4.2 hereof is subject to satisfaction of the following conditions:

(a) the transferee shall be admitted as a Partner of the Partnership and the Partners shall cause this Agreement to be amended accordingly;

(b) the transferee shall in writing assume and agree to perform all of its duties and obligations as a Partner under this Agreement and under the Agency Agreement; and

(c) the Transferor Partner (and any Affiliate that directly or indirectly wholly owns the Transferor Partner) shall agree fully to indemnify on an after tax basis the other Partner against any adverse tax consequences to the other Partner that may result from any termination of the Partnership for tax purposes on account of such transfer.

5. DISSOLUTION AND TERMINATION OF THE PARTNERSHIP.

5.1 Dissolution of Partnership. The Partnership shall continue until dissolved as herein provided. Except as provided in Section 4.2 hereof or in Section 5.2 of the Agency Agreement, no Partner shall cause the Partnership to be dissolved without the prior written consent of the other Partner. Upon dissolution of the Partnership, the provisions of Section 5.2, 5.3 and 5.4 of the Agency Agreement shall apply, as the case may be.

6. MISCELLANEOUS.

6.1 Amendments and Waivers. This Agreement may not be amended, modified, terminated, rescinded, or cancelled, except by a writing signed by both of the Partners. The observance of any term of this Agreement may be waived (either generally or in a particular instance and either retroactively or prospectively) by a writing signed by the Partner against which such waiver is to be asserted.

6.2 Specific Performance. In addition to any other remedies the Partners may have, each Partner shall have the right to enforce the provisions of this Agreement through injunctive relief or by a decree or decrees of specific performance.

6.3 Severability. If any provision of this Agreement or the application thereof to any person or circumstance shall to any extent be held in any proceeding to be invalid or unenforceable, the remainder of this Agreement, or the application of such provision to persons or circumstances other than those to which it was held to be invalid or unenforceable, shall not be affected thereby, and shall be valid and be enforceable to the fullest extent permitted by law, but only if and to the extent such enforcement would not materially and

adversely frustrate the Partners' essential purposes and intent as expressed herein and in the Agency Agreement.

6.4 No Waiver. No delay on the part of any Partner in exercising any right, power or privilege hereunder shall operate as a waiver thereof, nor shall any waiver on the part of any Partner of any right, power or privilege hereunder preclude any other or further exercise thereof or the exercise of any other right, power or privilege hereunder.

6.5 Headings. The section headings herein are intended only for convenience and do no constitute a part of this Agreement and shall not be considered in the interpretation of this Agreement or any of its provisions.

6.6 Variation of Pronouns. All pronouns and all variations thereof shall be deemed to refer to the masculine, feminine or neuter, singular or plural, as the identity or identities of the antecedent person or persons may require.

6.7 Counterparts. This Agreement may be executed in counterparts, each of which shall constitute an original and all of which, when taken together, shall constitute one agreement, and any party hereto may execute this Agreement by signing one or more counterparts hereof. This Agreement shall become effective when counterparts hereof duly executed by each Partner have been delivered to each Partner.

6.8 Binding Effect; No Third-Party Beneficiaries. This Agreement shall be binding upon and shall inure to the benefit of the Partners and their respective permitted successors and assigns. Nothing in the Agreement, expressed or implied, shall give to anyone other than the Partners and their respective permitted successors and assigns and the Partnership any benefit, or any legal or equitable right, remedy or claim, under or in respect of this Agreement.

6.9 Governing Law. This Agreement shall be governed by, construed and enforced in accordance with the internal laws of the State of Arizona, without giving effect to conflict of laws principles.

6.10 Priority of Interpretation. If any provision of this Agreement conflicts with any provision in the Agency Agreement, the provision in the Agency Agreement shall control.

6.11 Notices. Each notice or other communication given pursuant to this Agreement shall be given as provided in Section 6.1 of the Agency Agreement.

IN WITNESS WHEREOF, each of the parties hereto has caused this Agreement to be duly executed as of the date first above written.

STAR PUBLISHING COMPANY

By: /s/ NICHOLAS G. PENNIMAN IV
Name: **Nicholas G. Penniman IV**
Title: **Senior Vice President**

CITIZEN PUBLISHING COMPANY

By: /s/ GARY L. WATSON
Name: **Gary L. Watson**
Title: **Vice President**

EXHIBIT B

LICENSE AGREEMENT (Star)

THIS LICENSE AGREEMENT (the "License Agreement") is made as of the 26th day of December, 1988, by and between STAR PUBLISHING COMPANY, an Arizona corporation ("Licensor") and TNI PARTNERS, an Arizona partnership ("Licensee").

WHEREAS, Licensor and CITIZEN PUBLISHING COMPANY, an Arizona corporation, have entered into an Amended and Restated Joint Operating Agreement dated as of December 22, 1988 (the "Contract"), and have formed the Licensee under a Partnership Agreement (the "Partnership Agreement"), for the purpose of establishing a joint operating arrangement to publish The Arizona Daily Star, owned by Licensor, and the Tucson Citizen owned by Citizen Publishing Company, all on the terms set forth in the Contract; and

WHEREAS, the Contract provides that Licensor shall grant to Licensee a license as hereinafter provided;

NOW, THEREFORE, in consideration of the premises and the covenants and agreements herein contained, the parties agree as follows:

1. Grant of License. Licensor hereby grants Licensee a royalty-free license and right (which license and right shall be exclusive against all persons and entities, except for Licensor and its Affiliates, as that term is defined in the Partnership Agreement, subject to the provisions of Section 3 herein) to use (i) the whole or any part of the name, title, and masthead of The Arizona Daily Star and all intangible rights and privileges of whatever kind belonging to or incidental thereto, including any and all copyrights and trademarks relating thereto and any and all copyrights, and the right to renew the same, on issues of The Arizona Daily Star published before, on or after the date hereof, and the right to reprint all or any part thereof (collectively the "Names"); (ii) all lists relating to subscriptions, bulk sales, circulation, dealers and sub-dealers of The Arizona Daily Star, together with all records and other lists relating to or concerning the following: routes, daily draws by editions, distribution, delivery, sales, subscriptions and returns of The Arizona Daily Star in any territory, all lists of dealers and agencies served by all distribution methods in the City of Tucson, its metropolitan areas and in all cities and towns served by The Arizona Daily Star, including a list of dealer and agency deposits, if any; and (iii) lists of all advertisers and advertising contracts relating to The Arizona Daily Star and related advertiser information, including dates of contracts, names and addresses of advertisers, space contracted

for, frequency of insertions, rates per line, expiration dates and any special conditions, records requirements or publication orders with advertisers with the dates thereof, and any special agreements or commitments with advertisers, as well as lists of all insertion orders (the items in clauses (ii) and (iii) are collectively referred to as the "Intangibles")

2. Term. The term of this License shall remain in effect for so long as and only for so long as the Contract remains in effect.

3. Use by Licensor. Licensor shall maintain quality control of the manner in which the Names are used by Licensee, all as provided in the Contract. Neither Licensor, Pulitzer Publishing Company nor any of their respective Affiliates shall use any of the Names or the Intangibles in connection with the printing or distribution of a daily newspaper, the dissemination of news or editorial information, or the sale or dissemination of advertising, in each case in the Tucson, Arizona metropolitan area, or otherwise in competition with the activities of the Licensee contemplated or permitted by the Contract. Notwithstanding the foregoing, Licensor, Pulitzer Publishing Company, and their respective Affiliates may engage in those activities described in the last sentence of Section 3.3(c) of the Partnership Agreement.

4. Default. If, for a period of six consecutive months, Licensee uses neither the Names nor the Intangibles, or if Licensee becomes insolvent, or if Licensee initiates proceedings in any court under any bankruptcy, reorganization or similar law or for the appointment of a trustee or receiver of Licensee's property, or if Licensee is adjudicated a bankrupt or debtor under any bankruptcy, reorganization or similar law, or if there shall be a default in the performance of any agreement herein contained on the part of Licensee and such default remains uncured for more than 180 days after written notice of such default is given by Licensor, this License Agreement (if Licensor so elects by written notice to Licensee) shall thereupon become null and void, and Licensee shall have no further right to use of the Names or the Intangibles.

5. Assignment. Licensee shall not, without Licensor's prior written consent, which consent shall not be unreasonably withheld, assign, directly or indirectly, its rights hereunder, except that no such consent shall be required if such assignment is made pursuant to Section 5.3 of the Contract.

6. Indemnification. Licensor agrees to indemnify and hold Licensee and its officers, agents and employees harmless from and against any and all claims, actions, liabilities, losses, damages, costs and expenses including reasonable attorneys' fees, arising out of any claim that Licensor did not have the right and power to enter into and perform this License Agreement and to license the Names and the Intangibles to Licensee as provided in this License Agreement without infringing the rights of any third party. Licensor shall have the right to defend any such claim or action at Licensor's own expense with counsel of its selection, in which event Licensee shall have the right at its expense to participate in such defense with counsel of its own selection. Licensee shall notify Licensor promptly of any adverse use or infringement of the use of the Names by any third parties and assist Licensor in all reasonable ways in the protection thereof. Subject to the first sentence of this Section 6, Licensor shall not be liable to Licensee for any loss or liability suffered by Licensee by reason of Licensee's use of the Names or the Intangibles or by reason of any infringement thereof by any third parties unless caused by Licensor.

7. Waivers. No assent, express or implied, by either party hereto, to any breach of any of the other party's covenants or agreements shall be deemed or taken to be a waiver of any succeeding breach of the same covenant or agreement.

8. Notices. Each notice or other communication given hereunder shall be deemed to have been duly given when hand delivered or five days after being deposited in the U.S. mail, certified, postage prepaid, return receipt requested, addressed as follows (or to such other address as may be given by either party hereto to the other party:

Licensor:

Star Publishing Company
4850 South Park Avenue
Tucson, Arizona 85726
Attention: Vice President and Business Manager

With a copy to:

Pulitzer Publishing Company
900 North Tucker Boulevard
St. Louis, Missouri 63102
Attention: Senior Vice President - Newspaper Operations

Licensee:

TNI Partners
4850 South Park Avenue
Tucson, Arizona 85726
Attention: Vice President and Business Manager

With copies to:

Citizen Publishing Company
4850 South Park Avenue
Tucson, Arizona 85726
Attention: Publisher

Pulitzer Publishing Company
900 North Tucker Boulevard
St. Louis, Missouri 63101
Attention: Senior Vice President - Newspaper Operations

Gannett Co., Inc.
1100 Wilson Boulevard
Arlington, Virginia 22206
Attention: Chief Financial Officer

9. Law Governing. This License Agreement shall be governed by, construed, and enforced in accordance with the internal laws of the State of Arizona, without giving effect to conflicts of laws principles.

10. Counterparts. This License Agreement may be executed in counterparts, each of which shall constitute an original and all of which, when taken together, shall constitute one agreement, and any party hereto may execute this License Agreement by signing one or more counterparts hereof.

IN WITNESS WHEREOF, the parties hereto have executed this License Agreement as of the day and year first above written.

STAR PUBLISHING COMPANY

By: _____

Title: _____

TNI PARTNERS

By: Citizen Publishing Company,
General Partner

By: _____

Title: _____

By: Star Publishing Company,
General Partner

By: _____

Title: _____

EXHIBIT C

LICENSE AGREEMENT (Citizen)

THIS LICENSE AGREEMENT (the “License Agreement”) is made as of the 26th day of December, 1988, by and between CITIZEN PUBLISHING COMPANY, an Arizona corporation (“Licensor”) and TNI PARTNERS, an Arizona partnership (“Licensee”).

WHEREAS, Licensor and STAR PUBLISHING COMPANY, an Arizona corporation (“STAR”), have entered into an Amended and Restated Joint Operating Agreement dated as of December 22, 1988 (the “Contract”), and have formed the Licensee under a Partnership Agreement (the “Partnership Agreement”), for the purpose of establishing a joint operating arrangement to publish The Arizona Daily Star, owned by Star Publishing Company and the Tucson Citizen owned by Licensor, all on the terms set forth in the Contract; and

WHEREAS, the Contract provides that Licensor shall grant to Licensee a license as hereinafter provided;

NOW, THEREFORE, in consideration of the premises and the covenants and agreements herein contained, the parties agree as follows:

1. Grant of License. Licensor hereby grants Licensee a royalty-free license and right (which license A right shall be exclusive against all persons and entities, except for Licensor and its Affiliates, as that term is defined in the Partnership Agreement, subject to the provisions of Section 3 herein) to use (i) the whole or any part of the name, title, and masthead of the Tucson Citizen and all intangible rights and privileges of whatever kind belonging to or incidental thereto, including any and all copyrights and trademarks relating thereto and any and all copyrights, and the right to renew the same, on issues of the Tucson Citizen published before, on or after the date hereof, and the right to reprint all or any part thereof (collectively the "Names"); (ii) all lists relating to subscriptions, bulk sales, circulation, dealers and sub-dealers of the Tucson Citizen, together with all records and other lists relating to or concerning the following: routes, daily draws by editions, distribution, delivery, sales, subscriptions and returns of the Tucson Citizen in any territory, all lists of dealers and agencies served by all distribution methods in the City of Tucson, its metropolitan areas and in all cities and towns served by the Tucson Citizen, including a list of dealer and agency deposits, if any; and (iii) lists of all advertisers and advertising contracts relating to the Tucson Citizen and related advertiser information, including dates of contracts, names and addresses of advertisers, space contracted for,

frequency of insertions, rates per line expiration dates and any special conditions, records requirements or publication orders with advertisers with the dates thereof, and any special agreements or commitments with advertisers, as well as lists of all insertion orders (the items in clauses (ii) and (iii) are collectively referred to as the “Intangibles”).

2. Term. The term of this License shall remain in effect for so long as and only for so long as the Contract remains in effect.

3. Use by Licensor Licensor shall maintain quality control of the manner in which the Names are used by Licensee. all as provided in the Contract. Neither Licensor, Gannett Co., Inc. nor any of their respective Affiliates shall use any of the Names or the Intangibles in connection with the printing or distribution of a daily newspaper, the dissemination of news or editorial information, or the sale or dissemination of advertising, in each case in the Tucson, Arizona metropolitan area, or otherwise in competition with the activities of the Licensee see contemplated or permitted by the Contract. Notwithstanding the foregoing, Licensor, Gannett Co. Inc., and their respective Affiliates may engage in those activities described in the last sentence of Section 3.3(c) of the Partnership Agreement.

4. Default. If, for a period of six consecutive months, Licensee uses neither the Names nor the Intangibles, or if Licensee becomes insolvent, or if Licensee see initiates proceedings in any court under any bankruptcy, reorganization or similar law or for the appointment of a trustee or receiver of Licensee’s property, or if Licensee is adjudicated a bankrupt or debtor under any bankruptcy, reorganization or similar law, or if there shall be a default in the performance of any agreement herein contained on the part of Licensee and such default remains uncured for more than 180 days after written notice of such default is given by Licensor, this License Agreement (if Licensor so elects by written notice to Licensee) shall thereupon become null and void and Licensee shall have no further right to use of the Names or the Intangibles.

5. Assignment Licensee shall not, without Licensor’s prior written consent, which consent shall not be unreasonably withhold, assign, directly or indirectly, its rights hereunder, except that no such consent shall be required if such assignment is made pursuant to Section 5.3 of the Contract.

6. Indemnification. Licensor agrees to indemnify and hold Licensee and its officers, agents and employees harmless from and against any and all claims, actions, liabilities, losses, damages, costs and expenses including reasonable attorneys' fees, arising out of any claim that Licensor did not have the right and power to enter into and perform this License Agreement and to license the Names and the Intangibles to Licensee as provided in this License Agreement without infringing the rights of any third party. Licensor shall have the right to defend any such claim or action at Licensor's own expense with counsel of its selection, in which event Licensee shall have. the right at its expense to participate in such defense with counsel of its own selection. Licensee shall notify Licensor promptly of any adverse use or infringement of the use of the Names by any third parties and assist Licensor in all reasonable ways in the protection thereof. Subject to the first sentence of this Section 6, Licensor shall not be liable to Licensee for any loss or liability suffered by Licensee by reason of Licensee's use of the Names or the Intangibles or by reason of any infringement thereof by any third parties unless caused by Licensor.

7. Waivers. No assent, express or implied, by either party hereto, to any breach of any of the other party's covenants or agreements shall be deemed or taken to be a waiver of any succeeding breach of the same covenant or agreement.

8. Notices. Each notice or other communication given hereunder shall be deemed to have been duly given when hand delivered or five days after being deposited in the U.S. mail, certified, postage prepaid, return receipt requested, addressed as follows (or to such other address as may be given by either party hereto to the other party:

Licensor:

Citizen Publishing Company
4850 South Park Avenue
Tucson, Arizona 85726
Attention: Publisher

With a copy to:

Gannett Co., Inc.
1100 Wilson Boulevard
Arlington, Virginia 22206
Attention: Chief Financial Officer

Licensee:

TNI Partners
4850 South Park Avenue
Tucson, Arizona 85726
Attention: President

With copies to:

Star Publishing Company
4850 South Park Avenue
Tucson, Arizona 85726
Attention: Vice President and Business Manager

Pulitzer Publishing Company
900 North Tucker Boulevard
St. Louis, Missouri 63101
Attention: Senior Vice President-Newspaper Operations

Gannett Co., Inc
1100 Wilson Boulevard
Arlington, Virginia 22206
Attention: Chief Financial Officer

9. Law Governing. This License Agreement shall be governed by, construed, and enforced in accordance with the internal laws of the State of Arizona, without giving effect to conflict of laws principles.

10. Counterparts. This License Agreement may be executed in counterparts, each of which shall constitute an original and all of which, when taken together, shall constitute one agreement, and any party hereto may execute this License Agreement by signing one or more counterparts hereof.

IN WITNESS WHEREOF, the parties hereto have executed this License Agreement as of the day and year first above written.

CITIZEN PUBLISHING COMPANY

By: _____

Title: _____

TNI PARTNERS

By: Citizen Publishing Company,
General Partner

By: _____

Title: _____

By: Star Publishing Company,
General Partner

By: _____

Title: _____

EXHIBIT 10.4

JOINT VENTURE AGREEMENT

AMONG

PULITZER INC.,

PULITZER TECHNOLOGIES, INC.,

THE HERALD COMPANY, INC.

AND

ST. LOUIS POST-DISPATCH LLC

DATED AS OF May 1, 2000

TABLE OF CONTENTS

JOINT VENTURE AGREEMENT

This JOINT VENTURE AGREEMENT (the "Agreement") dated as of May 1, 2000, among PULITZER INC., a Delaware corporation ("Pulitzer"), PULITZER TECHNOLOGIES, INC., a Delaware corporation ("PTI" and together with Pulitzer, the "Pulitzer Parties"), THE HERALD COMPANY, INC. a New York corporation ("Herald"), and ST. LOUIS POST-DISPATCH LLC, a Delaware limited liability company (the "Company").

PRELIMINARY STATEMENTS

WHEREAS, on March 1, 1961 The Pulitzer Publishing Company, a Missouri corporation ("TPPC"), then publisher of the St. Louis Post-Dispatch (the "Post-Dispatch") and a predecessor of Pulitzer, and the Globe Democrat Publishing Company, a Missouri corporation ("GDPC"), then publisher of the Globe-Democrat (the "Globe-Democrat") and a predecessor of Herald, entered into a joint operating agreement relating to the operations of their respective newspapers (such agreement, as amended, modified and supplemented, the "Agency Agreement");

WHEREAS, on April 12, 1979, TPPC and GDPC amended the Agency Agreement to provide that TPPC would supervise, manage and perform all operations of the Globe-Democrat other than its separate news (including photographic) and editorial departments;

WHEREAS, on December 22, 1983, TPPC and Herald amended the Agency Agreement to provide for the sale by Herald of certain assets of the Globe-Democrat to an unrelated third party and the continuation of the rights and obligations of Herald under the Agency Agreement;

WHEREAS, the Agency Agreement then and still provides that no provision therein shall constitute the parties thereto as partners, joint venturers or an unincorporated association; and

WHEREAS, Pulitzer and Herald have determined that it would promote and be in the best interests of the Post-Dispatch to restructure its operations and their relationship by conducting the various activities of the Post-Dispatch through a limited liability company.

NOW, THEREFORE, the Pulitzer Parties, Herald and the Company agree as follows:

ARTICLE I

ORGANIZATION OF THE COMPANY

1.1 Formation of the Company. Pulitzer has caused each of the following to occur:

(a) Organization of the Company. The Company has been organized as a limited liability company under the laws of the State of Delaware.

(b) Organizational Documents. The Company's Certificate of Formation was filed with the Secretary of State of Delaware on April 12, 2000, a copy of which is set forth as Exhibit 1.1(b) hereto.

ARTICLE II

CONTRIBUTION AND ASSUMPTION

2.1 Contribution of Assets; Assumption of Liabilities. On the terms and subject to the conditions set forth herein and in the Transaction Agreements, at the Closing the parties shall take the following actions, which shall be deemed to take place simultaneously:

(a) Herald Contribution; Assumption of Liabilities. Herald shall (i) contribute, grant, convey, transfer, assign and deliver to the Company, and the Company shall accept from Herald, all right, title and interest of Herald in and to the Herald Contributed Assets, free and clear of all Encumbrances (other than Permitted Encumbrances); and (ii) assign to the Company, and the Company shall assume and agree to pay, honor, discharge and perform, the Herald Assumed Liabilities. The parties agree that the Herald Assumed Liabilities are intended to be, and the parties shall treat them as, "qualified liabilities" under Regulations Section 1.707-5(a)(6) unless different treatment is required under applicable law.

(b) Pulitzer Contribution; Assumption of Liabilities. Pulitzer shall (i) contribute, grant, convey, transfer, assign and deliver to the Company, and the Company shall accept from Pulitzer, all right, title and interest of Pulitzer in and to the Pulitzer Contributed Assets, free and clear of all Encumbrances (other than Permitted Encumbrances); and (ii) assign to the Company, and the Company shall assume and agree to pay, honor, discharge and perform, the Pulitzer Assumed Liabilities. The parties agree that the Pulitzer Assumed Liabilities are intended to be, and the parties shall treat them as, "qualified liabilities" under Regulations Section 1.707-5(a)(6) unless different treatment is required under applicable law.

(c) PTI Contribution; Assumption of Liabilities. PTI shall (i) contribute, grant, convey, transfer, assign and deliver to the Company, and the Company shall accept from PTI, all right, title and interest of PTI in and to the

PTI Contributed Assets, free and clear of all Encumbrances (other than Permitted Encumbrances); and (ii) assign to the Company, and the Company shall assume and agree to pay, honor, discharge and perform, the PTI Assumed Liabilities. The parties agree that the PTI Assumed Liabilities are intended to be, and the parties shall treat them as, "qualified liabilities" under Regulations Section 1.707-5(a)(6) unless different treatment is required under applicable law.

(d) Operating Agreement. The Pulitzer Parties and Herald shall enter into an Operating Agreement, substantially in the form of Exhibit 2.1(d) hereto, the terms of which shall govern the management and operations of the Company.

(e) Company Debt. The Company will use the proceeds of the Company Debt to fund the distribution to Herald of $306,000,000, as contemplated under Section 3.11(a) of the Operating Agreement. The parties hereto agree that the Company Debt is allocable to and shall be allocated to Herald under Regulations Sections 1.752-2 and 1.707-5(b).

(f) License Agreement. Pulitzer and the Company shall enter into a License Agreement, substantially in the form of Exhibit 2.1(f) hereto.

(g) Employee Plans. The Company shall (or, as the case may be, shall cause each Contributed Entity to) assume or become a participating employer in Employee Plans as provided in Section 2.10.

(h) Indemnity Agreement. Pulitzer and Herald shall enter into an Indemnity Agreement, substantially in the form of Exhibit 2.1(h) hereto.

(i) Non-Confidentiality Agreement. The parties hereto shall enter into a Non-Confidentiality Agreement, substantially in the form of Exhibit 2.1(i) hereto.

2.2 Closing of Transaction. The Closing of the transactions contemplated by this Agreement shall take place at the New York offices of Fulbright & Jaworski L.L.P. at 10:00 a.m. (New York time) on May 1, 2000. The date on which the Closing occurs is called the "Closing Date." The Closing shall be deemed effective at 11:59 p.m. (New York time), on April 30, 2000 (the "Effective Time"). To effect the steps set forth in Section 2.1 hereof, the parties shall execute and deliver to each other and to third parties, as appropriate, all documents reasonably necessary to effect the Closing. Without limiting the generality of the foregoing, at the Closing:

(a) Herald Deliveries. Herald shall execute and deliver:

(i) to the Company, limited warranty deeds, in form and substance reasonably acceptable to the Pulitzer Parties, transferring all Herald Owned Real Property to the Company;

(ii) to the Company, certificates of title, assignments, and all other instruments of transfer, in form and substance reasonably acceptable to the Pulitzer Parties, transferring to the Company all Herald Contributed Assets other than the Herald Real Property which is being transferred to the Company pursuant to the conveyance documents described in clause (i) above;

(iii) to the Company, such instruments of assumption and other instruments or documents, in form and substance reasonably acceptable to the Pulitzer Parties, as may be necessary to effect assignment of the Herald Assumed Liabilities to the Company;

(iv) to the Company or Pulitzer, as appropriate, a duly executed copy of each of the Transaction Agreements to which Herald is a party, including the Operating Agreement, the Herald Indemnity and the Non-Confidentiality Agreement;

(v) to the Pulitzer Parties and the Company, the opinion of Sabin, Bermant & Gould LLP, counsel to Herald, substantially in the form of Exhibit 2.2(a)(v) hereto;

(vi) to the Company, evidence reasonably satisfactory to the Pulitzer Parties that all Encumbrances, if any, other than Permitted Encumbrances on any of the Herald Contributed Assets have been released; and

(vii) to the Pulitzer Parties and/or the Company, as appropriate, such other instruments or documents, in form and substance reasonably acceptable to the Pulitzer Parties and the Company, as may be necessary to effect the Closing and the contribution of the Herald Contributed Assets in accordance with this Agreement.

(b) Pulitzer Deliveries. Pulitzer shall execute and deliver:

(i) to the Company, limited warranty deeds, in form and substance reasonably acceptable to Herald, transferring all Pulitzer Owned Real Property to the Company;

(ii) to the Company, assignments or, where necessary, subleases, in form and substance reasonably acceptable to Herald, assigning or subleasing to the Company all Pulitzer Real Property Leases;

(iii) to the Company, certificates of title, assignments, and all other instruments of transfer, in form and substance reasonably acceptable to Herald, transferring to the Company all Pulitzer Contributed Assets other than the Pulitzer Real Property which is being transferred to the Company pursuant to the conveyance documents described in clauses (i) - (ii) above;

(iv) to the Company, such instruments of assumption and other instruments or documents, in form and substance reasonably acceptable to Herald, as may be necessary to effect assignment of the Pulitzer Assumed Liabilities to the Company;

(v) to the Company or Herald, as appropriate, a duly executed copy of each of the Transaction Agreements to which Pulitzer is a party, including the Operating Agreement, the Pulitzer Guaranty, the License Agreement and the Non-Confidentiality Agreement;

(vi) to the Company and Herald, a copy of the opinion of Fulbright & Jaworski L.L.P., counsel to the Pulitzer Parties, substantially in the form of Exhibit 2.2(b)(vi) hereto;

(vii) to the Company, evidence reasonably satisfactory to Herald that all Encumbrances, if any, other than Permitted Encumbrances on any of the Pulitzer Contributed Assets have been released; and

(viii) to Herald and/or the Company, as appropriate, such other instruments or documents, in form and substance reasonably acceptable to Herald, as may be necessary to effect the Closing and the contribution of the Pulitzer Contributed Assets in accordance with this Agreement.

(c) PTI Deliveries. PTI shall execute and deliver:

(i) to the Company, certificates of title, assignments, and all other instruments of transfer, in form and substance reasonably acceptable to Herald, transferring to the Company all PTI Contributed Assets;

(ii) to the Company, such instruments of assumption and other instruments or documents, in form and substance reasonably acceptable to Herald, as may be necessary to effect assignment of the PTI Assumed Liabilities to the Company;

(iii) to the Company and Herald, a copy of the opinion of Fulbright & Jaworski L.L.P., counsel to the Pulitzer Parties, substantially in the form of Exhibit 2.2(b)(vi) hereto;

(iv) to the Company, assignments or, where necessary, subleases, in form and substance reasonably acceptable to Herald, assigning or subleasing to the Company all PTI Real Property Leases;

(v) to the Company evidence reasonably satisfactory to Herald that all Encumbrances, if any, other than Permitted Encumbrances on any of the PTI Contributed Assets have been released;

(vi) to the Company or Herald, as appropriate, a duly executed copy of each of the Transaction Agreements to which PTI is a party, including the Operating Agreement and the Non-Confidentiality Agreement; and

(vii) to Herald and/or the Company, as appropriate such other instruments or documents, in form and substance reasonably acceptable to Herald and the Company, as may be necessary to effect the Closing and the contribution of the PTI Contributed Assets in accordance with this Agreement.

(d) Deliveries by the Company. The Company shall execute and deliver:

(i) to Herald and the Pulitzer Parties, such instruments of assumption and other instruments or documents, in form and substance reasonably acceptable to Herald and the Pulitzer Parties, as may be necessary to effect the Company's assumption of the Assumed Liabilities;

(ii) to the Pulitzer Parties or Herald, as appropriate, a duly executed copy of each of the Transaction Agreements to which the Company is a party, including the Operating Agreement, the Note Agreement, the License Agreement and the Non-Confidentiality Agreement; and

(iii) to the Pulitzer Parties and Herald, as appropriate, such other instruments or documents, in form and substance reasonably acceptable to Herald and the Pulitzer Parties, as may be necessary to effect the Closing.

2.3 Retained Pulitzer Assets and Liabilities. Notwithstanding anything herein to the contrary, (i) from and after the Closing, each of Pulitzer and its Affiliates shall retain all of its direct or indirect right, title and interest in and to, and there shall be excluded from the Pulitzer Contributed Assets, the Pulitzer Retained Assets, and (ii) the Pulitzer Retained Liabilities shall not be assumed by the Company hereunder.

2.4 Retained Herald Assets and Liabilities. Notwithstanding anything herein to the contrary, (i) from and after the Closing each of Herald and its Affiliates shall retain all of its direct or indirect right, title and interest in and to, and there shall be excluded from the Herald Contributed Assets, the Herald Retained Assets, and (ii) the Herald Retained Liabilities shall not be assumed by the Company hereunder.

2.5 Retained PTI Assets and Liabilities. Notwithstanding anything herein to the contrary, (i) from and after the Closing, each of PTI and its Affiliates shall retain all of its direct or indirect right, title and interest in and to, and there shall be excluded from the PTI Contributed Assets, the PTI Retained Assets, and (ii) the PTI Retained Liabilities shall not be assumed by the Company hereunder.

2.6 Agency Adjustment.

(a) All items of income, gain, loss, deduction and credit arising from the operation and ownership of the Business for any tax period or portion thereof beginning December 27, 1999 and ending at the Effective Time shall be accounted for under and in accordance with the Agency Agreement and prior practice thereunder, treating April 30, 2000 as the end of a period for which income and loss is calculated under the Agency Agreement. Within sixty (60) Business Days following the Closing Date, Pulitzer shall pay to Herald its share of "Excess of Income over Expenses" (as defined in the Agency Agreement and prior practice thereunder), if any, for such period to the extent the amount due to Herald with respect to such period has not previously been paid, or Herald shall pay to Pulitzer its share of "Excess of Expenses over Income" (as defined in the Agency Agreement and prior practice thereunder), if any, for such period to the extent the amount due to Pulitzer with respect to such period has not previously been paid.

(b) Any payments made to or from the Company pursuant to Section 2.6(a) shall not result in any change in the value of any party's Contributed Assets (as set forth in the Operating Agreement) or any party's Capital Account or Percentage Interest (as both terms are defined in the Operating Agreement).

2.7 Transfer Taxes and Recording Fees. Each party shall be responsible for any and all taxes or fees imposed or incurred by reason of the filing or recording of any instruments necessary to effect the transfer of its Contributed Assets and Assumed Liabilities hereunder, including, without limitation, use, value- added, excise, real estate transfer, lease assignment, stamp, documentary and similar taxes and fees (the "Transfer Costs"). To the extent under applicable law the Company is responsible for filing tax returns in respect of Transfer Costs, the Company shall prepare all such tax returns. The parties shall provide such certificates and other information and otherwise cooperate to the extent reasonably required to minimize Transfer Costs.

2.8 Consents. None of the Pulitzer Parties or Herald shall have any obligation to obtain any Consent prior to the Closing. If a party has not obtained a Consent, the Closing shall not constitute a transfer, or any attempted transfer, of any Contract or asset, the transfer of which requires such Consent. Rather, following the Closing, such party shall use commercially reasonable efforts and the Company shall cooperate in such efforts, to obtain promptly such Consent or to enter into reasonable and lawful arrangements (including subleasing or subcontracting if permitted) reasonably acceptable to the other party to provide to the Company the full economic and operational benefits

and liabilities and for substantially similar time periods, as the Company would have had if such Consent had been obtained as of Closing. Once such Consent for the transfer of a Contributed Asset not transferred at the Closing is obtained, the party receiving such Consent shall promptly transfer, or cause to be transferred, such Contributed Asset to the Company for no additional consideration and without changing any party's Capital Account or Percentage Interest (as both terms are defined in the Operating Agreement).

2.9 Closing Certificates. The obligation of each of the parties hereto to consummate the transactions contemplated by this Agreement shall be subject to (i) the receipt of a certificate from each other party, executed by the President, Vice President or managing member of such other party, attesting to the fulfillment of each of the following conditions by such other party: (A) that all representations and warranties of such other party to this Agreement are true and correct in all material respects on and as of the Closing Date, with the same force and effect as though such representations and warranties were made on and as of the Closing Date and (B) that such other party has fulfilled all of its obligations under this Agreement to be performed on or prior to the Closing, and (ii) the Company's having borrowed at least $306 million on terms and conditions substantially similar to those set forth on Exhibit 2.9.

2.10 Employee Matters. Each Employee will become an employee of the Company or, where applicable, will continue to be employed by the same Contributed Entity. The Company shall (or, as the case may be, shall cause each Contributed Entity to) assume or become a participating employer under each Employee Plan with respect to each Employee who, immediately after the Closing, is an Employee of the Company or of a Contributed Entity and with respect to each former Employee who is currently receiving or who is entitled in the future to receive payments or benefits, as well as with respect to the covered dependents and beneficiaries of any such Employee or former Employee. Notwithstanding the foregoing, employees of the Company or any of the Contributed Entities may be prohibited from participating in the Pulitzer Inc. Employee Stock Purchase Plan if and to the extent that such participation would cause the plan to fail to satisfy the requirements of Section 423 of the Code.

ARTICLE III

REPRESENTATIONS AND WARRANTIES OF HERALD

Herald represents and warrants to the Pulitzer Parties, the Company and the Lenders as follows:

3.1 Organization and Qualification.

(a) Herald is a corporation duly organized, validly existing and in good standing under the laws of its state of organization as set forth on Schedule 3.1(a). Herald has all requisite corporate power and authority to own and operate the Herald Contributed Assets.

(b) Herald is duly qualified to do business and is in good standing as a foreign corporation in the jurisdictions listed on Schedule 3.1(b), which are the only jurisdictions where the ownership or operation of the Herald Contributed Assets requires such qualification, except where the failure to be so qualified would not have a Material Adverse Effect.

3.2 Corporate Authorization. Herald has full power and authority to execute and deliver this Agreement and to perform its obligations hereunder and under any agreement or contract contemplated hereby, including the Transaction Agreements to which Herald is or becomes a party. The execution, delivery and performance by Herald of this Agreement and any agreement or contract contemplated hereby, including the Transaction Agreements to which Herald is or becomes a party, have been duly and validly authorized by all necessary corporate action, and no additional corporate authorization is required in connection with the execution, delivery and performance by Herald of this Agreement and any agreement or contract contemplated hereby, including the Transaction Agreements to which Herald is or becomes a party.

3.3 Consents and Approvals. Except as specifically set forth in Schedule 3.3, no Consent is required to be obtained by Herald from, and no notice or filing is required to be given by Herald to, or made by Herald with, any Governmental Authority or other Person in connection with the execution, delivery and performance by Herald of this Agreement, each of the Transaction Agreements to which Herald is or becomes a party, any other agreement or contract contemplated hereby and the contribution to the Company of the Herald Contributed Assets, except where the failure to obtain any such Consent or Consents, give any such notice or notices or make any such filing or filings would not have a Material Adverse Effect.

3.4 Non-Contravention. Except as set forth on Schedule 3.4, the execution, delivery and performance by Herald of this Agreement and each of the Transaction Agreements to which Herald is or becomes a party, and the consummation of the transactions contemplated hereby and thereby, does not and will not (i) violate any provision of the certificate of incorporation or bylaws of Herald, (ii) subject to obtaining the Consents referred to in Section 3.3, conflict with, or result in the breach of, or constitute a default under, or result in the termination, cancellation or acceleration (whether after the filing of notice or the lapse of time or both) of any right or obligation of Herald under, or to a loss of any benefit to which Herald is entitled under, any Contract or result in the creation of any Encumbrance (other than a Permitted Encumbrance) upon the Herald Contributed Assets, or (iii) assuming compliance with the matters set forth in Section 3.3, violate, or result in a breach of or constitute a default under any Law, rule, regulation, judgment, injunction, order, decree or other restriction of any court or Governmental Authority to which Herald is subject, including any Governmental Authorization, except in each case, such matter or matters that would not have a Material Adverse Effect.

3.5 Binding Effect. This Agreement constitutes, and each of the Transaction Agreements to which Herald is or becomes a party when executed and delivered by the

parties thereto will constitute, a valid and legally binding obligation of Herald, enforceable with respect to Herald in accordance with its terms, except as the enforceability thereof may be limited or otherwise effected by bankruptcy, insolvency, reorganization, moratorium and similar laws of general applicability Relating to, or affecting, creditors rights and to general equity principles.

3.6 Entire Business; Title to Property.

(a) Except as set forth in Schedule 3.6(a), the Herald Contributed Assets and the rights specifically provided or made available to the Company under the Transaction Agreements to which Herald is or becomes a party, include all of Herald's right, title and interest in the buildings, machinery, equipment and other assets (whether tangible or intangible) utilized in connection with the operations of the Business immediately before Closing (subject to changes expressly permitted by the terms hereof to be made after the date hereof).

(b) Herald has good (and, in the case of its Owned Real Property, marketable) title to, or a valid and binding leasehold interest in, the Herald Contributed Assets, free and clear of all Encumbrances, except (i) as set forth in Schedule 3.6(b), and (ii) any Permitted Encumbrances.

3.7 Finder's Fees. There is no investment banker, financial advisor, broker or finder which has been retained by or is authorized to act on behalf of Herald which might be entitled to any fee, commission or other compensation from the Pulitzer Parties or the Company in connection with the transactions contemplated by this Agreement.

3.8 Indebtedness for Borrowed Money. There is no indebtedness for borrowed money included in the Herald Assumed Liabilities.

3.9 No Other Representations or Warranties. Except for the representations and warranties contained in this Article III, neither Herald nor any other Person makes any other express or implied representation or warranty, including warranties of merchantability or fitness for a particular purpose, on behalf of Herald.

ARTICLE IV

REPRESENTATIONS AND WARRANTIES OF THE PULITZER PARTIES

The Pulitzer Parties, jointly and severally, represent and warrant to Herald, the Company and the Lenders as follows:

4.1 Organization and Qualification. Pulitzer and PTI each is a corporation duly organized, validly existing and in good standing under the laws of the State of Delaware and has all requisite corporate power and authority to own and operate its Contributed Assets. Pulitzer and PTI each is duly qualified to do business and is in good standing as a foreign corporation in the jurisdictions respectively listed on Schedule 4.1,

which are the only jurisdictions where the ownership or operation of its Contributed Assets or the conduct of the Business requires such qualification, except where the failure to be so qualified would not have a Material Adverse Effect.

4.2 Corporate Authorization. Pulitzer and PTI each has full corporate power and authority to execute and deliver this Agreement, and to perform its obligations hereunder and under any agreement or contract contemplated hereby, including the Transaction Agreements to which Pulitzer or PTI is or becomes a party. The execution, delivery and performance by Pulitzer and PTI of this Agreement and the agreements and contracts contemplated hereby, including the Transaction Agreements to which Pulitzer or PTI is or becomes a party, have been duly and validly authorized by all necessary corporate action, and no additional corporate authorization is required in connection with the execution, delivery and performance by Pulitzer and PTI of this Agreement and the agreements and contracts contemplated hereby, including the Transaction Agreements to which Pulitzer or PTI is or becomes a party.

4.3 Consents and Approvals. Except as specifically set forth in Schedule 4.3, no Consent is required to be obtained by Pulitzer or PTI from, and no notice or filing is required to be given by Pulitzer or PTI to or made by Pulitzer or PTI with, any Governmental Authority or other Person in connection with the execution, delivery and performance by Pulitzer or PTI of this Agreement, each of the Transaction Agreements to which Pulitzer or PTI is or becomes a party, any other agreement or contract contemplated hereby and the contribution to the Company of its Contributed Assets, except where the failure to obtain any such Consent or Consents, give any such notice or notices or make any such filing or filings would not have a Material Adverse Effect.

4.4 Non-Contravention. Except as set forth on Schedule 4.4, the execution, delivery and performance by Pulitzer or PTI of this Agreement and each of the Transaction Agreements to which Pulitzer or PTI is or becomes a party, and the consummation of the transactions contemplated hereby and thereby, does not and will not (i) violate any provision of the certificate of incorporation or bylaws of Pulitzer or PTI, (ii) subject to obtaining the Consents referred to in Section 4.3, conflict with, or result in the breach of, or constitute a default under, or result in the termination, cancellation or acceleration (whether after the filing of notice or the lapse of time or both) of any right or obligation of Pulitzer or PTI under, or to a loss of any benefit to which Pulitzer or PTI is entitled under, any Contract or result in the creation of any Encumbrance (other than a Permitted Encumbrance) upon any of its Contributed Assets, or (iii) assuming compliance with the matters set forth in Section 4.3, violate, or result in a breach of or constitute a default under any Law, rule, regulation, judgment, injunction, order, decree or other restriction of any court or Governmental Authority to which Pulitzer or PTI is subject, including any Governmental Authorization, except in each case, such matter or matters that would not have a Material Adverse Effect.

4.5 Binding Effect. This Agreement constitutes, and each of the Transaction Agreements to which Pulitzer or PTI is or becomes a party when executed and delivered by the parties thereto will constitute, a valid and legally binding obligation of each of

Pulitzer and PTI (to the extent it is or becomes a party to such Transaction Agreement), enforceable with respect to Pulitzer and PTI in accordance with their respective terms, except as the enforceability thereof may be limited or otherwise effected by bankruptcy, insolvency, reorganization, moratorium and similar laws of general applicability Relating to, or affecting, creditors rights and to general equity principles.

4.6 Entire Business; Title to Property.

(a) Except as set forth in Schedule 4.6(a), the Pulitzer Contributed Assets and the PTI Contributed Assets, and the rights specifically provided or made available to the Company under the Transaction Agreements, include all of Pulitzer's and PTI's respective right, title and interest in and to all the buildings, machinery, equipment and other assets (whether tangible or intangible) utilized in connection with the operations of the Post-Dispatch and the Contributed Entities immediately before Closing (subject to changes expressly permitted by the terms hereof to be made after the date hereof); provided, however, that no representation is made as to the assignability of Government Authorizations.

(b) Pulitzer and PTI each have good (and, in the case of its Owned Real Property, marketable) title to, or a valid and binding leasehold interest in, the Pulitzer Contributed Assets and PTI Contributed Assets, as the case may be, free and clear of all Encumbrances, except (i) as set forth in Schedule 4.6(b) and (ii) any Permitted Encumbrances.

4.7 Finder's Fees. Except for Goldman, Sachs & Co. and Huntleigh Securities Corporation, whose fees, commissions or other compensation will be paid by Pulitzer, there is no investment banker, financial advisor, broker or finder which has been retained by or is authorized to act on behalf of Pulitzer or PTI which might be entitled to any fee or commission from Herald or the Company in connection with the transactions contemplated by this Agreement.

4.8 Indebtedness for Borrowed Money. Except as set forth in Schedule 4.8, there is no indebtedness for borrowed money included in the Pulitzer Assumed Liabilities or the PTI Assumed Liabilities.

4.9 Organization of Company. The Company is a limited liability company, duly organized, validly existing and in good standing under the laws of the State of Delaware.

4.10 Authorization of Company. The Company has full power and authority to execute and deliver this Agreement, and to perform its obligations hereunder and under any agreement or contract contemplated hereby, including the Transaction Agreements to which it is or becomes a party. The execution, delivery and performance by the Company of this Agreement and the agreements and contracts contemplated hereby, including the Transaction Agreements to which it is or becomes a party, have been duly and validly authorized, and no additional authorization or consent is required in connection with the execution, delivery and performance by the Company of this

Agreement and the agreements and contracts contemplated hereby, including the Transaction Agreements to which it is or becomes a party.

4.11 No Other Representations or Warranties. Except for the representations and warranties contained in this Article IV, none of Pulitzer, PTI and any other Person makes any other express or implied representation or warranty including warranties of merchantability or fitness for a particular purpose, on behalf of Pulitzer or PTI.

ARTICLE V

COVENANTS

5.1 Further Assurances. At any time after the Closing Date, Herald, the Pulitzer Parties and the Company shall promptly execute, acknowledge and deliver any other assurances or documents reasonably requested by the Company, the Pulitzer Parties or Herald, as the case may be, and necessary for them or it to satisfy their respective obligations hereunder or obtain the benefits contemplated hereby.

5.2 Records and Retention and Access. The Company shall keep and preserve in an organized and retrievable manner the Books and Records it receives from any party for at least seven years from the Closing Date.

5.3 W-2 Matters. Herald, Pulitzer and PTI agree that the Company will acquire hereunder substantially all of the property used in the Business and that in connection therewith the Company will employ individuals who immediately before the Closing Date were employed in such trade or business under the Agency Agreement or by Herald, Pulitzer or their respective Affiliates. Accordingly, pursuant to the Alternate Procedure permitted by Rev. Proc. 96-60, 1996-2 C.B. 399, provided that all necessary payroll records for the calendar year that includes the Closing Date are made available to the Company, the Company will furnish a Form W-2 to each Employee employed by the Company who had been employed by the Business or any of the Contributed Entities, disclosing all wages and other compensation paid for such calendar year, and taxes withheld therefrom.

ARTICLE VI

SURVIVAL; INDEMNIFICATION

6.1 Survival. All of the representations and warranties of Herald, Pulitzer, PTI and the Company contained in this Agreement and all claims and causes of action with respect thereto shall terminate on the second anniversary of the date hereof(the “Survival Period”). Any claim for indemnification for breach of a representation and warranty must be made during the applicable Survival Period. In the event notice (within the meaning of Section 6.3) of any claim for indemnification for a breach of a representation or warranty is given within the applicable Survival Period, an

Indemnifying Party's obligations with respect to such indemnification claim shall survive until such time as such claim is finally resolved.

6.2 Indemnification.

(a) Indemnification by Pulitzer Parties. The Pulitzer Parties shall indemnify, defend and hold harmless Herald, its Affiliates and, if applicable, their respective directors, officers, shareholders, partners, members, attorneys, accountants, agents and Employees and their heirs, successors and assigns (the "Herald Indemnified Parties") and the Company from, against and in respect of any damages, claims, losses, charges, actions, suits, proceedings, deficiencies, taxes, interest, penalties, and reasonable costs and expenses (including reasonable attorneys' fees, and expenses of investigation and ongoing monitoring) (collectively, the "Losses") imposed on, sustained, incurred or suffered by or asserted against any of the Herald Indemnified Parties or the Company, directly or indirectly, Relating to or arising out of any breach of any representation, warranty or covenant made by the Pulitzer Parties in this Agreement.

(b) Indemnification by Herald. Herald and its Affiliates shall, jointly and severally, indemnify, defend and hold harmless the Pulitzer Parties and their respective Affiliates and, if applicable, their respective directors, officers, shareholders, partners, members, lenders, attorneys, accountants, agents and Employees and their heirs, successors and assigns (the "Pulitzer Indemnified Parties") and the Company from, against and in respect and to the extent of any Losses imposed on, sustained, incurred or suffered by or asserted against each of the Pulitzer Indemnified Parties or the Company, directly or indirectly, Relating to or arising out of any breach of any representation, warranty or covenant made by Herald in this Agreement.

(c) Indemnification by the Company. The Company shall indemnify, defend and hold harmless the Pulitzer Indemnified Parties and the Herald Indemnified Parties, as the case may be, from and against and in respect and to the extent of any Losses imposed on, sustained, incurred or suffered by or asserted against either the Pulitzer Indemnified Parties or the Herald Indemnified Parties, directly or indirectly, Relating to or arising out of any breach of any representation, warranty or covenant of the Company in this Agreement.

6.3 Indemnification Procedures.

(a) Any Indemnified Person making a claim for indemnification pursuant to Section 6.2 above (an "Indemnified Party") must give the party from whom indemnification is sought (an "Indemnifying Party") notice of such claim (in a manner consistent with Section 7.1 hereof) describing such claim with reasonable particularity and the nature and amount of the Loss to the extent that the nature and amount of such Loss is known at such time (an "Indemnification Claim Notice") promptly after the Indemnified Party discovers the liability, obligations or facts giving rise to such claim for indemnification; provided that

the failure to notify or delay in notifying an Indemnifying Party will not relieve the Indemnifying Party of its obligations pursuant to Section 6.2 except to the extent that (and only to the extent that) such failure shall have (i) caused or materially increased the Indemnifying Party's liability, (ii) resulted in the forfeiture by the Indemnifying Party of substantial rights and defenses or (iii) otherwise materially prejudiced the Indemnifying Party.

(b) The Indemnifying Party shall have 60 days from the date the Indemnification Claim Notice is deemed given pursuant to Section 7.1 hereof (the "Notice Period") to notify the Indemnified Party (i) whether or not the Indemnifying Party disputes the liability of the Indemnifying Party to the Indemnified Party with respect to such claim or demand and (ii) whether or not it desires to defend the Indemnified Party against such claim or demand. If the Indemnifying Party elects to defend any such claim or demand, the Indemnifying Party shall have the sole power to direct and control such defense. If any Indemnified Party desires to participate in any such defense, it may do so at its sole cost and expense.

6.4 Characterization of Indemnification Payments. (i) To the extent the Company is an Indemnified Party, any payments to the Company pursuant to this Article VI shall not result in an adjustment to any party's Capital Account or Percentage Interest in the Company (each as defined in the Operating Agreement), and (ii) all amounts paid to the Pulitzer Parties or Herald, as the case may be, under this Article VI shall not be treated as adjustments to the amount contributed to the Company by the Pulitzer Parties or Herald, pursuant to Section 2.1 hereof.

ARTICLE VII

MISCELLANEOUS

7.1 Notices. All notices and other communications required or permitted by this Agreement shall be in writing and shall be delivered by personal delivery, by nationally recognized overnight carrier service, by facsimile, by first class mail or by certified or registered mail, return receipt requested, addressed to the party for whom it is intended at its address below, or such other address as may be designated in writing hereafter by such Person. Notices shall be deemed given one day after when sent, if sent by overnight courier; when delivered and receipted for, if hand delivered; when received, if sent by facsimile or other electronic means or by first class mail; or when receipted for (or upon the date of attempted delivery when delivery is refused or unclaimed), if sent by certified or registered mail, return receipt requested.

To Pulitzer or PTI:

PULITZER INC.
900 North Tucker Blvd.
St. Louis, MO 63101
Attn: Ronald H. Ridgway
Facsimile: (314) 340-3133

With a copy to:	Richard A. Palmer, Esq. Fulbright & Jaworski L.L.P. 666 Fifth Avenue New York, New York 10103 Facsimile: 212-318-3400
To Herald:	THE HERALD COMPANY, INC. c/o Newark Morning Ledger Co. Star-Ledger Plaza Newark, New Jersey 07102 Attn: Donald E. Newhouse Facsimile: 973-621-2604
With a copy to:	Craig D. Holleman, Esq. Sabin, Bermant & Gould LLP 4 Times Square - 23rd Floor New York, New York 10036 Facsimile: 212-381-7226
To the Company:	ST. LOUIS POST-DISPATCH LLC 900 North Tucker Blvd. St. Louis, MO 63101 Attn: Ronald H. Ridgway Facsimile: (314) 340-3133
With a copy to:	Richard A. Palmer, Esq. Fulbright & Jaworski L.L.P. 666 Fifth Avenue New York, New York 10103 Facsimile: 212-318-3400

7.2 Amendment; Waiver. Any provision of this Agreement may be amended or waived if, and only if, such amendment or waiver is in writing and signed, in the case of an amendment, by each of the parties hereto, or in the case of a waiver, by the party against whom the waiver is to be effective. No failure or delay by any party in exercising any right, power or privilege hereunder shall operate as a waiver thereof nor shall any single or partial exercise thereof preclude any other or further exercise thereof or the exercise of any other right, power or privilege. The rights and remedies herein provided shall be cumulative and not exclusive of any rights or remedies provided by Law.

7.3 Assignment. No party to this Agreement may assign any of its rights or obligations under this Agreement without the prior written consent of the other parties hereto (which consent shall not be unreasonably withheld), except that (i) Pulitzer may collaterally assign its rights and obligations under this Agreement to a lender as security for the Company Debt and (ii) following Closing, Pulitzer, PTI and Herald may assign their respective rights, but not their obligations, to any Person to whom Pulitzer, PTI or

Herald may transfer their Interests (as defined in the Operating Agreement) if permitted under the Operating Agreement.

7.4 Entire Agreement. This Agreement (including the Preliminary Statements, all Schedules and Exhibits hereto and the Transaction Agreements) contains the entire agreement between the parties hereto with respect to the subject matter hereof and supersedes all prior agreements and understandings, oral or written, with respect to such matters; provided, however, that, notwithstanding anything to the contrary in this Agreement or any of the Transaction Agreements, the Agency Agreement shall apply and shall have full force and effect with respect to all costs or expenses Relating to or arising from the operations of the Business for any period or portion thereof through and including the Effective Time, including all liabilities with respect to all actions, suits, proceedings, disputes, claims or investigations Relating to or arising from the operations of the Business on or before the Effective Time.

7.5 Fulfillment of Obligations. Any obligation of any party to any other party under this Agreement or any of the Transaction Agreements, which obligation is performed, satisfied or fulfilled by an Affiliate of such party, shall be deemed to have been performed, satisfied or fulfilled by such party.

7.6 Parties in Interest. This Agreement shall inure to the benefit of and be binding upon the parties hereto and their respective successors and permitted assigns. Except with respect to the Lenders in the case of Articles III and IV, nothing in this Agreement, express or implied, is intended to confer upon any Person other than Pulitzer, PTI, Herald, the Company and their respective successors or permitted assigns, any rights or remedies under or by reason of this Agreement.

7.7 Expenses. Except as otherwise expressly provided in this Agreement whether or not the transactions contemplated by this Agreement are consummated, all costs and expenses incurred in connection with this Agreement and the transactions contemplated hereby shall be borne by the party incurring such expenses.

7.8 Schedules. The disclosure of any matter in any Disclosure Schedule shall not be deemed to constitute an admission by the Pulitzer Parties or Herald or to otherwise imply that any such matter is material for the purposes of this Agreement.

7.9 Bulk Transfer Laws. The parties acknowledge that none of them has taken, and none of them intends to take, any action required to comply with applicable bulk transfer laws or similar laws, if any.

7.10 Governing Law; Submission to Jurisdiction; Selection of Forum. This Agreement shall be governed by, and construed in accordance with, the laws of the State of Delaware. Each party hereto agrees that it shall bring any action or proceeding in respect of any claim arising out of or Related to this Agreement or the transactions contained in or contemplated by this Agreement, whether in tort or contract or at law or in equity, exclusively in the United States District Court or the state court sitting in New Castle County, Delaware (the “Chosen Court”) and (i) irrevocably submits to the

exclusive jurisdiction of the Chosen Court, (ii) waives any objection to laying venue in any such action or proceeding in the Chosen Court, (iii) waives any objection that the Chosen Courts are an inconvenient forum or do not have jurisdiction over any party hereto, and (iv) agrees that service of process upon such party in any such action or proceeding shall be effective if notice is given in accordance with Section 7.1 of this Agreement.

7.11 Counterparts. This Agreement may be executed in one or more counterparts, each of which shall be deemed an original, and all of which shall constitute one and the same Agreement.

7.12 Headings. The heading references herein and the table of contents hereto are for convenience purposes only, do not constitute a part of this Agreement and shall not be deemed to limit or affect any of the provisions hereof.

7.13 Severability. The provisions of this Agreement shall be deemed severable and the invalidity or unenforceability of any provision shall not affect the validity or enforceability of the other provisions hereof. If any provision of this Agreement, or the application thereof to any Person or any circumstance, is invalid or unenforceable, (i) a suitable and equitable provision shall be substituted therefor in order to carry out, so far as may be valid and enforceable, the intent and purpose of such invalid or unenforceable provision and (ii) the remainder of this Agreement and the application of such provision to other Persons or circumstances shall not be affected by such invalidity or unenforceability, nor shall such invalidity or unenforceability affect the validity or enforceability of such provision, or the application thereof, in any other jurisdiction. If Herald, the Pulitzer Parties and the Company are unable to agree on the substitution of a provision pursuant to clause (i) above, the dispute shall be submitted to binding arbitration in accordance with the rules of the American Arbitration Association.

7.14 Injunctive Relief. The parties hereto acknowledge and agree that in the event of breach or non-compliance with any of the provisions of this Agreement monetary damages shall not constitute a sufficient remedy. Consequently, in the event of such a breach, Pulitzer, PTI, the Company or Herald, as the aggrieved party shall be entitled to injunctive or other equitable relief, including specific performance, in order to enforce or prevent any violation of such provisions, in addition to any other rights or remedies to which it may be entitled at law or otherwise.

ARTICLE VIII

DEFINITIONS AND TERMS

8.1 Specific Definitions. As used in this Agreement, the following terms shall have the meanings set forth or as referenced below:

8.1.1 “Affiliate” of a Person shall mean any Person directly or indirectly controlling, controlled by or under direct or indirect common control with such Person as

of the date on which, or at any time during the period for which, the determination of affiliation is being made. For the purpose of this definition, "control" means (i) the direct or indirect ownership or control of more than 50% of the voting stock or other voting interest in any Person, or (ii) the ability to direct or cause the direction of the management or affairs of a Person, whether through the direct or indirect ownership of voting interests, by contract or otherwise.

8.1.2 "Agency Agreement" shall have the meaning set forth in the preamble to this Agreement.

8.1.3 "Agreement" shall mean this Agreement (including the Preliminary Statements set forth above and all Schedules and Exhibits), as the same may be amended or supplemented from time to time in accordance with the terms hereof.

8.1.4 "Assumed Liabilities" shall mean all debts, liabilities, commitments, or obligations whatsoever, other than Retained Liabilities, Related to the Business or Related to any of Herald's, PTI's or Pulitzer's Contributed Assets, whether arising before or after the Closing and whether known or unknown, fixed or contingent, including the following:

(i) all debts, liabilities, obligations or commitments Related to or arising under the Contracts to the extent such Contracts are assigned to the Company, including the Real Estate Leases, and the Employee Plans with respect to Employees, former Employees or their covered dependents and beneficiaries;

(ii) all debts, liabilities, obligations or commitments Related to the Real Property;

(iii) the current liabilities of the Business, including trade accounts payable, current lease obligations, salaries, wages and commissions, and workers compensation obligations;

(iv) all liabilities under environmental Laws Related to the ownership, operation or conduct of the Business or the Real Property; and

(v) subject to Section 7.4, all liabilities with respect to all actions, suits, proceedings, disputes, claims or investigations Related to the Business or that otherwise are Related to the Contributed Assets, at law, in equity or otherwise.

8.1.5 "Books And Records" shall mean originals or true and correct copies of all lists, files, data and databases and documents Relating to customers, suppliers and products of the Business, the Contributed Assets, or the Assumed Liabilities, all personnel records or files regarding any Employee of the Business or the Contributed Entities, and all general ledgers and underlying books of original entry and other financial records of the Business, except to the extent included in the Retained Assets.

8.1.6 “Business” shall mean the assets, operations and activities of the Post-Dispatch and the Contributed Entities.

8.1.7 “Business Day” shall mean a day, other than a Saturday or Sunday, on which banks generally are open in New York, New York, St. Louis, Missouri and Wilmington, Delaware for a full range of business.

8.1.8 “Chosen Court” shall have the meaning set forth in Section 7.10.

8.1.9 “Closing” shall mean the closing of the transactions contemplated by this Agreement.

8.1.10 “Closing Date” shall have the meaning set forth in Section 2.2.

8.1.11 “Code” shall mean the Internal Revenue Code of 1986, as amended.

8.1.12 “Company” shall have the meaning set forth in the preamble to this Agreement.

8.1.13 “Company Debt” shall mean the loan in the aggregate principal amount of $306 million to the Company pursuant to the Note Agreement.

8.1.14 “Consent” shall mean any consent, approval, authorization, waiver, permit, grant, franchise, concession, agreement, license, exemption or order of, registration, certificate, declaration or filing with, or report or notice to any Person, including any Governmental Authority Relating to the transactions contemplated by this Agreement.

8.1.15 “Contracts” shall mean all agreements, contracts, leases, purchase orders, trade billback, refund and other arrangements, incentive agreements, commitments, collective bargaining agreements, and licenses that are Related to the Business or the Contributed Assets or to which such Contributed Assets are subject, except to the extent included in any party’s Retained Assets.

8.1.16 “Contributed Assets” shall mean all of the assets of a party which Relate to the Business, whether tangible or intangible, real or personal, as they exist on the date hereof, with such changes, deletions or additions thereto as may occur from the date hereof to the Closing Date in the ordinary course of business or are otherwise permitted by this Agreement (except, in each case, for the Retained Assets), including the following:

(i) the Real Property;

(ii) the Fixtures and Equipment;

(iii) the current assets, including cash and deposits, trade accounts receivable, newsprint inventory and prepaid expenses;

(iv) Intellectual Property;

(v) the Books and Records;

(vi) the Contracts;

(vii) the stock or other ownership interests of the Contributed Entities;

(viii) all Governmental Authorizations which are transferable without obtaining any Consent;

(ix) subject to Section 7.4, the Agency Agreement; and

(x) any other assets of the kind or similar to those set forth on the balance sheet attached hereto as Schedule 8.1.16.

8.1.17 “Contributed Entities” shall mean post-net.com LLC, Arch Distribution, Gateway Consumer Services and SCR Associates LLC, or their respective successors in interest.

8.1.18 “Disclosure Schedules” shall mean the Disclosure Schedules dated the date hereof delivered by Pulitzer or Herald in connection with this Agreement.

8.1.19 “Effective Time” shall have the meaning set forth in Section 2.2.

8.1.20 “Employee” shall mean, with respect to the Business, an individual who is or was employed directly and primarily in the Business by Pulitzer, PTI, any Contributed Entity or their respective predecessors, whether salaried or hourly and whether, at the time of the Closing, on lay-off or medical, family or other authorized leave of absence; provided, however, that any individual who is designated as a “corporate employee” of Pulitzer will be deemed not to be an Employee notwithstanding the participation by such individual in the Business.

8.1.21 “Employee Plans” shall mean any “employee welfare benefit plans” and “employee pension benefit plans” as defined in Sections 3(1) and 3(2) of the Employee Retirement Income Security Act of 1974, as amended, and any other compensatory plan, program or arrangement with or for the benefit of Employees, former Employees and their covered dependents and beneficiaries, but only to the extent Related to the Business.

8.1.22 “Encumbrances” shall mean liens, charges, encumbrances, security interests, options or any other restrictions or third-party rights, including any third party Consents.

8.1.23 “Fixtures And Equipment” shall mean all furniture, fixtures, furnishings, machinery, vehicles, equipment (including computer hardware, computer terminals, network servers, and research and development equipment) and other tangible personal property Related to the Business.

8.1.24 “Governmental Authority” shall mean any nation or government, any state, province or other political subdivision thereof and any entity exercising executive, legislative, judicial, regulatory or administrative functions of or pertaining to government, including any government authority, agency, department, board, commission or instrumentality of the United States, any State of the United States or any political subdivision thereof.

8.1.25 “Governmental Authorizations” shall mean all licenses, permits, franchises, certificates of occupancy, other certificates and other authorizations and approvals required to carry on a Business as currently conducted under the applicable laws, ordinances or regulations of any Governmental Authority.

8.1.26 “Herald” shall have the meaning set forth in the preamble to this Agreement.

8.1.27 “Herald Assumed Liabilities” shall mean all Assumed Liabilities transferred to the Company by Herald.

8.1.28 “Herald Contributed Assets” shall mean all Contributed Assets, owned by Herald or in which Herald has a beneficial interest either directly or indirectly through the Contributed Entities, Related to the Business.

8.1.29 “Herald Indemnity” shall mean the Indemnity Agreement between Herald and Pulitzer, substantially in the form of Exhibit 2.1(h) hereto, pursuant to which Herald has agreed to indemnify Pulitzer against certain amounts which may be incurred or paid by, or assessed against, Pulitzer under the Pulitzer Guaranty.

8.1.30 “Herald Indemnified Parties” shall have the meaning set forth in Section 6.2(a).

8.1.31 “Herald Leased Real Property” shall mean the Leased Real Property of Herald.

8.1.32 “Herald Owned Real Property” shall mean the Real Property owned in whole or in part by Herald and utilized in the Business.

8.1.33 “Herald Real Property” shall mean the Real Property owned by Herald and utilized in the Business.

8.1.34 “Herald Retained Assets” shall mean the Retained Assets of Herald.

8.1.35 “Herald Retained Liabilities” shall mean the Retained Liabilities of Herald.

8.1.36 “Indemnification Claim Notice” shall have the meaning set forth in Section 6.3.

8.1.37 “Indemnified Parties” shall have the meaning set forth in Section 6.3.

8.1.38 “Indemnifying Party” shall have the meaning set forth in Section 6.3.

8.1.39 “Intellectual Property” shall mean (except to the extent included in the Retained Assets) all of the intellectual property (and the rights associated therewith) Related to the Business or the Contributed Assets, including:

(a) trademarks, service marks, brand names, certification marks, trade dress, assumed names, Internet domain names, trade names and other indications of origin, the goodwill associated with the foregoing and registrations in any jurisdiction of, and applications in any jurisdiction to register, the foregoing (including any extension, modification or renewal of any such registration or application);

(b) non-public information, trade secrets, confidential information, know how, proprietary technology and rights in any jurisdiction to limit the use or disclosure thereof by any Person;

(c) copyrighted works and registrations or applications for registration of copyrights in any jurisdiction, and any renewals or extensions thereof;

(d) any similar intellectual property or proprietary rights; and

(e) any claims or causes of action arising out of or Related to any infringement or misappropriation of any of the foregoing occurring before or after the Closing.

8.1.40 “Laws” shall mean any federal, state, foreign or local law, statute, ordinance, rule, code, regulation, order, judgment or decree of any Governmental Authority.

8.1.41 “Leased Real Property” shall mean all land, buildings, fixtures and other Real Property leased on the date hereof by any of the Pulitzer Parties, Herald or any of the Contributed Entities as lessee and used in the Business.

8.1.42 “Lenders” shall mean the Purchasers (as defined in the Note Agreement).

8.1.43 “License Agreement” means the License Agreement between Pulitzer and the Company, substantially in the form of Exhibit 2.1(f).

8.1.44 “Losses” shall have the meaning set forth in Section 6.2.

8.1.45 “Material Adverse Effect” shall mean any and all events, changes or effects that have occurred which would materially and adversely affect the value of the Contributed Assets as a whole or the Business as a whole.

8.1.46 “Note Agreement” shall mean the Note Agreement entered into as of the Closing Date by and among the Company, The Prudential Insurance Company of America and certain other institutional lenders Relating to the Company Debt.

8.1.47 “Notice Period” shall have the meaning set forth in Section 6.3.

8.1.48 “Operating Agreement” shall mean that certain Operating Agreement among Pulitzer, PTI and Herald to be dated as of the Closing substantially in the form of Exhibit 2.1(d), that shall govern the rights and obligations of the Members of the Company.

8.1.49 “Owned Real Property” shall mean all land and all buildings, fixtures, and other improvements owned by any of the Pulitzer Parties, Herald or any of the Contributed Entities and utilized in the Business.

8.1.50 “Permitted Encumbrances” shall mean, with respect to any party’s Encumbrances, (i) liens for taxes (which are not related to income, sales or withholding taxes), assessments and other governmental charges not yet due and payable or due but not delinquent as of the Closing Date or being contested in good faith by appropriate proceedings and for which adequate reserves have been established on the Final Statement; (ii) mechanics’, workmen’s, repairmen’s, warehousemen’s, carrier’s, or other like liens arising or incurred in the ordinary course of business for amounts which are not delinquent and which will not individually or in the aggregate have a Material Adverse Effect, original purchase price conditional sales contracts and equipment leases with third parties entered into in the ordinary course of business; (iii) with respect to either the Pulitzer Real Property, PTI Real Property or the Herald Real Property, (A) easements, quasi-easements, licenses, covenants, rights-of-way and other similar restrictions, including any other agreements, conditions, restrictions, or other matters which would be shown by a current title report or other similar report or listing, (B) any conditions that may be shown by a current survey, title report or physical inspection, and (C) zoning, building and other similar restrictions; (iv) the failure to obtain or give any Consent; and (v) Encumbrances not described in the foregoing clauses (i) through (iv) and which, individually or in the aggregate, would not have a Material Adverse Effect, including any matter set forth in Schedules 3.6(a) and (b) or 4.6(a) and (b).

8.1.51 “Person” shall mean an individual, a corporation, a partnership, a limited liability company, an association, a trust or other entity or organization.

8.1.52 “Post-Dispatch” shall have the meaning set forth in the preamble to this Agreement.

8.1.53 “PTI” shall have the meaning set forth in the preamble to this Agreement.

8.1.54 “PTI Assumed Liabilities” shall mean the Assumed Liabilities transferred to the Company by PTI.

8.1.55 “PTI Contributed Assets” shall mean the Contributed Assets, owned by PTI or in which PTI has a beneficial interest either directly or indirectly through the Contributed Entities, Related to the Business.

8.1.56 “PTI Real Property Leases” shall mean the leases Relating to the Leased Real Property entered into by PTI and utilized in the Business.

8.1.57 “PTI Retained Assets” shall mean the Retained Assets of PTI.

8.1.58 “PTI Retained Liabilities” shall mean the Retained Liabilities of PTI incurred in connection with the Business.

8.1.59 “Pulitzer” shall have the meaning set forth in the preamble to this Agreement.

8.1.60 “Pulitzer Assumed Liabilities” shall mean the Assumed Liabilities transferred to the Company by Pulitzer.

8.1.61 “Pulitzer Contributed Assets” shall mean the Contributed Assets, owned by Pulitzer or in which Pulitzer has a beneficial interest either directly or indirectly through the Contributed Entities, Related to the Business.

8.1.62 “Pulitzer Guaranty” shall mean the Guaranty Agreement made as of the Closing by Pulitzer in connection with the Note Agreement.

8.1.63 “Pulitzer Indemnified Parties” shall have the meaning set forth in Section 6.2.

8.1.64 “Pulitzer Owned Real Property” shall mean the Owned Real Property of any of the Pulitzer Parties and utilized in the Business.

8.1.65 “Pulitzer Parties” shall have the meaning set forth in the preamble to this Agreement.

8.1.66 “Pulitzer Real Property” shall mean the Real Property owned by any of the Pulitzer Parties and utilized in the Business.

8.1.67 “Pulitzer Real Property Leases” shall mean the leases Relating to the Leased Real Property entered into by Pulitzer or any of the Contributed Entities and utilized in the Business.

8.1.68 “Pulitzer Retained Assets” shall mean the Retained Assets of Pulitzer.

8.1.69 “Pulitzer Retained Liabilities” shall mean the Retained Liabilities of Pulitzer incurred in connection with the Business.

8.1.70 “Real Property” shall mean the Owned Real Property and the Leased Real Property.

8.1.71 “Regulations” shall mean the regulations promulgated by the U.S. Treasury Department pursuant to the Code.

8.1.72 “Related to” or “Relating to” shall mean primarily related to, or used primarily in connection with.

8.1.73 “Retained Assets” shall mean all of the assets of a party which do not Relate to the Business, whether tangible or intangible, real or personal, as they exist on the date hereof, (except, in each case, for the Contributed Assets), including the following:

(a) the assets (including Real Property, tangible personal property, accounts receivable, intellectual property and contracts) Related to any business conducted by Herald, Pulitzer or PTI and any of their respective Affiliates other than the Business;

(b) the stock or other ownership interests of all subsidiaries of Pulitzer, PTI or Herald other than the Contributed Entities;

(c) all cash and cash accounts, disbursement accounts, outstanding checks and disbursements, investment securities and other short-term and medium-term investments;

(d) all deferred tax assets of Pulitzer, PTI or Herald;

(e) all tax returns and related work papers of Pulitzer, PTI, Herald or any of their respective Affiliates;

(f) all assets held by or under any funded Employee Plans to the extent such Employee Plans and the assets thereunder are not specifically assumed by the Company or a Contributed Entity hereunder;

(g) all Governmental Authorizations to the extent not transferable without obtaining a Consent;

(h) the Retained Real Property and any financial instruments Related to the Retained Real Property;

(i) all of Pulitzer’s or Herald’s insurance policies, subject to their rights under such insurance policies and the rights of the Company if any under such policies;

(j) all of Pulitzer’s right, title and interest in and to the name “Pulitzer” or any part thereof whether alone or in combination with one or more other words;

(k) all of Pulitzer’s right, title and interest in the name “St. Louis Post-Dispatch” and certain other rights as set forth in the License Agreement;

(l) all rights of the Pulitzer Parties under this Agreement and the Transaction Agreements, and all rights of Herald under this Agreement and the Transaction Agreements; and

(m) all contracts which are not transferred to the Company in accordance with Section 2.8 hereof, subject to the provisions thereof.

8.1.74 “Retained Liabilities” shall mean all of the following debts, liabilities, commitments or obligations, whether arising before or after the Closing and whether known or unknown, fixed or contingent, not Related to the Business, including the following:

(a) all liabilities Related to the Retained Assets;

(b) all liabilities which are retained by Pulitzer, PTI or Herald under the Transaction Agreements or this Agreement;

(c) all liabilities under the Employee Plans, except to the extent such liabilities are specifically assumed by the Company or a Contributed Entity hereunder;

(d) all liabilities for taxes imposed with respect to the taxable periods, or portions thereof, ending on or before the Closing Date;

(e) all liabilities for indebtedness for borrowed money and any other obligation which are fixed as to amount and certainty as of the Closing or which are secured by a lien that is not a Permitted Encumbrance on any of the Contributed Assets, but not including liabilities under Contracts included in the Contributed Assets and Assumed Liabilities; and

(f) all other debts, liabilities or obligations whatsoever that do not Relate to the Business or that do not otherwise Relate to the Contributed Assets.

8.1.75 “Retained Real Property” shall mean the Real Property retained by Herald or Pulitzer.

8.1.76 “Survival Period” shall have the meaning set forth in Section 6.1.

8.1.77 “Transaction Agreements” shall mean the Operating Agreement, the Pulitzer Guaranty, the Herald Indemnity, the Non-Confidentiality Agreement, the License Agreement and the Note Agreement.

8.1.78 “Transfer Costs” shall have the meaning set forth in Section 2.7.

8.2 Other Terms. Other terms may be defined elsewhere in the text of this Agreement, and unless otherwise indicated shall have such meanings throughout this Agreement.

8.3 Other Definitional Provisions.

(a) The words “whereof”, “herein”, and “hereunder” and words of similar import, when used in this Agreement, shall refer to this Agreement as a whole and not to any particular provision of this Agreement. The word “including” means “including without limitation.”

(b) The terms defined in the singular shall have a comparable meaning when used in the plural, and vice versa.

(c) The terms “dollars” and “$” shall mean United States dollars.

[The remainder of this page is intentionally left blank]

IN WITNESS WHEREOF, the parties have executed this Joint Venture Agreement as of the date first written above.

PULTIZER INC.

By: /s/ RONALD H. RIDGWAY

Name: **Ronald H. Ridgway**

Title: **Senior Vice President - Finance**

PULITZER TECHNOLOGIES, INC.

By: /s/ JON H. HOLT

Name: **Jon H. Holt**

Title: **Treasurer**

THE HERALD COMPANY, INC.

By: /s/ S. I. NEWHOUSE, JR.

Name: **S.I. Newhouse, Jr.**

Title: **Vice President**

ST. LOUIS POST-DISPATCH LLC

By: /s/ ROBIN L. SPEARS

Name: **Robin L. Spears**

Title: **Vice President - Finance**

SCHEDULES AND EXHIBITS

SCHEDULES

Schedule 3.1(a)	Herald State of Organization
Schedule 3.1(b)	Herald Qualification in Foreign Jurisdictions
Schedule 3.3	Herald Consents
Schedule 3.4	Herald Non-Contravention
Schedule 3.6(a)	Herald Title
Schedule 3.6(b)	Herald Leases
Schedule 4.1	Pulitzer and PTI Qualification in Foreign Jurisdictions
Schedule 4.3	Pulitzer and PTI Consents
Schedule 4.4	Pulitzer and PTI Non-Contravention
Schedule 4.6(a)	Pulitzer and PTI Title
Schedule 4.6(b)	Pulitzer and PTI Leases
Schedule 4.8	Pulitzer and PTI Indebtedness
Schedule 8.1.16	Balance Sheet

EXHIBITS

Exhibit 1.1(b)	Certificate of Formation
Exhibit 2.1(d)	Form of Operating Agreement
Exhibit 2.1(f)	Form of License Agreement
Exhibit 2.1(h)	Form of Herald Indemnity
Exhibit 2.1(i)	Form of Non-Confidentiality Agreement
Exhibit 2.2(a)(v)	Opinion of Sabin, Bermant & Gould LLP
Exhibit 2.2(b)(vi)	Opinion of Fulbright & Jaworski L.L.P.
Exhibit 2.9	Draft Forms of Note Agreement and Pulitzer Guaranty

EXHIBIT 10.5

OPERATING AGREEMENT

OF

ST. LOUIS POST-DISPATCH LLC

Dated As Of:

May 1, 2000

TABLE OF CONTENTS

OPERATING AGREEMENT

OF

ST. LOUIS POST-DISPATCH LLC

THIS OPERATING AGREEMENT of ST. LOUIS POST-DISPATCH LLC, a Delaware limited liability company (the "Company"), is made and entered into as of May 1, 2000, among The Herald Company, Inc., a New York corporation ("Herald"), Pulitzer Inc., a Delaware corporation ("Pulitzer" or the "Managing Member"), Pulitzer Technologies, Inc., a Delaware corporation ("PTI"), and such other Persons that become Members as herein provided.

RECITALS

WHEREAS, the Company, Pulitzer, PTI and Herald are parties to that certain Joint Venture Agreement, dated as of May 1, 2000 (the "Joint Venture Agreement");

WHEREAS, Herald and Pulitzer have entered into that certain Indemnity Agreement (the "Herald Indemnity"), dated as of May 1, 2000;

WHEREAS, pursuant to and subject to the terms and conditions of the Joint Venture Agreement, each of Herald, Pulitzer and PTI will contribute, or cause to be contributed, to the Company their respective interests in certain assets and liabilities relating to the St. Louis Post-Dispatch in exchange for equity interests in the Company;

WHEREAS, the Members desire to enter into this Agreement, which shall constitute the limited liability company agreement of the Members under the Delaware Act, for the purpose of setting forth the agreements of the Members as to the affairs of the Company and the conduct of its business;

NOW, THEREFORE, in consideration of the foregoing and of the mutual covenants and undertakings contained herein, the parties agree as follows:

ARTICLE I

DEFINITIONS AND TERMS

SECTION 1.1 Certain Definitions.

As used herein, the following terms shall have the meanings set forth or as referenced below:

"Affiliate" of a Person means any Person directly or indirectly controlling, controlled by or under direct or indirect common control with such Person as of the date on which, or at any time during the period for which, the determination of affiliation is being made. For the purpose of this definition, "control" means (i) the direct or indirect ownership or control of more than 50% of the voting stock or other voting interest in any Person, or (ii) the ability to

direct or cause the direction of the management or affairs of a Person, whether through the direct or indirect ownership of voting interests, by contract or otherwise.

"Agency Agreement" has the meaning set forth in the Joint Venture Agreement.

"Agreed Value" means the Fair Market Value of Contributed Assets net of Assumed Liabilities, as set forth in, or determined pursuant to, Section 3.1 of this Agreement.

"Agreement" shall mean this Operating Agreement, including the schedules and exhibits hereto, as the same may be amended or supplemented from time to time in accordance with the terms hereof.

"Assumed Liabilities" means the Pulitzer Assumed Liabilities, the PTI Assumed Liabilities and the Herald Assumed Liabilities, each as defined in the Joint Venture Agreement.

"Business Day" means a day, other than a Saturday or Sunday, on which banks generally are open in New York City, St. Louis and Wilmington, Delaware for a full range of business.

"Capital Account" means, with respect to any Member, the Capital Account maintained for such Member in accordance with the following provisions:

(i) To each Member's Capital Account there shall be added the amount of money and the initial Gross Asset Value of any property (other than money) contributed to the Company by such Member (or its predecessors in interest), such Member's distributive share of Profits, and the amount of any Company liabilities assumed by such Member or which are secured by any Company Property distributed to such Member.

(ii) From each Member's Capital Account there shall be subtracted the amount of money and the Gross Asset Value of any Company Property distributed to such Member pursuant to any provision of this Agreement, such Member's distributive share of Losses, and the amount of any liabilities of such Member assumed by the Company or which are secured by any property contributed by such Member to the Company.

(iii) In the event all or a portion of an Interest is Transferred in accordance with the terms of this Agreement, the Transferee shall succeed to the Capital Account of the Transferor to the extent it relates to the Transferred Interest.

"Capital Contribution" means, with respect to any Member, the amount of money and the Gross Asset Value of any property (other than money) contributed by such Member to the Company.

"Certificate of Formation" shall have the meaning set forth in Section 2.1.

"Closing" and "Closing Date" shall have the respective meanings set forth in the Joint Venture Agreement.

"Code" means the Internal Revenue Code of 1986, as amended from time to time, and any successor to such statute.

"Company" shall have the meaning set forth in the preamble hereto.

"Company Business" means the operations and activities carried on by the Company and its subsidiaries, including the operations of the St. Louis Post-Dispatch, the operations of any entities or businesses contributed by the Members to the Company pursuant to the Joint Venture Agreement and any businesses subsequently operated by the Company.

"Company Debt" means the loan in the aggregate principal amount of $306 million to the Company from the Prudential Insurance Company of America and certain other institutional lenders.

"Company Property" means any and all property of whatever nature, tangible or intangible, real or personal, of the Company from time to time.

"Contributed Assets" means the Pulitzer Contributed Assets, the PTI Contributed Assets and the Herald Contributed Assets, each as defined in the Joint Venture Agreement.

"CPA Firm" means the independent public auditor of the Company's books and records designated by Pulitzer pursuant to Section 5.3.

"Debt" means any liability of the Company (including, without limitation, liabilities to Members) for borrowed money, or any liability for the payment of money by the Company in connection with any guarantees, surety agreements, letters of credit, or other interest-bearing liabilities evidenced by any bond, debenture, note or other similar instrument, excluding any trade liabilities or any non-interest-bearing liabilities or obligations.

"Deemed Tax Benefit" shall have the meaning set forth in Section 3.11.

"Deemed Value" has the meaning set forth in Appendix A to this Agreement.

"Delaware Act" means the Delaware Limited Liability Company Act, 6 Del. C. 18-101 et seq., as amended from time to time, and any successor to such statute.

"Depreciation" means, for each Fiscal Year or other period, an amount equal to the depreciation, amortization or other cost recovery deduction allowable for federal income tax purposes with respect to an asset for such Fiscal Year or other period, except that if the Gross Asset Value of an asset differs from its adjusted basis for federal income tax purposes at the beginning of such Fiscal Year or other period, Depreciation shall be determined by the Managing Member in the manner described in Regulations Section 1.704-1(b)(2)(iv)(g)(3).

"Fair Market Value" means, with respect to Company Property, as of any date of determination, the price for such Company Property that could be negotiated in an arm's-length transaction, for cash, between a willing seller and a willing buyer, neither of whom is under pressure or compulsion to complete the transaction, as of such date of determination. The Fair Market Value of Company Property shall be determined by the Members. If the Members are

unable to reach agreement on such determination, each of Pulitzer and Herald shall select an independent and nationally recognized investment banking firm and such investment banking firms shall select a third independent and nationally recognized investment banking firm, as they may deem appropriate and in the best position to determine the Fair Market Value of such property, whose determination of the Fair Market Value shall be final and binding.

"Final Determination" means (i) a binding decision, judgment, decree or other order by any court of competent jurisdiction, which has become final and not subject to further appeal, (ii) a closing agreement entered into under Section 7121 of the Code or any other binding settlement agreement with the Internal Revenue Service entered into in connection with or in contemplation of an administrative or judicial proceeding, or (iii) the completion of Internal Revenue Service administrative proceedings if a judicial contest is not or is no longer available or, in the sole discretion of the Managing Member, is not to be commenced or continued.

"Fiscal Year" means the fiscal year of the Company as specified in Section 5.1.

"Gross Asset Value" means, with respect to any Company Property, its adjusted basis for federal income tax purposes, except as follows:

(i) The Gross Asset Value of Contributed Assets at the time of their contribution to the Company pursuant to the Joint Venture Agreement and in accordance with Section 3.1, net of Assumed Liabilities, shall be their Agreed Value.

(ii) The initial Gross Asset Value of any other Company Property contributed by a Member to the Company shall be its Fair Market Value on the date of contribution.

(iii) The Gross Asset Value of any Company Property distributed to any Member shall be adjusted to equal its Fair Market Value on the date of distribution.

(iv) The Gross Asset Value of all Company Properties shall be adjusted to equal their respective Fair Market Values in accordance with the rules set forth in, and at such times as provided under, Regulations Section 1.704-1(b)(2)(iv)(f).

(v) If the Gross Asset Value of Company Property has been determined or adjusted pursuant to this definition, such Gross Asset Value shall thereafter be adjusted by the Depreciation taken into account with respect to such Company Property for purposes of computing Profits and Losses.

"Herald" shall have the meaning set forth in the preamble hereto.

"Herald Indemnity" has the meaning set forth in the recitals to this Agreement.

"Herald Put" shall have the meaning set forth in Section 7.2(a).

"Indemnitee" shall have the meaning set forth in Section 4.2(a).

"Interest" means the membership interest of a Member in the Company (which shall be considered personal property for all purposes), consisting of (i) such Member's interest in Profits, Losses and distributions, (ii) such Member's right to vote or grant or withhold consents with respect to Company matters as provided herein or in the Delaware Act and (iii) such Member's other rights and privileges as provided herein or under the Delaware Act, in each case subject to the obligations of such Member under this Agreement or applicable Law.

"Joint Venture Agreement" shall have the meaning set forth in the recitals hereto.

"Law" means any federal, state, foreign or local law, constitutional provision, code, statute, ordinance, rule, regulation, order, judgment or decree of any governmental authority.

"Managing Member" means Pulitzer (acting through any Person or Persons properly designated by it), and its successors, assigns or transferees.

"Member Loan" shall mean any loan from a Member to the Company in accordance with Section 3.2.

"Members" mean Herald, Pulitzer, PTI and all other Persons admitted as additional or substituted Members pursuant to this Agreement, so long as they remain Members. Each Member shall constitute a "member" of the Company, as such term is defined in Section 18-101 of the Delaware Act.

"Minimum Reserve Amount" shall mean (i) at any time on or prior to the tenth anniversary of the Closing Date, an amount equal to the product of (A) $15 million and (B) the time since the Closing Date (expressed in years and quarters of a year to the end of the last preceding quarter) and (ii) after the tenth anniversary of the Closing Date, zero.

"Percentage Interest" means initially: for Pulitzer, 94%, for PTI, 1%, and for Herald, 5%; and thereafter as adjusted to reflect any permitted Transfers.

"Permanent Company Debt" shall mean the Company Debt and any replacement or refinancing of the Company Debt or any Permanent Company Debt in accordance with Section 3.12.

"Person" shall mean an individual, a corporation, a partnership, an association, a trust, a limited liability company, a governmental authority or any other entity or organization.

"Profits" or "Losses" means, for each Fiscal Year or other period, an amount equal to the Company's taxable income or loss for such Fiscal Year or other period, determined in accordance with Code Section 703(a) and assuming the tax basis of each asset contributed to the Company had been equal to its Gross Asset Value at the date of such contribution. Profits and Losses shall be adjusted as follows: (i) any income of the Company that is exempt from federal income tax and not otherwise taken into account in computing Profits and Losses shall be added to such taxable income or loss; (ii) any expenditures of the Company described as Code Section 705(a)(2)(B) expenditures pursuant to Regulations Section 1.704-1(b)(2)(iv)(i), and not otherwise taken into account in computing Profits and Losses, shall be subtracted from such

taxable income or loss; (iii) in lieu of depreciation, amortization and cost recovery deductions taken into account in computing such taxable income or loss, there shall be taken into account Depreciation for such Fiscal Year or other period, computed in accordance with the definition of "Depreciation"; and (iv) if the Gross Asset Value of any Company Property differs from its adjusted tax basis for federal income tax purposes, any gain or loss resulting from a disposition of such Company Property shall be calculated with respect to such Gross Asset Value.

"PTI" shall have the meaning set forth in the preamble hereto.

"Pulitzer" shall have the meaning set forth in the preamble hereto.

"Put Price" shall have the meaning set forth in Section 7.2(a).

"Put-Related Covenants" shall mean (i) that Herald and its Affiliates will report the transactions contemplated by this Agreement and the Joint Venture Agreement in a manner consistent with the Company's tax returns and (ii) the covenants of Herald set forth in Section 5 of the Herald Indemnity.

"Regulations" means the regulations promulgated by the U.S. Treasury Department pursuant to the Code.

"Reserve Asset Value" shall mean, at any time, the value of all cash, U.S. Treasury obligations and other obligations backed by the full faith and credit of the United States then held by the Company.

"Special Distributions" shall have the meaning set forth in Section 3.11 hereof.

"Subsidiary" means any Contributed Entity (as defined in the Joint Venture Agreement) or any other Person controlled by the Company.

"Tax Matters Member" shall have the meaning set forth in Section 3.9.

"Transaction Agreements" shall have the meaning set forth in the Joint Venture Agreement.

"Transfer" shall have the meaning set forth in Section 7.1(a).

"Transferee" means a Person to whom a Member has Transferred its Interest pursuant to Section 7.1.

SECTION 1.2 Rules of Construction.

(a) Words used herein, regardless of the number and gender used, shall be deemed and construed to include any other number, singular or plural, and any other gender, masculine, feminine or neuter, as the context requires, and, as used herein, unless the context requires otherwise, the words "hereof", "herein", and "hereunder" and words of similar import shall refer to this Agreement as a whole and not to any particular provision of this Agreement.

(b) The terms “dollars” and “$” shall mean United States dollars.

(c) The term “including” shall be deemed to mean “including without limitation.”

(d) Article and section headings used in this Agreement are for convenience of reference only and shall not affect the interpretation of this Agreement.

(e) This Agreement is among financially sophisticated and knowledgeable parties and is entered into by the parties in reliance upon the economic and legal bargains contained herein and shall be interpreted and construed in a fair and impartial manner without regard to such factors as the party who prepared, or caused the preparation of, this Agreement or the relative bargaining power of the parties.

ARTICLE II

GENERAL MATTERS

SECTION 2.1 Formation.

The Members have caused the formation of the Company as a Delaware limited liability company pursuant to the Delaware Act by filing a Certificate of Formation of the Company (the “Certificate of Formation”) on April 12, 2000 with the Delaware Secretary of State in accordance with the Delaware Act. The rights and liabilities of the Members shall be as provided in the Delaware Act, except as otherwise provided in this Agreement.

SECTION 2.2 Purposes and Business.

Except as may otherwise be approved by the Members, the purpose of the Company shall be to own and operate the St. Louis Post-Dispatch and other businesses directly or indirectly related thereto, including certain businesses contributed to the Company pursuant to the Joint Venture Agreement, as determined by the Managing Member. The Company shall have all powers necessary or desirable to accomplish the aforesaid purposes. In connection therewith, the Company may engage in and enter into any and all activities, contracts and agreements related or incident to the above-stated purposes as the Managing Member may determine to be appropriate from time to time. The Company shall have the power to do all things necessary, appropriate, advisable, convenient, or incidental in connection with the fulfillment of its business purposes.

SECTION 2.3 Offices.

(a) The principal executive offices of the Company shall be located at 900 North Tucker Boulevard, St. Louis, Missouri 63101 at the offices of Pulitzer or such other location as determined by the Managing Member from time to time.

(b) The registered office of the Company in the State of Delaware is located at The Corporation Trust Company, 1209 Orange Street, in the City of Wilmington, County of New Castle. The registered agent of the Company for service of process at such address is The

Corporation Trust Company. The Managing Member may change such registered office or registered agent from time to time.

SECTION 2.4 Name.

The name of the Company shall be St. Louis Post-Dispatch LLC or such other name as the Managing Member may from time to time select.

SECTION 2.5 Term.

The existence of the Company commenced on the date its Certificate of Formation was filed with the Secretary of State of the State of Delaware, and shall continue, unless earlier dissolved and terminated pursuant to Section 8.1, through the close of business on the fifteenth anniversary of the Closing Date.

SECTION 2.6 Members.

The name and business or mailing address of each Member of the Company are set forth on Schedule 1 to this Agreement. The Managing Member shall cause Schedule 1 to be amended from time to time to reflect the addition or retirement of Members, or transfers of Interests, in accordance with the terms of this Agreement. Except in connection with a permitted redemption or transfer of a Member's entire Interest in accordance with the terms of this Agreement, no Member shall have the right to retire from the Company prior to the termination of the Company following dissolution and winding up.

ARTICLE III

FINANCIAL AND TAX MATTERS

SECTION 3.1 Capital Contributions.

(a) Simultaneously with the execution of this Agreement, Herald is contributing to the Company the Herald Contributed Assets and assigning to the Company the Herald Assumed Liabilities (each as defined and identified in the Joint Venture Agreement), with an aggregate Agreed Value of $340,000,000.

(b) Simultaneously with the execution of this Agreement, Pulitzer and PTI are contributing to the Company the Pulitzer Contributed Assets and the PTI Contributed Assets, respectively, and are assigning to the Company the Pulitzer Assumed Liabilities and the PTI Assumed Liabilities, respectively (each as defined and identified in the Joint Venture Agreement), with an aggregate Agreed Value of $340,000,000. Of Pulitzer and PTI's $340,000,000 aggregate Capital Contribution, $336,600,000 and $3,400,000 have been contributed by Pulitzer and PTI, respectively.

(c) The Gross Asset Value of each Contributed Asset which is tangible property shall be equal to the tax basis thereof as of the date contributed. The Gross Asset Value of any intangible Contributed Assets shall be equal to the difference between the total Gross Asset

Value of such Member's Contributed Assets and the Gross Asset Value of the tangible Contributed Assets of such Member.

(d) Except as may otherwise be unanimously agreed in writing by the Members and except for payments, if any, under the Herald Indemnity (which payments would be treated as Capital Contributions), the Members shall have no obligation to make any additional Capital Contributions to the Company, and except as contemplated hereunder or in the Joint Venture Agreement, no Member shall contribute any property to the Company other than the Contributed Assets.

SECTION 3.2 Loans from Members.

The Managing Member, in its sole discretion, may permit a Member to advance funds to the Company as a loan (a "Member Loan"). Member Loans shall not be considered Capital Contributions. Each Member Loan shall be unsecured and shall bear a floating rate of interest (adjusted at the beginning of each fiscal quarter of the Company) equal to the sum of the six month LIBOR rate plus 0.75% and may contain other customary commercial terms as agreed by the Company and the Member making such Member Loan; provided, however, that any such Member Loans shall be fully subordinate in right of payment to the Company Debt, the Permanent Company Debt, any other indebtedness of the Company and the Herald Put. A Member Loan shall be a debt of the Company to such Member and shall be payable or collectible only out of Company assets in accordance with the terms and conditions upon which such Member Loan is made and subject to the terms and conditions of this Agreement. The repayment of a Member Loan upon liquidation of the Company shall be subject to the order of priority set forth in Section 8.2. Any Member Loan shall provide that any payment of interest or principal thereon may be made only to the extent that the Reserve Asset Value will equal or exceed the Minimum Reserve Amount after taking such payment into account.

SECTION 3.3 Restrictions Relating to Capital; Company Property.

(a) Except as otherwise provided herein (including under Section 7.2) or by the Delaware Act, no Member shall have the right to withdraw, or receive any return of, all or a portion of such Member's Capital Contribution, nor shall any Member have the right to demand and receive property other than cash in return for its Capital Contribution.

(b) No interest shall be paid by the Company on Capital Contributions or on balances in Members' Capital Accounts.

(c) All Company Property, whether contributed by a Member or otherwise acquired by the Company, shall be owned by the Company as a separate legal entity and no Member shall have any right of partition with respect to any Company Property.

(d) Except as specifically set forth in this Agreement, no Member shall have priority over any other Member, either as to the return of its Capital Contribution or as to income, losses, returns, or distributions.

(e) The Company shall not enter into any transaction, other than transactions contemplated by the Joint Venture Agreement or the Transaction Agreements, with any Member

or any Affiliate of any Member (other than any Subsidiaries of the Company) except on arm's-length terms or otherwise in a manner consistent with prior practice under the Agency Agreement relating to the kinds of items set forth in Schedule 2 hereto. The Company shall provide Herald with notice of any material transaction between the Company and either Pulitzer or any other Affiliate of Pulitzer (other than any Subsidiary of the Company), other than a transaction the terms of which are consistent with other prior practice under the Agency Agreement.

SECTION 3.4 Tax Treatment.

It is the intention of the Members that the Company be treated as a "partnership" for United States federal, state and local income tax purposes, and, except as otherwise required by Law, no Member shall take any action inconsistent with the classification of the Company as a partnership for U.S. income tax purposes, including any action to cause the Company to be treated as an association taxable as a corporation for U.S. income tax purposes.

SECTION 3.5 Allocation of Profits and Losses.

Except as provided in Section 3.13, Profits and Losses for any Fiscal Year or other period shall be allocated among the Members in proportion to their respective Percentage Interests.

SECTION 3.6 Other Allocation Rules.

(a) Profits, Losses, and any other items of income, gain, loss or deduction shall be allocated to the Members pursuant to this Article III as of the last day of each Fiscal Year; provided that Profits, Losses and such other items shall also be allocated at such times as the Gross Asset Value of Company Property is adjusted pursuant to Regulations Section 1.704-1(b)(2)(iv)(f). In addition, if any Company Property is distributed in-kind to a Member, Capital Accounts shall be adjusted as if such Company Property had been sold for its Fair Market Value at the time of such distribution.

(b) Profits, Losses and any other items of income, gain, loss or deduction shall be determined on a daily, monthly or other basis by the Managing Member, using any permissible method under Code Section 706 and the Regulations thereunder, and shall be allocated to a particular Fiscal Year or other period accordingly.

(c) Solely for purposes of determining a Member's proportionate share of the "excess nonrecourse liabilities" of the Company within the meaning of Regulations Section 1.752-3(a)(3), the Members' respective interests in Profits shall be based on their respective Percentage Interests.

SECTION 3.7 Tax Elections.

The Company shall make the following elections on the appropriate tax returns:

(a) to have the provisions of subchapter C of Chapter 63 of Subtitle F of the Code (i.e., Sections 6221 through 6234 of the Code and the Regulations thereunder regarding the tax treatment of partnership items) apply to the Company;

(b) to adjust the basis of Company Property in the circumstances described in Section 754 of the Code; and

(c) any other election not inconsistent with this Agreement or the Joint Venture Agreement that the Tax Matters Member may deem appropriate and in the best interest of the Company and the Members.

Neither the Company nor any Member may make an election for the Company to be excluded from the application of the provisions of subchapter K of chapter 1 of subtitle A of the Code or any similar provisions of applicable state Law. Herald agrees not to extend the statute of limitations with respect to partnership items (as defined in Section 6231 of the Code) of the Company unless an extension specific to such items is expressly requested by the Internal Revenue Service. At the request of the Managing Member, Herald will confirm to the Managing Member whether any such statute of limitations has been extended and the date to which any such statute of limitations has been extended.

SECTION 3.8 Tax Allocations; Code Section 704(c).

(a) In accordance with Code Section 704(c) and the Regulations thereunder, income, gain, loss, and deduction with respect to any Company Property contributed to the Company by a Member, including any Contributed Asset, shall, solely for tax purposes, be allocated among the Members so as to take account of any variation between the adjusted tax basis of such Company Property to the Company for federal income tax purposes and its Gross Asset Value at the time of contribution. Allocations pursuant to this Section 3.8 are solely for purposes of federal, state and local income taxes and shall not be taken into account in computing any Member’s share of Profits, Losses or distributions pursuant to any provision of this Agreement.

(b) The Company shall adopt and use only the “traditional method” permitted by the Regulations under Code Section 704(c), and therefore shall not make any curative allocations and/or remedial allocations.

(c) Except as otherwise provided in this Agreement, all items of Company income, gain, loss, deduction and any other items taken into account in computing Profits and Losses for a particular Fiscal Year or other period shall be allocated among the Members based on their respective Percentage Interests for such Fiscal Year or other period as determined by the Managing Member in accordance with applicable provisions of the Code and Regulations.

(d) Except as otherwise provided above, all Company allocations shall be made in accordance with Section 704(b) of the Code.

SECTION 3.9 Tax Matters Member.

Pulitzer shall be the tax matters partner (the "Tax Matters Member") of the Company pursuant to Section 6231(a)(7) of the Code. The Company agrees to defend, indemnify and hold harmless the Tax Matters Member from and against all claims, damages, costs and expenses relating to actions taken in good faith in discharging its responsibilities as Tax Matters Member.

SECTION 3.10 Regular Distribution Policy.

(a) Subject to Section 3.11, the Managing Member shall determine from time to time, in its complete discretion, whether and to what extent the Company shall distribute any portion of Company Property to the Members in cash; provided, however, that, except as provided in Section 3.11, the Company shall not make any distribution to the extent that, after giving effect to such distribution, the Reserve Asset Value would be less than the Minimum Reserve Amount.

(b) All distributions (other than pursuant to Section 3.11, Section 7.2 or Section 8.2) of Company Property shall be made to the Members based on their respective Percentage Interests.

(c) The Members acknowledge that distributions pursuant to this Section 3.10 in excess of the Company's "net cash flow from operations," as determined under Regulations Section 1.707-4(b), are not anticipated on or before the second anniversary of the Closing Date.

SECTION 3.11 Special Distributions.

(a) Simultaneous with the Closing, the Company shall distribute to Herald $306,000,000.

(b) Notwithstanding Section 3.10, in the event of an increase in the tax basis of Company Property (other than any increase in tax basis under Section 743 of the Code) by reason of a Final Determination resulting in an increase in the taxable income of Herald attributable to its Interest, including as a result of a Final Determination that Herald's contribution of its Contributed Assets constituted a taxable sale for federal income tax purposes as of the date it was made, the Company shall distribute to Herald an amount equal to 100% of the "Deemed Tax Benefit" (as defined in the next sentence) arising as a result of such increase in the tax basis of Company Property. The "Deemed Tax Benefit" of any increase in the tax basis of Company Property shall be equal to the present value, computed based on an 8% annual discount rate to the date on which such increase in tax basis applies for tax purposes, of a series of 15 annual amounts, each equal to 39% of one-fifteenth of such increase in tax basis, with such amounts being taken into account commencing on the last day of the first tax year to which such increase in tax basis is applicable and continuing on the last day of each of the following 14 consecutive tax years.

(c) Notwithstanding anything herein to the contrary, no distribution shall be made to Herald pursuant to Section 3.11(b) either prior to the day after the second anniversary of the Closing Date or subsequent to the exercise of the Herald Put.

SECTION 3.12 Permanent Company Debt.

The Company shall refinance the Company Debt (or Permanent Company Debt) from time to time with non-amortizing indebtedness that remains outstanding for an aggregate term (taking into account the initial refinancing and any subsequent refinancings) expiring on or after the 15th anniversary of the Closing Date. The principal amount of any Permanent Company Debt shall be not less than the Company Debt and not more than the sum of (i) the principal amount of the Company Debt, plus (ii) the aggregate amount of expenses incurred in obtaining any Permanent Company Debt. After deducting such expenses, the net proceeds of any Permanent Company Debt shall be used solely to repay in full the principal amount of the Company Debt (or, in the case of refinancings of Permanent Company Debt, such refinanced Permanent Company Debt). The terms of any Company Debt and Permanent Company Debt shall not restrict any distribution by the Company under Section 3.11(b) or the payment by the Company of the Put Price.

SECTION 3.13 Allocations Upon Liquidation of the Company.

In connection with the liquidation of the Company pursuant to Section 8.2, any income or gain realized upon liquidation shall be allocated among the Members based on their respective Percentage Interests pursuant to Section 3.5; provided, however, that Herald's share of any such income or gain shall be reduced, but not below 1% of all such income and gain, to the extent that the allocations of income and gain to Herald in connection with the liquidation of the Company would cause the Deemed Value of Herald's Interest to exceed $325 million as of the Closing Date.

SECTION 3.14 Reimbursement of Certain Expenses.

The Company will be responsible for and shall pay or reimburse any Member or any Affiliate of a Member for any expenses (including reasonable attorney fees) incurred by such Person in contesting or litigating any matter arising out of (x) the actions or activities of the Company or (y) the transactions contemplated by the Joint Venture Agreement (including the costs of any tax contests, but not the tax, interest or penalties related thereto); provided, that in the case of any Member other than the Managing Member, such Member shall give the Company prompt written notice of any matter which may give rise to any claim that the Company is responsible for any payment or reimbursement under this Section 3.14.

ARTICLE IV

MANAGEMENT

SECTION 4.1 General.

The Managing Member shall have the sole right to manage the business of the Company and shall have all powers and rights necessary, appropriate or advisable to effectuate and carry out the purposes and business of the Company, including the appointment of officers of the Company and the delegation thereto of such duties as the Managing Member deems necessary, appropriate or advisable. The Managing Member shall constitute and shall have all of

the rights of a “manager” of the Company as such term is defined in Section 18-101 of the Delaware Act. No other Member, by reason of its status as such, shall have any authority to act for or bind the Company or otherwise take part in the management of the Company, but shall have only the right to vote on or approve the matters specifically provided herein or required in the Delaware Act to be voted on or approved or determined by the Members.

SECTION 4.2 Standard of Care; Indemnification.

(a) In carrying out their duties, each Member (including the Managing Member) and its respective directors, officers and agents and the officers or agents of the Company (each, an “Indemnitee”) shall not be liable to the Company or to any Member for any actions taken in good faith and reasonably believed by the Indemnitee to be in, or not opposed to, the best interests of the Company, or for errors of judgment, neglect or omission, including any losses sustained, liabilities incurred, or benefits not derived by Members in connection with any action or inaction of the Indemnitee, provided, however, that the Indemnitee shall be liable for his willful misconduct or fraud.

(b) Each Indemnitee shall be indemnified and held harmless by the Company from and against any and all losses, claims, damages, liabilities, expenses (including legal fees and disbursements), judgments, fines, settlements and all other amounts arising from any and all claims, demands, actions, suits or proceedings, civil, criminal, administrative or investigative, in which the Indemnitee may be involved, or threatened to be involved, as a party or otherwise by reason of the Indemnitee’s status as the Managing Member or his status as a director, officer or agent of the Managing Member or of the Company and his management of the affairs of the Company, or which relate to the Company, its property, business or affairs, whether or not the Indemnitee continues to be the Managing Member or a director, officer or agent of the Managing Member or of Company at the time any such liability or expense is paid or incurred, if the Indemnitee acted in good faith and in a manner it or he reasonably believed to be in, or not opposed to, the best interests of the Company.

(c) Expenses (including legal fees and disbursements) incurred in defending any proceeding shall be paid by the Company in advance of the final disposition of such proceeding upon receipt of an undertaking by or on behalf of the Indemnitee to repay such amount if it is ultimately determined by a court of competent jurisdiction that the Indemnitee is not entitled to be indemnified by the Company as authorized hereunder.

SECTION 4.3 Capital Expenditures.

The Managing Member may cause the Company to incur capital expenditures, and may fund any such capital expenditures out of the assets of the Company or out of funds provided by Member Loans; provided, that the Company may not fund a capital expenditure out of the assets of the Company unless, after the expenditure, the Reserve Asset Value is at least equal to the Minimum Reserve Amount.

SECTION 4.4 Reserves.

The Managing Member may establish and maintain reserves for actual, anticipated or contingent liabilities and obligations of the Company. The Company may pledge its cash and U.S. Treasury obligations and other obligations backed by the full faith and credit of the United States, but only to the extent the value of such cash, U.S. Treasury obligations and other obligations backed by the full faith and credit of the United States exceed the Minimum Reserve Amount at such time. The Company may not incur any obligations which are reasonably expected to cause the Reserve Asset Value to be less than the Minimum Reserve Amount.

ARTICLE V

ACCOUNTING, BOOKS AND RECORDS

SECTION 5.1 Fiscal Year.

The Fiscal Year and fiscal periods of the Company shall be the same as the fiscal year and fiscal periods of Pulitzer, as the same may be changed or modified from time to time.

SECTION 5.2 Books and Records.

The Company shall keep the books and records of the Company at its principal executive offices. Such books and records shall be kept in conformity with accounting principles generally accepted in the United States of America. Each of the Members and its authorized representatives shall have the right, at all reasonable times and upon reasonable advance written notice to the Company, at such Member's expense, to inspect, audit and copy the books and records of the Company for any purpose reasonably related to the Member's Interest. A Member requesting access to the Company's books and records shall reimburse the Company for any costs reasonably incurred by the Company in connection therewith.

SECTION 5.3 Auditors.

The CPA Firm of the Company shall be designated by the Managing Member and such CPA Firm may be changed from time to time so long as it is an auditing firm of international standing.

SECTION 5.4 Reporting.

The Company shall use reasonable commercial efforts to deliver to each Member (i) within 30 days after the close of each fiscal month, an unaudited balance sheet and statement of income for the Company for such fiscal month and (ii) within one-hundred twenty (120) days after the close of each Fiscal Year, an audited balance sheet, statement of income and statement of cash flows for the Company for such Fiscal Year.

SECTION 5.5 Banking.

All funds of the Company received from any and all sources shall be deposited in such checking or other such accounts as shall be determined by the Managing Member. In connection with the maintenance of such bank accounts, the Managing Member shall designate those individuals who will have authority to write checks or otherwise disburse funds from such bank accounts on behalf of the Company in connection with its activities.

SECTION 5.6 Tax Return Information.

The Managing Member shall cause the Company to prepare all federal, foreign, state and local income tax returns that it is required to file. The Managing Member shall use reasonable commercial efforts to deliver to each Member within 120 days following the close of each Fiscal Year such tax information as shall reasonably be required for the preparation by such Person of its federal, foreign, state and local income and other income tax returns. For each taxable year of the Company with respect to which Herald owns an Interest, the Managing Member shall provide Herald with a copy of the draft federal income tax return of the Company for such year at least twenty (20) days prior to the filing of such return for comment and consultation, provided that Herald's approval shall not be required for the filing of any tax return of the Company.

SECTION 5.7 Six Year Projections.

Within thirty (30) days following the ninth anniversary of the Closing Date, the Managing Member shall cause the Company to deliver to Herald projected balance sheets, statements of income and statements of cash flow of the Company for the six annual periods beginning on the ninth anniversary of the Closing Date. The projections shall set forth all underlying material assumptions in respect thereof, and the Company shall make available representatives of the Company and the Managing Member to review the projections with representatives of Herald.

ARTICLE VI

CONFIDENTIALITY; NONCOMPETITION

SECTION 6.1 Confidentiality Obligation.

Herald shall not, directly or indirectly, disclose or use at any time any confidential or proprietary business, financial or other information pertaining to the Company, Pulitzer or any of its respective Affiliates.

SECTION 6.2 Noncompetition.

Notwithstanding anything herein to the contrary, the parties hereto agree that neither Herald nor any of its Affiliates shall, directly or indirectly, during the term of this Agreement (a) own, operate, publish, sell or distribute any daily, general interest newspaper that is principally sold or distributed within the greater St. Louis metropolitan area or (b) purchase any group of

weekly newspapers (regardless of their frequency of publication within any week) consisting of five or more weeklies with aggregate weekly circulation of more than 175,000 copies that are principally sold or distributed within the greater St. Louis metropolitan area.

ARTICLE VII

TRANSFER OF INTERESTS; PUT RIGHT

SECTION 7.1 General.

(a) Any Member may sell, assign or transfer (collectively, "Transfer") all or any portion of its Interest to any of its Affiliates that would be treated as a "related person" to such Member within the meaning of Regulations Section 1.752 (any such Affiliates of such Member, a "Related Person") without the consent of any other Member, but may not Transfer, pledge or otherwise encumber all or any portion of its Interest to any Person who is not a Related Person to such Member (or take or allow to be taken any action as a result of which the Related Person is no longer an Affiliate of such Member) without the prior written consent of the other Members, which consent may be granted or withheld in the other Members' sole discretion.

(b) Notwithstanding Section 7.1(a), Pulitzer may, without the consent of any other Member, Transfer all, but not less than all, of its and its Affiliates' Interests, together with all of their obligations, to any Person and designate that Person to be the Managing Member of the Company; provided, that such Transferee (i) is, or is an Affiliate of, a nationally recognized daily newspaper publisher which, together with its Affiliates, has an aggregate paid daily circulation equal to at least 3,000,000 copies, (ii) has a net worth at least equal to Pulitzer's net worth at such time, (iii) assumes Pulitzer's obligations under this Agreement and the Transaction Agreements and (iv) assumes Pulitzer's obligations under the Pulitzer Guaranty (as defined in the Joint Venture Agreement).

(c) Notwithstanding Section 7.1(a), Pulitzer may, without the consent of any other Member, Transfer all, but not less than all, of its and its Affiliates Interests, together with all of their obligations, to any Person and designate that Person to be the Managing Member of the Company; provided, that (i) such Transferee is, or is an Affiliate of, a nationally recognized daily newspaper publisher which, together with its Affiliates, has an aggregate paid daily circulation of at least 500,000 copies, (ii) such Transferee or its ultimate parent has "investment grade" rated debt, as determined by either Standard & Poor's or Moody's, or, if such Transferee's or its ultimate parent's debt is not so rated, such Transferee or its ultimate parent (calculated on a consolidated basis) has a debt to EBITDA ratio of not more than 3.5 to 1, (iii) such Transferee assumes Pulitzer's obligations under this Agreement and the Transaction Agreements, (iv) such Transferee assumes Pulitzer's obligations under the Pulitzer Guaranty and (v) if such Transferee satisfies either condition under the foregoing subsection (ii) only because its ultimate parent satisfies such condition, the ultimate parent of such Transferee shall guarantee its performance of Pulitzer's obligations under this Agreement and the Transaction Agreements and also Pulitzer's obligations under the Pulitzer Guaranty.

(d) PTI must Transfer all of its Interest to the Person (or to an Affiliate of the Person) to whom Pulitzer may Transfer its Interest under Section 7.1(b) or Section 7.1(c)

(e) Any purported Transfer by a Member which does not comply with the provisions of this Section 7.1 shall be null and void and of no force and effect. Any Transferee under this Section 7.1 shall become a substitute member in the Company, and shall take the place of the Transferor under this Agreement as fully and completely as if such Transferee had been a party hereto, provided that such Transferee executes and delivers to the Company such documents and instruments of conveyance as may be reasonably necessary to effect such Transfer and to confirm the agreement of the Transferee to be bound by the provisions of this Agreement and the Transaction Agreements.

SECTION 7.2 Put Right.

(a) Upon not less than six months prior written notice and, provided that Herald and its Affiliates are not in breach of any of the Put-Related Covenants, Herald shall have a one-time right to require the Company to redeem all (but not less than all) of its Interest, effective on the tenth anniversary of the Closing Date (the "Herald Put"). The redemption price (the "Put Price") for Herald's Interest will be the amount necessary to result in the Deemed Value of the Herald Interest after receipt of such payment being equal to $275 million as of the Closing Date; provided, however, that if, at the time the Herald Put is exercised, a contest with a governmental authority exists as to the tax treatment of any item of income taken into account in computing Deemed Value, the Put Price will be adjusted after the closing of the exercise of the Herald Put to reflect the ultimate tax treatment as well as any additional unreimbursed contest costs and penalties of Herald and its Affiliates and the corrected interest calculation. The Company may, in the Managing Member's sole and absolute discretion, assign its obligations under the Herald Put to Pulitzer. The closing of the exercise of the Herald Put shall take place at a time and place to be designated by mutual agreement of the Company and Herald, but not later than thirty (30) days after the tenth anniversary of the Closing. At the closing, Herald shall execute and deliver such documents as reasonably requested by the Company or Pulitzer to fully transfer title to its Interest, including documents representing and warranting good and marketable title to its Interest and that its Interest is owned free and clear of all liens, charges and encumbrances.

SECTION 7.3 Termination of a Member's Interest.

Any Member that Transfers its entire Interest pursuant to the terms hereof shall be deemed to have retired and to have ceased to be a Member as of the effective date of such Transfer.

ARTICLE VIII

DISSOLUTION AND WINDING UP

SECTION 8.1 Dissolution.

The Company shall be dissolved and its affairs wound up and terminated upon the first to occur of the following:

(a) the expiration of its term as set forth in Section 2.5; and

(b) the unanimous written consent of the Members to dissolve the Company.

SECTION 8.2 Winding Up.

If the Company is dissolved pursuant to Section 8.1, this Agreement shall remain in full force and effect and shall continue to govern the rights and obligations of the Members and the Managing Member and the conduct of the Company during the period of winding up the Company's affairs. Except as provided in Section 8.3 below, the Managing Member shall cause Company Property to be distributed in-kind or to be sold for cash and the proceeds distributed as provided herein. The Managing Member shall apply and distribute Company Property in the following order of priority (subject to Section 8.3), unless otherwise required by mandatory provisions of applicable Law:

(a) to repayment of the Company Debt or the Permanent Company Debt;

(b) to repayment of other creditors (other than Members who are creditors), to the extent otherwise permitted by Law, in satisfaction of the liability of the Company to such creditors (whether by payment, by the establishment of reserves of cash or other Company Property for contingent liabilities in amounts, if any, determined by the Managing Member to be appropriate for such purposes or by other reasonable provision for payment);

(c) to repayment of Member Loans (whether by payment, by the establishment of reserves of cash or other Company Property for contingent liabilities in amounts, if any, determined by the Managing Member to be appropriate for such purposes or by other reasonable provision for payment); and

(d) thereafter to the Members in proportion to the positive balances of their respective Capital Accounts. Such Capital Account balances shall be determined after allocating all income, gain, deduction, loss and other like items arising in connection with the liquidation of Company Property (or if Company Property is not sold, after adjusting the Capital Accounts in the same manner as such accounts would have been adjusted if all Company Property had been sold for its Fair Market Value) and otherwise making all Capital Account adjustments required hereunder. No Member shall have any obligation to restore any deficit in its Capital Account.

SECTION 8.3 Pulitzer Purchase.

In connection with the liquidation of the Company, Pulitzer will pay to Herald, in lieu of any amount that otherwise would be distributed to Herald pursuant to Section 8.2(d), cash in the same amount.

ARTICLE IX

MISCELLANEOUS

SECTION 9.1 Notices.

All notices and other communications required or permitted by this Agreement shall be in writing and shall be delivered by personal delivery, by nationally recognized overnight courier service, by facsimile, by first class mail or by certified or registered mail, return receipt requested, addressed to any Member at its address as set forth on Schedule 1 (as the same may be updated from time to time at the direction of such Member) or to the Company at 900 North Tucker Boulevard, St. Louis, Missouri 63101 (or to such other address as the Company shall have designated to each of the Members by written notice given in the manner hereinabove set forth). Notices shall be deemed given one day after sent, if sent by overnight courier; when delivered and receipted for, if hand delivered; when received, if sent by facsimile or other electronic means or by first class mail; or when receipted for (or upon the date of attempted delivery where delivery is refused or unclaimed), if sent by certified or registered mail, return receipt requested.

SECTION 9.2 Amendment; Waiver.

Any provision of this Agreement may (i) be amended if, and only if, such amendment is in writing and signed by each Member, or (ii) be waived if such waiver is contained in a writing, and signed by the party against whom the waiver is to be effective. No failure or delay by any party in exercising any right, power or privilege hereunder shall operate as a waiver thereof nor shall any single exercise thereof preclude any other or further exercise thereof or of any other right, power or privilege. Except as otherwise provided, rights and remedies herein provided shall be cumulative and not exclusive of any rights or remedies provided by Law.

SECTION 9.3 Assignment.

Except as otherwise expressly provided herein, no party to this Agreement may assign any of its rights or obligations under this Agreement without the prior written consent of the other parties hereto.

SECTION 9.4 Entire Agreement.

This Agreement, the Joint Venture Agreement and the Transaction Agreements (including the schedules and exhibits hereto and thereto) contain the entire agreement among the parties hereto with respect to the subject matter hereof and supersede all prior agreements and understandings, oral or written, with respect to such matters.

SECTION 9.5 Parties in Interest.

This Agreement shall inure to the benefit of and be binding upon the parties hereto and their respective successors and permitted assigns or Transferees. Nothing in this

Agreement, express or implied, is intended to confer upon any Person other than the Company, Herald, Pulitzer, PTI or their respective successors or permitted assigns or Transferees, any rights or remedies under or by reason of this Agreement. The Company is executing this Agreement as a party, and this Agreement shall constitute a contract among the Members and between the Company and each of the Members.

SECTION 9.6 Governing Law; Submission to Jurisdiction; Selection of Forum.

This Agreement shall be governed by, and construed and enforced in accordance with, the Laws of the State of Delaware without giving effect to any choice of law provision or rule (whether of the State of Delaware or any other jurisdiction) that would cause the application of the Laws of any jurisdiction other than the internal Laws of the State of Delaware. Each of the parties agrees that any legal action between the parties, or any of them, relating to this Agreement, the interpretation of the terms hereof or the performance hereof or the consummation of the transactions contemplated hereby, whether in tort or contract or at law or in equity, shall exclusively be brought in a Federal or State Court located in New Castle County, Delaware, having jurisdiction of the subject matter thereof, and each party irrevocably (i) consents to personal jurisdiction in any such Federal or State Court, (ii) waives any objection to laying venue in any such action or proceeding in any such Court, (iii) waives any immunity from suit and any objection that any such Court is an inconvenient forum or does not have jurisdiction over any party hereto and (iv) agrees that service of complaint or other process may be made by certified or registered mail addressed to such party at its address determined in accordance with Section 9.1 of this Agreement.

SECTION 9.7 Counterparts.

This Agreement may be executed in one or more counterparts, each of which shall be deemed an original, and all of which shall constitute one and the same Agreement.

SECTION 9.8 Severability.

The provisions of this Agreement shall be deemed severable and the invalidity or unenforceability of any provision shall not affect the validity or enforceability of the other provisions hereof. If any provision of this Agreement, or the application thereof to any Person or any circumstance, is invalid or unenforceable (i) a suitable and equitable provision shall be substituted therefor in order to carry out, so far as may be valid and enforceable, the intent and purpose of such invalid or unenforceable provision, and (ii) the remainder of this Agreement and the application of such provision to other Persons or circumstances shall not be affected by such invalidity or unenforceability, nor shall such invalidity or unenforceability affect the validity or enforceability of such provision, or the application thereof, in any other jurisdiction. If Herald and Pulitzer are unable to agree on the substitution of a provision pursuant to clause (i) above, such dispute shall be submitted to binding arbitration in accordance with the rules of the American Arbitration Association.

SECTION 9.9 No Agency.

This Agreement shall not constitute an appointment of any party as the agent of any other party, nor shall any party have any right or authority to assume, create or incur in any

manner any obligation or other liability of any kind, express or implied, against, or in the name or on behalf of, any other party.

SECTION 9.10 Limitation of Liability.

The debts, obligations and liabilities of the Company, whether arising in contract, tort or otherwise, shall be solely the debts, obligations and liabilities of the Company, and, except as otherwise expressly provided herein, no Member (including the Managing Member) or officer of the Company shall be obligated personally for any such debt, obligation or liability of the Company solely by reason of being a Member, Managing Member and/or officer.

[The remainder of this page is intentionally left blank]

IN WITNESS WHEREOF, the undersigned have duly executed this Agreement as of the date first written above.

PULITZER INC.

By: /S/ RONALD H. RIDGWAY
Name: **Ronald H. Ridgway**
Title: **Senior Vice President - Finance**

PULITZER TECHNOLOGIES, INC.

By: /S/ JON H. HOLT
Name: **Jon H. Holt**
Title: **Treasurer**

THE HERALD COMPANY, INC.

By: /S/ S.I. NEWHOUSE, JR.
Name: **S.I. Newhouse, Jr.**
Title: **Vice President**

AMENDMENT NO. 1

TO

OPERATING AGREEMENT

OF

ST. LOUIS POST-DISPATCH LLC

THIS AMENDMENT NO. 1, made and entered into as of June 1, 2001 among The Herald Company, Inc., a New York corporation ("Herald"), Pulitzer Inc., a Delaware corporation ("Pulitzer" or the "Managing Member"), and Pulitzer Technologies, Inc., a Delaware corporation ("PTI"), to the Operating Agreement made and entered into as of May 1, 2000 among Herald, Pulitzer and PTI (the "Operating Agreement").

RECITALS

WHEREAS, Herald, Pulitzer and PTI constitute all the members of St. Louis Post-Dispatch LLC, a Delaware limited liability company (the "Company");

WHEREAS, STL Distribution Services LLC, a Delaware limited liability company ("Distribution Services"), has been organized for the purpose of engaging in the business of the delivery of publications and products in the greater St. Louis metropolitan area;

WHEREAS, it is contemplated that Arch Distribution LLC, a Delaware limited liability company of which the Company is the sole member ("Arch"), and Gateway Consumer Services LLC, a Delaware limited liability company of which the Company is the sole member ("Gateway"), will merge with and into Distribution Services (collectively the "Mergers"), and the Company will distribute to the

Members, in accordance with Section 3.10(b) of the Operating Agreement, the membership interests in Distribution Services which the Company will receive as a result of the Mergers; and

WHEREAS, the Members desire to enter into this Amendment No. 1 for the purpose of setting forth the agreements of the Members as to certain matters relating to the Company and Distribution Services;

NOW, THEREFORE, in consideration of the foregoing and of the mutual covenants and undertakings herein, the Members agree as follows:

1. Unless the context requires otherwise, capitalized terms used herein shall have the meanings set forth or as referenced in the Operating Agreement, and Section 1.2 of the Operating Agreement shall apply equally to this Amendment No. 1.

2. Each of Herald, Pulitzer and PTI hereby authorize and approve the mergers of Arch and Gateway with and into Distribution Services, with Distribution Services being the surviving entity.

3. In the event that Herald shall be a member of Distribution Services at the time Herald exercises the Herald Put, Herald shall be deemed to have transferred its entire membership interest in Distribution Services to Pulitzer simultaneously and effective as of the effectiveness of the closing of the exercise of the Herald Put. If Herald exercises the Herald Put, the Put Price shall be allocated between Herald's Interest and Herald's membership interest in Distribution Services in proportion to the ratio of Herald's Capital Account balance to its capital account balance in Distribution Services, each determined immediately prior to the exercise of the Herald Put and without regard to paragraph 4 of this Amendment No. 1.

4. The provisions of Sections 3.10, 3.11, 3.13, 5.4, 5.7, 7.2, 8.2. 8.3 and Appendix A (including Exhibit A attached thereto) of the Operating Agreement, including the definitions of "Deemed Tax Benefit" and "Deemed Value," shall be applied and determined as if the Company and Distribution

Services were a single entity with respect to which each such provision and definition applied. Each of the Members shall be treated for this purpose as if it owned a single interest consisting of both its Interest and its Capital Account and its membership interest and its capital account in Distribution Services. For purposes of illustration, but without limiting the foregoing, for purposes of applying Sections 3.10, 3.11, 3.13, 5.4, 5.7, 7.2, 8.2, 8.3 and Appendix A (including Exhibit A attached thereto) of the Operating Agreement, the term "Company" shall be deemed to refer to the Company and Distribution Services as a single, combined entity; the term "Company Property" shall include all of the assets of Distribution Services; the terms "Profits" and "Losses" shall include all corresponding items realized by Distribution Services; all distributions and payments received by Herald shall include all distributions and payments received by Herald from Distribution Services; and any income or gain recognized by Herald in respect of its Interest shall include any income or gain recognized by Herald in respect of its membership interest in Distribution Services.

5. Simultaneously with the payment by Pulitzer to Herald of the amount provided in Section 8.3 of the Operating Agreement (calculated in accordance with the provisions of the foregoing paragraph 4 of this Amendment No. 1), Herald shall be deemed to have transferred all its membership interest in Distribution Services, as well as its Interest, to Pulitzer. That portion of the aforementioned payment by Pulitzer to Herald which relates to the capital account of Herald in Distribution Service shall be deemed to satisfy in full the rights of Herald under Sections 8.2(c) and 8.3 of the Operating Agreement of Distribution Services made and entered into as of May 31, 2001 among Herald, Pulitzer and PTI, as amended from time to time.

6. During the existence of Distribution Services, the Members shall be the same Persons or Affiliates thereof as the holders of membership interests in Distribution Services.

7. This Amendment No. 1 shall not be considered as a precedent in any respect in connection with the interpretation or construction of the Operating Agreement.

8. Except as provided herein, the Operating Agreement shall continue in full force and effect.

IN WITNESS WHEREOF, the undersigned have duly executed this Amendment No. 1 to the Operating Agreement as of the date first above written.

PULITZER INC.

By: /S/ RONALD H. RIDGWAY
Name: **Ronald H. Ridgway**
Title: **Senior Vice President-Finance**

PULITZER TECHNOLOGIES, INC.

By: /S/ JON H. HOLT
Name: **Jon H. Holt**
Title: **Treasurer**

THE HERALD COMPANY, INC.

By: /S/ DONALD E. NEWHOUSE
Name: **Donald E. Newhouse**
Title: **Vice President**

INDEMNITY AGREEMENT

INDEMNITY AGREEMENT (the "Agreement"), dated as of May 1, 2000, between THE HERALD COMPANY, INC., a New York corporation ("Herald" or the "Indemnitor"), and PULITZER INC., a Delaware corporation ("Pulitzer"). Capitalized terms used but not otherwise defined herein shall have the respective meanings given to such terms in the Joint Venture Agreement or the Operating Agreement, each referred to below.

WITNESSETH:

WHEREAS, Pulitzer, Herald, Pulitzer Technologies, Inc. ("PTI") and St. Louis Post-Dispatch LLC, a Delaware limited liability company (the "Company"), are parties to a Joint Venture Agreement, dated as of May 1, 2000 (the "Joint Venture Agreement");

WHEREAS, Pulitzer, PTI and Herald are parties to the Operating Agreement of the Company, dated as of May 1, 2000 (the "Operating Agreement");

WHEREAS, the Company is a party to a Credit Agreement, dated as of May 1, 2000, between the Company and The Prudential Insurance Company of America and certain other institutional lenders (collectively, the "Lenders"), as amended, supplemented or otherwise modified from time to time (the "Credit Agreement"), pursuant to which the Lenders have agreed to make a loan to the Company in the principal amount of $306,000,000 (the "Company Debt");

WHEREAS, the Company has executed a promissory note, dated as of May 1, 2000, evidencing the Company Debt;

WHEREAS, Pulitzer has provided to the Lenders a full and unconditional guaranty of payment of the Company Debt pursuant to a Guaranty Agreement, dated as of May 1, 2000 (the "Pulitzer Guaranty");

WHEREAS, as contemplated by and as more fully described in Section 3.12 of the Operating Agreement, the parties thereto intend that the Company Debt will be refinanced on one or more occasions with Permanent Company Debt (as defined in the Operating Agreement); and

WHEREAS, the Indemnitor has agreed to indemnify Pulitzer against amounts that may be actually paid by Pulitzer under the Pulitzer Guaranty, subject to the terms and limitations set forth herein.

NOW, THEREFORE, the parties hereto agree as follows:

SECTION 1. INDEMNITY.

(a) Subject to Sections 3 and 4 hereof, the Indemnitor unconditionally agrees to indemnify Pulitzer for any payments of principal and interest with respect to the Company Debt that Pulitzer may make under the Pulitzer Guaranty, and any reasonable costs and expenses incurred by Pulitzer in connection with Indemnitor's performance of its obligations under this Agreement, if Pulitzer shall have (i) exhausted all of its rights (whether by subrogation or otherwise) to reimbursement or recovery from the Company or the Company's assets and (ii) assigned its Interest (as defined in the Operating Agreement), and caused PTI and all other Affiliates of Pulitzer to assign their Interests, to Herald (or to an Affiliate of Herald designated by Herald). Such indemnification payment shall be made within 30 days after the Indemnitor's receipt of written notice from Pulitzer of Pulitzer's right to such payment.

(b) For purposes of this Agreement, the term "Company Debt" shall include any Permanent Company Debt; the term "Credit Agreement" shall include any similar agreement entered into by the Company in respect of any Permanent Company Debt; and the term "Pulitzer Guaranty" shall include any similar agreement entered into by Pulitzer in connection with any Permanent Company Debt.

SECTION 2. SUBROGATION.

(a) Upon the Indemnitor's payment in full to Pulitzer pursuant to Section 1(a) hereof, the Indemnitor shall be subrogated to the remaining rights of Pulitzer against the Company to the extent of such payment. For purposes of the Operating Agreement, on the day such payment is made, the Indemnitor shall be treated as if it contributed an amount equal to the amount of the payment to the capital of the Company.

(b) Notwithstanding any provision of applicable Law, the Indemnitor hereby agrees that the assignment by Pulitzer, PTI and any other Affiliate of Pulitzer of their respective Interests to Herald pursuant to Section 1(a) above shall constitute full satisfaction of any and all claims and other rights (whether legal or equitable) that Indemnitor may have or thereafter acquire against Pulitzer, the Company, any Member of the Company or any other Person by reason of making a payment pursuant to Section 1(a) hereof (other than any rights under the Operating Agreement in respect of the deemed capital contribution described in Section 2(a) above), including, without limitation, any right of indemnification, subrogation, reimbursement, exoneration, or contribution or any right to participate in any claim or remedy of the Lenders or Pulitzer against any person.

SECTION 3. LIMITATION ON AMOUNT OF INDEMNITY. Notwithstanding any provision of this Agreement to the contrary, the aggregate obligation of the Indemnitor hereunder shall in no event exceed the sum of (i) $306,000,000 and (ii) in the event Indemnitor does not make payment in full of its indemnification obligations hereunder to Pulitzer within ten (10) Business Days after the date such payment is due pursuant to

Section 1(a) above, the reasonable costs and expenses incurred by Pulitzer in connection with Indemnitor's performance of its obligations under this Agreement.

SECTION 4. TERMINATION. Except as otherwise provided in this Section 4, this Agreement shall survive and be in full force and effect so long as any principal amount of, or accrued interest on, the Company Debt is outstanding and has not been paid in full. This Agreement shall terminate upon the first to occur of the following (the "Cessation Date"): (i) the closing of the exercise of the Herald Put (as defined in the Operating Agreement); (ii) the repayment in full of the Company Debt, other than a repayment out of refinancing proceeds; (iii) the liquidation and winding up of the Company pursuant to the terms of the Operating Agreement or otherwise under the Delaware Act or (iv) a sale by Herald, in accordance with the terms and conditions set forth in Section 7.1 of the Operating Agreement, of its entire Interest to any Person who is not a Related Person (as defined in Section 7.1 of the Operating Agreement) with respect to Herald; provided, that any such transferee of Herald's Interest has agreed in writing to assume all of Herald's obligations hereunder. As of the Cessation Date, the Indemnitor shall be released from any and all liabilities hereunder; provided, however, that the Indemnitor shall not be released from any unpaid liability of the Indemnitor if (x) a Default (as defined in the Credit Agreement) relating to the nonpayment of principal or interest on the Company Debt or Event of Default (as defined in the Credit Agreement) is pending under the Credit Agreement, or (y) Pulitzer has made or is then entitled to make a demand pursuant to Section 1 hereof, or Pulitzer then would be so entitled to make a demand upon exhaustion of its rights to reimbursement or recovery from the Company or the Company's assets.

SECTION 5. NET WORTH OF INDEMNITOR.

(a) Herald represents that the information set forth in the letter from Herald to Pulitzer dated as of the date hereof concerning the assets and liabilities of Herald is true, correct and complete.

(b) Herald covenants that, until the Termination Date or Cessation Date, it will not, directly or indirectly, dispose of any assets or incur any liability or obligation that could be deemed to be part of a "plan to circumvent or avoid" (within the meaning of Regulations Section 1.752-2(b)(6) and Section 1.752-2(j)(3)) Herald's indemnity obligation under this Agreement.

SECTION 6. NO THIRD PARTY RELIANCE. Nothing in this Agreement, expressed or implied, is intended to confer upon any person other than the parties hereto and their respective permitted successors and assigns any rights or remedies under or by reason of this Agreement. Without limiting the foregoing, it is expressly understood that the Lenders shall have no rights against the Indemnitor hereunder.

SECTION 7. GOVERNING LAW. This agreement shall be governed by, and construed in accordance with, the laws of the State of New York, without giving effect to any choice of law provision or rule.

SECTION 8. NO WAIVER; AMENDMENT.

(a) No failure on the part of the Indemnitor or Pulitzer to exercise, and no delay in exercising, any right, power or remedy hereunder shall operate as a waiver thereof, nor shall any single or partial exercise of any such right, power or remedy by the Indemnitor or Pulitzer preclude any other or further exercise thereof or the exercise of any other right, power or remedy. All remedies hereunder are cumulative and are not exclusive of any other remedies provided by law. Neither the Indemnitor nor Pulitzer shall be deemed to have waived any rights hereunder unless such waiver shall be in writing and signed by such parties.

(b) Neither this Agreement nor any provision hereof may be waived, amended or modified except pursuant to a written agreement entered into between both parties hereto.

SECTION 9. NOTICES. All communications and notices hereunder between and among the parties hereto shall be in writing and given as provided in the Joint Venture Agreement and addressed as specified therein.

SECTION 10. BINDING AGREEMENT. Whenever in this Agreement any of the parties hereto is referred to, such reference shall be deemed to include the permitted successors and assigns of such party; and all covenants, promises and agreements by or on behalf of the parties that are contained in this Agreement shall bind and inure to the benefit of their respective permitted successors and assigns.

SECTION 11. ASSIGNMENT. Pulitzer may assign or transfer its rights and obligations hereunder to any Person to which it may assign or transfer its rights and obligations under the Operating Agreement or the Pulitzer Guaranty. Except as provided herein, no party hereto may assign or transfer any of its rights or obligations hereunder (and any such attempted assignment or transfer shall be void) without the prior written consent of the other party hereto.

SECTION 12. SEVERABILITY. In case any one or more of the provisions contained in this Agreement should be held invalid, illegal or unenforceable in any respect, neither party hereto shall be required to comply with such provision for so long as such provision is held to be invalid, illegal or unenforceable, but the validity, legality and enforceability of the remaining provisions contained herein 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.

SECTION 13. COUNTERPARTS; EFFECTIVENESS; EXECUTION. This Agreement may be executed in counterparts (and by different parties hereto on different counterparts), each of which shall constitute an original, but all of which when taken together shall constitute a single contract. Delivery of an executed signature page to this Agreement by facsimile transmission shall be as effective as delivery of a manually signed counterpart of this Agreement.

SECTION 14. RULES OF INTERPRETATION. The rules of interpretation specified in Section 1.2 of the Operating Agreement shall be applicable to this Agreement.

[The remainder of this page is intentionally left blank]

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

THE HERALD COMPANY, INC.

By: /s/ S.I. NEWHOUSE, JR.
Name: **S.I. Newhouse, Jr.**
Title: **Vice President**

PULITZER INC.

By: /s/ RONALD H. RIDGWAY
Name: **Ronald H. Ridgway**
Title: **Senior Vice President - Finance**

LICENSE AGREEMENT

THIS LICENSE AGREEMENT (the "License Agreement") is made as of the 1st day of May, 2000, by and between PULITZER INC., a Delaware corporation ("Licensor"), and ST. LOUIS POST-DISPATCH LLC, a Delaware limited liability company ("Licensee").

WHEREAS, Licensor, Pulitzer Technologies, Inc., a Delaware corporation ("PTI"), The Herald Company, Inc., a New York corporation ("Herald"), and Licensee have entered into a Joint Venture Agreement, dated as of May 1, 2000 (the "Joint Venture Agreement"), pursuant to which Pulitzer, PTI and Herald have agreed to contribute to Licensee their respective interests in certain assets and liabilities relating to the St. Louis Post-Dispatch in exchange for equity interests in Licensee; and

WHEREAS, the Joint Venture Agreement provides that Licensor shall grant to Licensee a license as hereinafter provided;

NOW, THEREFORE, in consideration of the premises and the covenants and agreements herein contained, the parties agree as follows:

1. Grant of License. Licensor hereby grants Licensee a royalty-free license and right (which license and right shall be exclusive against all persons and entities, except for Licensor and its Affiliates, as that term is defined in the Joint Venture Agreement), to use (A)(i) the whole or any part of the name, title and masthead of the St. Louis Post-Dispatch, together with (ii) the phrase "Founded By Joseph Pulitzer, December 12, 1878" in the manner set forth in Exhibit A hereto, (iii) the names "Joseph Pulitzer", "Joseph Pulitzer", "Joseph Pulitzer" and "Michael E. Pulitzer" in the manner set forth in Exhibit B hereto and (iv) the statement of the platform of the Post-Dispatch, but only together with the bust of Joseph Pulitzer, the phrase "The Post-Dispatch Platform" and the phrase "Joseph Pulitzer, April 10, 1907" in the manner set forth in Exhibit C hereto; (B) all intangible rights and privileges of whatever kind belonging or incidental to the foregoing, including any and all copyrights and trademarks relating thereto and (C) any and all copyrights in the issues of the St. Louis Post-Dispatch published before, on or after the date hereof and the right to reprint all or any part thereof (collectively, the "Names and Other Rights").

2. Term. The term of this License shall remain in effect for so long as and only for so long as Licensee is in existence and actively conducting the various activities of the St. Louis Post-Dispatch.

3. Subsequent Event. If Licensor shall assign its Interest (as defined in the Operating Agreement) to Herald or its permitted successor or assignee pursuant to Section 1(a) of the Indemnity Agreement of even date herewith between Licensor and Herald, Licensor shall simultaneously assign all its right, title and interest in and to the Names and Other Rights to Herald or its permitted successor or assignee.

4. Control by Licensor. Licensor shall maintain quality control of the manner in which the Names and Other Rights are used by Licensee. To assure Licensee's compliance with this Agreement, Licensee shall (i) provide Licensor, from time to time but not less than annually, with such samples of Licensee's use of the Names and Other Rights as Licensor shall request and (ii) promptly comply with any changes in its manner of use of the Names and Other Rights as Licensor, in writing, shall request consistent with the terms and provisions hereof.

5. Maintenance and Renewal. Licensor shall be responsible for, and Licensee shall cooperate with and assist Licensor in, maintaining and renewing all copyright and trademark protection and registration of the Names and Other Rights.

6. Default. If, for a period of six consecutive months, Licensee fails to use the Names and Other Rights in conducting the various activities of the St. Louis Post-Dispatch, or if Licensee becomes insolvent, or if Licensee initiates proceedings in any court under any bankruptcy, reorganization or similar law or for the appointment of a trustee or receiver of Licensee's property, or if Licensee is adjudicated a bankrupt or debtor under any bankruptcy, reorganization or similar law, or if there shall be a default in the performance of any agreement herein contained on the part of Licensee and such default remains uncured for more than 180 days after written notice of such default is given by Licensor, this License Agreement (if Licensor so elects by written notice to Licensee) shall immediately thereupon become null and void, and Licensee shall have no further right to use of the Names and Other Rights.

7. Assignment and Sublicense. Licensee shall not, without Licensor's prior written consent, directly or indirectly, assign or sublicense its rights hereunder.

8. Indemnification. Licensor agrees to indemnify and hold Licensee and its officers, agents and employees harmless from and against any and all claims, actions, liabilities, losses, damages, costs and expenses, including reasonable attorneys' fees, arising out of any claim that Licensor did not have the right and power to enter into and perform this License Agreement and to license the Names and Other Rights to Licensee as provided in this License Agreement without infringing the rights of any third party. Licensee shall notify Licensor promptly of any adverse use or infringement of the use of the Names and Other Rights by any third parties and assist Licensor in all reasonable ways in the protection thereof. Subject to the first sentence of this Section 7, Licensor shall not be liable to Licensee for any loss or liability suffered by Licensee by reason of Licensee's use of the Names and Other Rights or by reason of any infringement thereof by any third parties unless caused by Licensor.

9. Waivers. No assent, express or implied, by either party hereto, to any breach of any of the other party's covenants or agreements shall be deemed or taken to be a waiver of any succeeding breach of the same covenant or agreement.

10. Notices. All communications and notices between the parties hereto shall be in writing and given as provided in the Joint Venture Agreement and addressed as specified therein.

11. Law Governing. This License Agreement shall be governed by, construed and enforced in accordance with the internal laws of the State of New York, without giving effect to the conflicts of laws principles thereof.

12. Counterparts. This License Agreement may be executed in counterparts, each of which shall constitute an original and all of which, when taken together, shall constitute one agreement, and any party hereto may execute this License Agreement by signing one or more counterparts hereof.

[The remainder of this page is intentionally left blank]

IN WITNESS WHEREOF, the parties hereto have executed this License Agreement as of the day and year first above written.

PULITZER INC.

By: /s/ RONALD H. RIDGWAY

Name: **Ronald H. Ridgway**

Title: **Senior Vice President - Finance**

ST. LOUIS POST-DISPATCH LLC

By: /s/ ROBIN L. SPEARS

Name: **Robin L. Spears**

Title: **Vice President - Finance**

EXHIBIT A

FOUNDED BY JOSEPH PULITZER, DECEMBER 12, 1878

ST. LOUIS POST-DISPATCH

JOSEPH PULITZER
EDITOR & PUBLISHER
1878-1911

JOSEPH PULITZER
EDITOR & PUBLISHER
1912-1955

JOSEPH PULITZER
EDITOR & PUBLISHER
1955-1986
CHAIRMAN 1979-1993

MICHAEL E. PULITZER
CHAIRMAN & CEO
1993-1999
CHAIRMAN 1999-

ROBERT C. WOODWORTH
PRESIDENT & CEO

TERRANCE C.Z. EGGER
PUBLISHER

MATTHEW G. KRANER
GENERAL MANAGER

RICHARD K. WEIL,
JR. EXECUTIVE EDITOR

ARNIE ROBBINS
MANAGING EDITOR

CHRISTINE A. BERTELSON
EDITORIAL PAGE EDITOR

VIRGIL TIPTON DEPUTY EDITOR

EXHIBIT B

FOUNDED BY JOSEPH PULITZER, DECEMBER 12, 1878

ST. LOUIS POST-DISPATCH

JOSEPH PULITZER
EDITOR & PUBLISHER
1878-1911

JOSEPH PULITZER
EDITOR & PUBLISHER

1912-1955

JOSEPH PULITZER,
EDITOR & PUBLISHER
1955-1986
CHAIRMAN 1979-1993

MICHAEL E. PULITZER,
CHAIRMAN & CEO
1993-1998
CHAIRMAN 1999 -

ROBERT C. WOODWORTH
PRESIDENT & CEO

TERRANCE C.Z. EGGER,
PUBLISHER

MATTHEW G. KRANER,
GENERAL MANAGER

RICHARD K. WEIL,
JR., EXECUTIVE EDITOR
ARNIE ROBBINS,
MANAGING EDITOR

CHRISTINE A. BERTELSON
EDITORIAL PAGE EDITOR

VIRGIL TIPTON, DEPUTY EDITOR

EXHIBIT C

I KNOW THAT MY RETIREMENT WILL MAKE NO DIFFERENCE IN ITS CARDINAL PRINCIPLES. THAT IT WILL ALWAYS FIGHT FOR PROGRESS AND REFORM, NEVER TOLERATE INJUSTICE OR CORRUPTION, ALWAYS FIGHT [PICTURE]DEMAGOGUES OF ALL PARTIES, NEVER BELONG TO ANY PARTY, ALWAYS OPPOSE PRIVILEGED CLASSES AND PUBLIC PLUNDERERS, NEVER LACK SYMPATHY WITH THE POOR, ALWAYS REMAIN DEVOTED TO THE PUBLIC WELFARE, NEVER BE SATISFIED WITH MERELY PRINTING NEWS, ALWAYS BE DRASTICALLY INDEPENDENT, NEVER BE AFRAID TO ATTACK WRONG, WHETHER BY PREDATORY PLUTOCRACY OR PREDATORY POVERTY.

THE POST-DISPATCH PLATFORM JOSEPH PULITZER, APRIL 10, 1907

EXHIBIT 10.8
EXECUTION VERSION

ST. LOUIS POST-DISPATCH LLC

$306,000,000

8.05% SENIOR NOTES DUE APRIL 28, 2009

NOTE AGREEMENT

DATED AS OF MAY 1, 2000

TABLE OF CONTENTS

(Not Part of Agreement)

ST. LOUIS POST-DISPATCH LLC
900 NORTH TUCKER BOULEVARD
ST. LOUIS, MISSOURI 63101

As of May 1, 2000

TO EACH OF THE PURCHASERS NAMED ON
THE ATTACHED PURCHASER SCHEDULE

$306,000,000 8.05% Senior Notes

Ladies and Gentlemen:

The undersigned, ST. LOUIS POST-DISPATCH LLC, a Delaware limited liability company (the "COMPANY"), hereby agrees with each Purchaser as follows:

PARAGRAPH 1. AUTHORIZATION OF ISSUE OF NOTES.

1. AUTHORIZATION OF ISSUE OF NOTES. The Company will authorize the issue of its senior guaranteed promissory notes in the aggregate principal amount of $306,000,000, to be dated the date of issue thereof, to mature April 28, 2009, to bear interest on the unpaid balance thereof from the date thereof until the principal thereof shall have become due and payable at the rate of 8.05% per annum and on overdue payments at the rate specified therein, and to be substantially in the form of Exhibit A attached hereto (the "NOTES"). The term "NOTES" as used herein shall include each Note delivered pursuant to any provision of this Agreement and each Note delivered in substitution or exchange for any other Note pursuant to any such provision. Capitalized terms used herein have the meanings specified in paragraph 10.

PARAGRAPH 2. PURCHASE AND SALE OF NOTES.

2. PURCHASE AND SALE OF NOTES. The Company hereby agrees to sell to each Purchaser and, subject to the terms and conditions herein set forth, each Purchaser agrees to purchase from the Company Notes in the aggregate principal amount set forth opposite such Purchaser's name on the Purchaser Schedule hereto at 100% of such aggregate principal amount. The Company will deliver to each Purchaser, at the offices of Baker Botts L.L.P. at 599 Lexington Avenue, New York, New York 10022-6030, one or more Notes registered in its name, evidencing the aggregate principal amount of Notes to be purchased by such Purchaser and in the denomination or denominations specified in the Purchaser Schedule attached hereto, against payment of the purchase price thereof by transfer of immediately available funds for credit to the Company's account A/C 323 232 418 at The Chase Manhattan Bank, New York, New York (ABA No. 021-000-021), as identified in a written instruction of the Company, in the form of Exhibit B attached hereto, delivered to each Purchaser on or before the date of closing, which shall be May 1, 2000 or any other date on or before May 1, 2000 upon which the parties hereto may mutually agree (herein called the "CLOSING" or the "DATE OF CLOSING").

PARAGRAPH 3. CONDITIONS OF CLOSING.

3. CONDITIONS OF CLOSING. The obligation of each Purchaser to purchase and pay for the Notes to be purchased by it hereunder is subject to the satisfaction, on or before the Date of Closing, of the following conditions:

3A. CERTAIN DOCUMENTS. Such Purchaser shall have received the following, each to be dated the Date of Closing unless otherwise indicated:

(i) The Note(s) to be purchased by such Purchaser.

(ii) The Guaranty Agreement, duly executed and delivered by the Guarantor.

(iii) A favorable opinion of Fulbright & Jaworski L.L.P., counsel to the Company and the Guarantor, substantially in the form of Exhibit C attached hereto. The Company hereby directs such counsel to deliver such opinion and agrees that the issuance and sale of any Notes will constitute a reconfirmation of such direction.

(iv) Reliance letters in respect of any other legal opinions delivered in connection with this Agreement, the Guaranty Agreement, the Formation/Contribution Documents and the transactions contemplated hereby and thereby.

(v) Copies of (a) the Certificate of Formation of the Company, certified as of a recent date by the Secretary of State of Delaware, and (b) the Limited Liability Company Agreement of the Company, certified by the Secretary or an Assistant Secretary of the Company.

(vi) Copies of (a) the Certificate of Incorporation of the Guarantor, certified as of a recent date by the Secretary of State of Delaware, and (b) the Bylaws of the Guarantor, certified by the Secretary or an Assistant Secretary of the Guarantor.

(vii) Incumbency certificates signed by the Secretary or an Assistant Secretary and one other officer of each of the Company and the Guarantor, certifying as to the names, titles and true signatures of the officers of the Company or the Guarantor, as applicable, authorized to (a) sign on behalf of the Company this Agreement, the Notes and the other documents to be delivered by the Company hereunder or in connection with the transactions contemplated hereby, or (b) sign on behalf of the Guarantor the Guaranty Agreement and the other documents to be delivered by the Guarantor hereunder and thereunder or in connection with the transactions contemplated hereby and thereby, as applicable.

(viii) A certificate of the Secretary or an Assistant Secretary of the Guarantor (a) attaching resolutions of the Board of Directors of the Guarantor evidencing approval (in the Guarantor's capacity as sole managing member of the Company) of the transactions contemplated by this Agreement and the issuance of the Notes and the execution, delivery and performance thereof, authorizing certain officers to execute and deliver the same, and certifying that such resolutions were duly and validly adopted and have not since been amended, revoked or rescinded, and (b) certifying (in the Guarantor's capacity as sole managing member of the Company) that no dissolution or liquidation proceedings as to the Company or any Material Subsidiary of the Company have been commenced or are contemplated.

(ix) A certificate of the Secretary or an Assistant Secretary of the Guarantor (a) attaching resolutions of the Board of Directors of the Guarantor evidencing approval of the execution, delivery and performance of the Guaranty Agreement, and authorizing certain officers to execute and deliver the same, and certifying that such resolutions were duly and validly adopted and have not since been amended, revoked or rescinded, and (b) certifying that no dissolution or liquidation proceedings as to the Guarantor or any Subsidiary of the Guarantor (other than a Subsidiary of the Company that is not a Material Subsidiary) have been commenced or are contemplated.

(x) An Officer's Certificate of a Responsible Officer of the Company certifying that (a) the representations and warranties contained in paragraph 8 are true on and as of the Date of Closing, except to the extent of changes caused by the transactions herein contemplated, and (b) there exists on the Date of Closing no Event of Default or Default.

(xi) An Officer's Certificate of a Responsible Officer of the Guarantor certifying that (a) the representations and warranties contained in Section 3 of the Guaranty Agreement are true on and as of the Date of Closing, except to the extent of changes caused by the transactions herein and therein contemplated, and (b) there exists on the Date of Closing no Guaranty Event of Default or Guaranty Default.

(xii) Corporate and tax good standing certificates as to (a) the Company and the Guarantor, from the States of Delaware and Missouri, and (b) each Material Subsidiary of the Company, from its state of organization.

(xiii) A copy of each of the Formation/Contribution Documents and the Indemnity Agreement, certified as true and complete by the Secretary or an Assistant Secretary of the Guarantor, the terms and conditions of which shall be in full force and effect and shall not have been amended, modified or waived in any material respect except with the prior written consent of such Purchaser.

(xiv) A pro forma consolidated balance sheet for the Company and its Subsidiaries as at March 31, 2000, certified by an authorized financial officer of the

Company and reflecting the consummation of the Formation/Contribution Transactions and the issuance of the Notes hereunder.

(xv) Such additional documents or certificates with respect to such legal matters or corporate, limited liability company or other proceedings related to the transactions contemplated hereby as may be reasonably requested by such Purchaser.

3B. OPINION OF PURCHASER'S SPECIAL COUNSEL. Such Purchaser shall have received from Baker Botts L.L.P., who are acting as special counsel for it in connection with this transaction, a favorable opinion satisfactory to such Purchaser as to such matters incident to the matters herein contemplated as it may reasonably request.

3C. TRANSACTIONS PERMITTED BY APPLICABLE LAWS. The consummation of all transactions contemplated hereby, including, without limitation, the offer by the Company of the Notes, the purchase of and payment for the Notes to be purchased by such Purchaser on the Date of Closing on the terms and conditions herein provided (including the use of the proceeds of such Notes by the Company) shall not violate any applicable law or governmental regulation (including, without limitation, section 5 of the Securities Act or Regulation T, U or X of the Board of Governors of the Federal Reserve System) and shall not subject such Purchaser to any tax, penalty, liability or other onerous condition under or pursuant to any applicable law or governmental regulation, and such Purchaser shall have received such certificates or other evidence as such Purchaser may request to establish compliance with this condition.

3D. PRIVATE PLACEMENT NUMBER. A Private Placement Number issued by Standard & Poor's CUSIP Service Bureau (in cooperation with the Securities Valuation Office of the National Association of Insurance Commissioners) shall have been obtained for the Notes.

3E. CONSUMMATION OF FORMATION/CONTRIBUTION TRANSACTIONS. Such Purchaser shall have received satisfactory evidence that the Formation/Contribution Transactions have been consummated prior to or concurrently with the issuance of the Notes pursuant to and in accordance with the terms and conditions of the Formation/Contribution Documents (no terms thereof having been amended, supplemented, waived or otherwise modified in any material respect without such Purchaser's prior written consent); all corporate, limited liability company and other proceedings taken or to be taken in connection with the Formation/Contribution Transactions and all documents incident thereto shall be satisfactory in substance and form to such Purchaser; and such Purchaser shall have received all such counterpart originals or certified or other copies of such documents as such Purchaser may reasonably request.

3F. PAYMENT OF FEES. The Company shall have paid (i) to each Purchaser such fees as are due it in connection with this Agreement, including such Purchaser's pro rata portion of the structuring fee of $150,000 (but subject to the provisions of the letter agreement dated March 24, 2000 between the Guarantor and The Prudential Insurance Company of America), and (ii) the fees and expenses of Baker Botts L.L.P., Purchasers' special counsel, as set forth

in a statement to be delivered to the Company no later than one Business Day prior to the Date of Closing.

3G. SALE TO OTHER PURCHASERS. The Company shall have sold to the other Purchasers the Notes to be purchased by them on the Date of Closing and shall have received payment in full therefor.

PARAGRAPH 4. PREPAYMENTS.

4. PREPAYMENTS. The Notes shall be subject to prepayment only with respect to the optional prepayments permitted by paragraph 4A.

4A. OPTIONAL PREPAYMENT WITH YIELD-MAINTENANCE AMOUNT. The Notes shall be subject to prepayment, in whole at any time or from time to time in part (in a minimum principal amount of $1,000,000 and integral multiples of $100,000) at the option of the Company, at 100% of the principal amount so prepaid plus interest thereon to the prepayment date and the Yield-Maintenance Amount, if any, with respect to each Note.

4B. NOTICE OF OPTIONAL PREPAYMENT. The Company shall give the holder of each Note irrevocable written notice of any prepayment pursuant to paragraph 4A not less than 10 Business Days prior to the prepayment date (which shall be a Business Day), specifying such prepayment date and the principal amount of the Notes, and of the Notes held by such holder, to be prepaid on such date and stating that such prepayment is to be made pursuant to paragraph 4A. Notice of prepayment having been given as aforesaid, the principal amount of the Notes specified in such notice, together with interest thereon to the prepayment date and together with the Yield-Maintenance Amount, if any, with respect thereto, shall become due and payable on such prepayment date. The Company shall, on or before the day on which it gives written notice of any prepayment pursuant to paragraph 4A, give telephonic notice of the principal amount of the Notes to be prepaid and the prepayment date to each holder of a Note which shall have designated a recipient of such telephonic notices in the Purchaser Schedule attached hereto or by notice in writing to the Company; provided, that such notice shall be given instead by telecopy to any holder which shall have elected to receive such notices by telecopy and shall have designated a recipient of such telecopy notices in the Purchaser Schedule attached hereto or by notice in writing to the Company.

4C. PARTIAL PAYMENTS PRO RATA. Upon any partial prepayment of the Notes pursuant to paragraph 4A, the principal amount so prepaid shall be allocated to all Notes at the time outstanding in proportion to the respective outstanding principal amounts thereof.

4D. RETIREMENT OF NOTES. The Company shall not, and shall not permit any of its Subsidiaries or Affiliates to, prepay or otherwise retire in whole or in part prior to their stated final maturity (other than by prepayment pursuant to paragraph 4A or upon acceleration of such final maturity pursuant to paragraph 7A), or purchase or otherwise acquire, directly or indirectly, Notes held by any holder.

PARAGRAPH 5. AFFIRMATIVE COVENANTS.

5. AFFIRMATIVE COVENANTS. So long as any Note shall remain unpaid, the Company covenants as follows:

5A. FINANCIAL STATEMENTS. The Company will deliver or cause the Guarantor to deliver to each holder in duplicate (it being understood that the Company need not duplicate delivery by the Guarantor of the financial statements or other items required to be delivered under Section 4.1 of the Guaranty Agreement):

(i) as soon as practicable and in any event within 45 days after the end of each quarterly period (other than the last quarterly period) in each fiscal year, a consolidating and consolidated statement of income and a consolidated statement of cash flows of the Guarantor and its Subsidiaries (including the Company) for the period from the beginning of the current fiscal year to the end of such quarterly period, and a consolidating and consolidated balance sheet of the Guarantor and its Subsidiaries (including the Company) as at the end of such quarterly period, setting forth in each case in comparative form figures for the corresponding period in the preceding fiscal year (if applicable, in the case of the Company and its Subsidiaries), all in reasonable detail and certified by an authorized financial officer of the Guarantor, subject to changes resulting from year-end adjustments; to the extent they include the types of statements described above and otherwise comply with the requirements of this clause (i), such unaudited consolidated financial statements may be in the form incorporated in the Guarantor's reports on Form 10-Q or in other filings with the Securities and Exchange Commission;

(ii) as soon as practicable and in any event within 90 days after the end of each fiscal year, a consolidating and consolidated statement of income and a consolidating and consolidated balance sheet of the Guarantor and its Subsidiaries (including the Company) as at the end of such year and consolidated statements of cash flows and stockholders' equity of the Guarantor and its Subsidiaries (including the Company) for such year, setting forth in each case in comparative form corresponding consolidated figures from the preceding annual audit, all in reasonable detail and satisfactory in scope to the Required Holder(s) and, as to the consolidated statements, audited by independent public accountants of recognized standing selected by the Guarantor whose opinion shall be in scope and substance satisfactory to the Required Holder(s) and, as to the consolidating statements, certified by an authorized financial officer of the Guarantor; to the extent they include the types of statements described above and otherwise comply with the requirements of this clause (ii), such audited consolidated financial statements may be in the form incorporated in the Guarantor's annual report on Form 10-K or in other filings with the Securities and Exchange Commission;

(iii) promptly upon transmission thereof, copies of all such financial statements, proxy statements, notices and reports as the Guarantor shall send to its stockholders and copies of all registration statements (without exhibits) and all reports (other than reports as to which the Guarantor shall receive confidential treatment) which the Guarantor or any Subsidiary (including the Company) files with the Securities and Exchange Commission (or any governmental body or agency succeeding to the functions of the Securities and Exchange Commission);

(iv) promptly upon receipt thereof, a copy of each other report submitted to the Guarantor or any Subsidiary (including the Company) by independent accountants in connection with any annual, interim or special audit made by them of the books of the Guarantor or any Subsidiary (including the Company); and

(v) with reasonable promptness, such other information and documents as any holder may reasonably request.

Together with each delivery of financial statements required by clauses (i) and (ii) above, the Company will deliver to each holder a Compliance Certificate, substantially in the form of Exhibit D attached hereto, executed on behalf of the Company and demonstrating (with computations in reasonable detail) compliance by the Company and its Subsidiaries with the provisions of paragraphs 6B, 6C(2), 6C(3) and 6C(4) of this Agreement and stating that there exists no Event of Default or Default, or, if any Event of Default or Default exists, specifying the nature and period of existence thereof and what action the Company proposes to take with respect thereto. Together with each delivery of financial statements required by clause (ii) above, the Company will deliver or cause to be delivered to each holder a certificate of such accountants stating that, in making the audit necessary for their report on such financial statements, they have obtained no knowledge of any Event of Default or Default or, if they have obtained knowledge of any Event of Default or Default, specifying the nature and period of existence thereof. Such accountants, however, shall not be liable to anyone by reason of their failure to obtain knowledge of any Event of Default or Default which would not be disclosed in the course of an audit conducted in accordance with generally accepted auditing standards. The Company also covenants that immediately after any Responsible Officer obtains knowledge of an Event of Default or Default, it will deliver to each holder an Officer's Certificate specifying the nature and period of existence thereof and what action the Company has taken, is taking or proposes to take with respect thereto. Each holder is hereby authorized to deliver a copy of any financial statement delivered to such holder pursuant to this paragraph 5A to any regulatory body having jurisdiction over such holder.

5B. INSPECTION OF PROPERTIES. The Company will permit any Person designated by any holder in writing, at such holder's expense if no Event of Default then exists and at the Company's expense if an Event of Default then exists, to visit and inspect any of the properties of the Company and its Subsidiaries, to examine the limited liability company or corporate books and financial records of the Company and its Subsidiaries and make copies thereof or extracts therefrom and to discuss the affairs, finances and accounts of any of such limited liability

companies or corporations with the principal officers of the Company and its independent public accountants, all at such reasonable times and as often as such holder may reasonably request.

5C. COVENANT TO SECURE NOTES EQUALLY. The Company will, if it or any Subsidiary shall create or assume any Lien upon any of its property or assets, whether now owned or hereafter acquired, other than Liens permitted by the provisions of paragraph 6C(l) (unless prior written consent to the creation or assumption thereof shall have been obtained pursuant to paragraph 11C), make or cause to be made effective provision whereby the Notes will be secured by such Lien equally and ratably with any and all other Debt thereby secured, so long as any such other Debt shall be so secured; provided that the creation and maintenance of such equal and ratable Lien shall not in any way limit or modify the right of the holders of the Notes to enforce the provisions of paragraph 6C(1).

5D. COMPLIANCE WITH LAWS AND REGULATIONS. The Company will and will cause each Subsidiary to be in material compliance with all laws and regulations (including, but not limited to, those relating to equal employment opportunity and employee health and safety) which are now in effect or may be legally imposed in the future in any jurisdiction in which the Company and any Subsidiary is doing business other than those laws and regulations which the Company or such Subsidiary is contesting in good faith by appropriate proceedings; provided, however, (i) the Company or such Subsidiary continues to operate any affected business free of any requirement to escrow or sequester any material amount of such business' profits or revenues pending resolution of such proceedings, or (ii) any non-compliance with any law or regulation could not reasonably be expected to have a material adverse effect on the business, operations, property or financial or other condition of the Company and the Subsidiaries, taken as a whole, or the ability of the Company to perform its obligations hereunder.

5E. PATENTS, TRADE MARKS AND TRADE NAMES. The Company will and will cause each Subsidiary to continue to own, or hold licenses for the use of, all copyrights, franchises, licenses, marketing rights, patents, service marks, trade marks, trade names, and rights in any of the foregoing, as in the aggregate are necessary for the conduct of its business in the manner in which such business is being conducted as of the date hereof except where failure to continue to own or hold such licenses could not reasonably be expected to have a material adverse effect on the business, operations, property or financial or other condition of the Company and the Subsidiaries, taken as a whole, or the ability of the Company to perform its obligations hereunder.

5F. INFORMATION REQUIRED BY RULE 144A. The Company will, upon the request of the holder of any Note, provide such holder, and any qualified institutional buyer designated by such holder, such financial and other information as such holder may reasonably determine to be necessary in order to permit compliance with the information requirements of Rule 144A under the Securities Act in connection with the resale of Notes, except at such times as the Company is subject to the reporting requirements of section 13 or 15(d) of the Exchange Act. For the purpose of this paragraph 5B, the term "qualified institutional buyer" shall have the meaning specified in Rule 144A under the Securities Act.

5G. PAYMENT OF TAXES AND OTHER CLAIMS. The Company will and will cause each of its Subsidiaries to file all income tax or similar tax returns required to be filed in any jurisdiction and to pay and discharge all taxes shown to be due and payable by the Company or its Subsidiaries on such returns and all other taxes, assessments, governmental charges, levies, trade accounts payable and claims for work, labor or materials (all the foregoing being referred to collectively as "CLAIMS") payable by any of them, to the extent such Claims have become due and payable and before they have become delinquent; provided, that neither the Company nor any Subsidiary need pay any Claim if (i) the amount, applicability or validity thereof is contested by the Company or such Subsidiary on a timely basis in good faith and in appropriate proceedings, and the Company or such Subsidiary has established adequate reserves therefor in accordance with generally accepted accounting principles on its books or (ii) the nonpayment of all such Claims in the aggregate could not reasonably be expected to have a material adverse effect on the business, operations, property or financial or other condition of the Company and its Subsidiaries, taken as a whole, or the ability of the Company to perform its obligations hereunder.

5H. ERISA COMPLIANCE. The Company will, and will cause each ERISA Affiliate controlled by the Company to, at all times:

(i) with respect to each Plan, make timely payments of contributions required to meet the minimum funding standard set forth in ERISA or the Code with respect thereto and, with respect to any Multiemployer Plan, make timely payment of contributions required to be paid thereto as provided by Section 515 of ERISA, and

(ii) comply with all other provisions of ERISA,

except for such failures to make contributions and failures to comply as could not reasonably be expected to have a material adverse effect on the business, operations, property or financial or other condition of the Guarantor and its Subsidiaries, taken as a whole, or the ability of the Company to perform its obligations hereunder.

PARAGRAPH 6. NEGATIVE COVENANTS.

6. NEGATIVE COVENANTS. So long as any Note shall remain unpaid, the Company covenants as follows:

6A. CHANGE OF BUSINESS. The Company will not change, and will not permit any Material Subsidiary to change, in any material respect the purpose of its business or operations from that of owning and operating the St. Louis Post-Dispatch and other businesses directly or indirectly related thereto, including certain businesses contributed to the Company pursuant to the Contribution Agreement.

6B. LIMITATION ON DISTRIBUTIONS. The Company will not declare or make, or incur any liability to declare or make, any distributions, except, the following:

(i) the distribution to Herald on the date hereof of the proceeds of the issuance and sale of the Notes pursuant to Section 3.11(a) of the Limited Liability Company Agreement;

(ii) a distribution to Herald made pursuant to Section 3.11(b) of the Limited Liability Company Agreement (as in effect on the date hereof); and

(iii) any other distribution permitted by the Formation/Contribution Documents, provided, that both before and immediately after giving effect to any such distribution, the "Reserve Asset Value" (as defined in the Limited Liability Company Agreement as in effect on the date hereof) is at least equal to the "Minimum Reserve Amount" (as defined in the Limited Liability Company Agreement as in effect on the date hereof).

6C. LIEN, DEBT AND OTHER RESTRICTIONS. The Company will not, and will not permit any Subsidiary to:

6C(1). LIENS. Create, assume or suffer to exist any Lien upon any of its property or assets, whether now owned or hereafter acquired (whether or not provision is made for the equal and ratable securing of the Notes in accordance with the provisions of paragraph 5C), except:

(i) Liens contemplated by, or arising as a result of, Section 2.8 of the Contribution Agreement;

(ii) mechanics', workmen's, repairmen's, warehousemen's, carriers' or other like Liens arising or incurred in the ordinary course of business for amounts which are not delinquent or are being actively contested in good faith by appropriate proceedings;

(iii) with respect to real property, (a) easements, quasi-easements, licenses, covenants, rights-of-way and other similar restrictions, including any other agreements, conditions, restrictions or other matters which would be shown by a current title report or other similar report or listing, (b) any conditions that would be shown by a current survey or physical inspection and (c) zoning, building and other similar restrictions;

(iv) Liens for taxes or assessments or other governmental charges or levies not yet due or which are being actively contested in good faith by appropriate proceedings if adequate reserves with respect thereto are maintained on the books of the Company or its Subsidiaries, as the case may be, in accordance with generally accepted accounting principles;

(v) Liens on property or assets of a Subsidiary to secure obligations of such Subsidiary to the Company or another Subsidiary;

(vi) to the extent the Debt secured thereby is permitted under clause (v) of paragraph 6C(2), (a) Liens securing Capitalized Lease Obligations of the Company or its Subsidiaries, (b) Liens securing other Debt of the Company or its Subsidiaries to finance the purchase price or cost of property acquired, constructed or improved by the Company or any Subsidiary after the Date of Closing (including, without limitation, pursuant to purchase price conditional sales contracts) or (c) Liens existing on any property of any Person at the time it becomes a Subsidiary, or existing prior to the time of acquisition upon any property acquired by the Company or any Subsidiary through purchase, merger, or consolidation or otherwise, whether or not assumed by the Company or such Subsidiary, provided that any such Lien shall not encumber any other property of the Company or such Subsidiary;

(vii) any Liens renewing, extending or refunding any Lien permitted by clause (vi) above, provided that the principal amount secured is not increased and the Lien is not extended to other property;

(viii) Liens consisting of financing statements filed under the Uniform Commercial Code of any jurisdiction solely for precautionary or notice purposes with respect to equipment leases; and

(ix) other Liens which were not incurred in connection with the borrowing of money or the obtaining of advances or credit, and which do not in the aggregate materially impair the use of such property and assets in the operation of the business of the Company and its Subsidiaries, or materially detract from the value of such property or assets for the purpose of the business of the Company and its Subsidiaries, taken as a whole.

6C(2). DEBT. Create, incur, assume, guarantee or in any way become liable for any Debt except:

(i) Debt represented by the Notes;

(ii) Debt of the Company owing to the Guarantor; provided that such Debt is (a) unsecured and (b) incurred pursuant to, and evidenced by, a Subordinated Intercompany Note substantially in the form of Exhibit E attached hereto;

(iii) Debt of the Company or any of its Subsidiaries permitted under paragraph 6C(3);

(iv) Debt of the Company and its Subsidiaries consisting of trade payables incurred in the ordinary course of business;

(v) (a) Debt of the Company and its Subsidiaries constituting Capitalized Lease Obligations, (b) other Debt of the Company or its Subsidiaries to finance the purchase price or cost of property acquired, constructed or improved by the Company or

any Subsidiary after the Date of Closing, or (c) Debt secured by Liens existing on any property of any Person at the time it becomes a Subsidiary, or existing prior to the time of acquisition upon any property acquired by the Company or any Subsidiary through purchase, merger, or consolidation or otherwise, and assumed by the Company or such Subsidiary, in each case the extent such Liens are permitted under clause (vi) of paragraph 6C(1), provided that the aggregate principal amount of all such Debt described in subclauses (a), (b) and (c) of this clause (v) at any time outstanding shall not exceed $15,000,000; and

(vi) Debt secured by Liens permitted under clauses (v) and (vii) of paragraph 6C(1) (provided, in the case of Liens permitted under clause (vii) of paragraph 6C(1) that renew, extend or refund any Lien permitted under clause (vi) of paragraph 6C(1), that such Liens shall be permitted only to the extent the Debt secured thereby is permitted under clause (v) of this paragraph 6C(2)).

6C(3). LOANS, ADVANCES AND INVESTMENTS. Make, or permit to remain outstanding, any loan or advance to, or own, purchase or acquire any stock, obligations or securities of, or any interest in, or make any capital contribution to, any Person, except that the Company or any Subsidiary may:

(i) make or permit to remain outstanding loans, advances or capital contributions to any Subsidiary;

(ii) make or permit to remain outstanding any loans, advances or capital contributions from any Subsidiary to the Company or any other Subsidiary;

(iii) own, purchase or acquire stock, obligations or securities of or other equity interests in a Subsidiary or a Person which immediately after such purchase or acquisition will be a Subsidiary;

(iv) make and permit to remain outstanding investments in notes receivable which are received pursuant to (a) the sale of all or substantially all of a business or operations or (b) the sale of used equipment in the ordinary course of business, but in each case only to the extent that the aggregate uncollected amount of all such notes receivable, together with all such notes receivable of the Guarantor and its Subsidiaries, would be permitted under clause (iv) of Section 5.4 of the Guaranty Agreement;

(v) make and permit to remain outstanding loans, advances and other investments received in settlement of debts (created in the ordinary course of business) owing to the Company or any Subsidiary;

(vi) own, purchase or acquire commercial paper issued by any corporation or bankers' acceptances issued by any member bank of the Federal Reserve System, in either case, maturing within one year of the date of purchase and rated, by at least two of

Standard & Poor's Ratings Group, Moody's Investors Service, Inc. and Fitch Investors Service, Inc., "A-1", "P-1" and "F-1", respectively, and payable in the United States in United States dollars;

(vii) own, purchase or acquire certificates of deposit in member banks of the Federal Reserve System (each having capital resources in excess of $75,000,000) or certificates of deposit in an aggregate amount not to exceed $2,000,000 in banks having capital resources of less than $75,000,000), all due within one year from the date of original issue thereof and payable in the United States in United States dollars;

(viii) own, purchase or acquire repurchase agreements of member banks of the Federal Reserve System (each having capital resources in excess of $75,000,000) for terms of less than one year in respect of the foregoing certificates and obligations;

(ix) own, purchase or acquire obligations of the United States government or any agency thereof;

(x) own, purchase or acquire obligations guaranteed by the United States government or any agency thereof;

(xi) own, purchase or acquire investments in stocks of investment companies registered under the Investment Company Act of 1940 which invest primarily in obligations of the type described in clauses (vi), (vii), (viii), (ix) or (x) above, provided that any such investment company shall have an aggregate net asset value of not less than $500,000,000;

(xii) own, purchase or acquire investments in money market mutual funds that are classified as current assets in accordance with generally accepted accounting principles, that are rated "AAAm" by Standard & Poor's Ratings Group and that invest solely in investments described in clauses (vi), (vii), (viii), (ix) or (x) above, which funds are managed by Persons having capital and surplus in excess of $500,000,000;

(xiii) own, purchase or acquire (a) asset-backed securities, mortgage-backed securities and collateralized mortgage obligations issued by any entity and rated at least Aa3 by Moody's Investors Service, Inc. or AA- by Standard & Poor's Ratings Group and (b) notes and bonds issued by any domestic corporate issuer and rated at least A3 by Moody's Investors Service, Inc. or A- by Standard & Poor's Ratings Group;

(xiv) endorse negotiable instruments for collection in the ordinary course of business;

(xv) make or permit to remain outstanding travel and other like advances to officers and employees in the ordinary course of business;

(xvi) make or permit to remain outstanding investments in demand deposit accounts maintained by the Company or any Subsidiary in the ordinary course of its business;

(xvii) make or permit to remain outstanding investments consisting of Eurodollar time deposits, maturing within three months after the making thereof, with any branch of a United States commercial bank having capital and surplus of not less than $1 billion in the aggregate;

(xviii) make or permit to remain outstanding investments in municipal obligations having a rating of "Aaa" by Moody's Investors Service, Inc., or "AAA" by Standard & Poor's Ratings Group; and

(xix) make or permit to remain outstanding any other loan or advance to, or own, purchase or acquire any other stock, obligations or securities of, or any other interest in, or make any other capital contribution to any Person, provided that the aggregate amount thereof, together with the aggregate amount of all such loans, advances and investments of the Guarantor and its Subsidiaries, would be permitted under clause (xxi) of Section 5.4 of the Guaranty Agreement.

6C(4). SALE OR DISPOSITION OF CAPITAL ASSETS. Sell or dispose of capital assets (including capital stock or other equity interests), except (i) sales of obsolete or worn-out equipment in the ordinary course of business, (ii) sales of interests in any Subsidiary that is not a Material Subsidiary and (iii) sales by the Company or any Subsidiary of its interest in the internet service provider business located in St. Louis.

6C(5). SALE AND LEASE-BACK. Enter into any arrangement with any lender or investor or under which such lender or investor is a party, providing for the leasing or other similar arrangement by the Company or any Subsidiary of real or personal property used by the Company or any Subsidiary in the operations of the Company or any Subsidiary, which has been or is sold or transferred by the Company or any Subsidiary to such lender or investor or to any Person to whom funds have been or are to be advanced by such lender or investor on the security of such rental obligations of the Company or such Subsidiary.

6C(6). MERGER. Merge or consolidate with any other Person, except that any Subsidiary may merge or consolidate with the Company (provided that the Company shall be the continuing or surviving Person) or any one or more other Subsidiaries; provided that nothing in this paragraph 6C(6) shall restrict the ability of any Subsidiary which is not a Material Subsidiary to merge or consolidate with any Person.

6C(7). TRANSACTIONS WITH AFFILIATES. Except with respect to transactions involving the allocation of costs and expenses among the Guarantor and its Subsidiaries (including the Company and its Subsidiaries) in respect of insurance, technical support, compensation and benefits, overhead allocation and other similar administrative costs and expenses, directly or

indirectly enter into or be a party to any transaction or arrangement, including, without limitation, the purchase, sale, exchange or use of any property or asset, or any interest therein, whether real, personal or mixed, or tangible or intangible, or the rendering of any service, with any Affiliate, except transactions in the ordinary course of and pursuant to the reasonable requirements of the Company's and each Subsidiary's business, as the case may be, and upon fair and reasonable terms that are no less favorable to the Company and the Subsidiaries, as the case may be, than those which might be obtained in an arm's length transaction with a Person not an Affiliate. For avoidance of doubt, the reference in this paragraph 6C(7) to transactions with "any Affiliate" shall be understood to exclude both (i) transactions between the Company and any Subsidiary and (ii) transactions between a Subsidiary of the Company and any other Subsidiary of the Company.

6C(8). ISSUANCE OR SALE OF STOCK OF SUBSIDIARIES. Issue, sell or otherwise dispose of, or part with control of, any shares of stock of or other equity interests in any Subsidiary (other than a Subsidiary which is not a Material Subsidiary), except to the Company or another Subsidiary.

6C(9). SALE OR DISCOUNT OF RECEIVABLES. Sell with recourse, discount (other than to the extent of finance and interest charges included therein) or otherwise sell for less than face value thereof, any of its notes or accounts receivable, except notes or accounts receivable of the Company or its Subsidiaries the collection of which is doubtful in accordance with generally accepted accounting principles.

6D. RESTRICTIONS UPON MODIFICATION OF LIMITED LIABILITY COMPANY AGREEMENT. The Company will not alter, amend or modify, or permit the alteration, amendment or modification of, any provision of Article IV or Article VI of the Limited Liability Company Agreement.

6E. LIMITATION ON CERTAIN RESTRICTIVE AGREEMENTS. Except as set forth in the Limited Liability Company Agreement (as in effect on the date hereof), the Company will not and will not permit any of its Subsidiaries to enter into or suffer to exist any contractual obligation, other than this Agreement, which in any way restricts the ability of the Company or any of its Subsidiaries to (a) create, incur, assume or suffer to exist any Lien upon any of its property, assets or revenues, (b) make any payments in respect of the Notes required under this Agreement, (c) make any dividends or distributions or (d) transfer any of its property or assets to the Company or a Subsidiary of the Company.

PARAGRAPH 7. EVENTS OF DEFAULT.

7. EVENTS OF DEFAULT.

7A. ACCELERATION. If any of the following events shall occur and be continuing for any reason whatsoever (and whether such occurrence shall be voluntary or involuntary or come about or be effected by operation of law or otherwise):

(i) the Company defaults in the payment of any principal of or Yield-Maintenance Amount payable with respect to any Note when the same shall become due, either by the terms thereof or otherwise as herein provided; or

(ii) the Company defaults in the payment of any interest on any Note for more than 5 Business Days after the date due; or

(iii) (a) any representation or warranty made by the Company herein or in any writing furnished in connection with or pursuant to this Agreement shall be false in any material respect on the date as of which made, or (b) any representation or warranty made by Herald to or in favor of the holders, or upon which the holders have been authorized by Herald to rely, or any certification made by or on behalf of Herald to or in favor of the Guarantor pursuant to Section 2.9 of the Contribution Agreement, shall be false in any material respect on the date as of which made; or

(iv) the Company fails to perform or observe any agreement contained in paragraph 6; or

(v) the Company fails to perform or observe any other agreement, term or condition contained herein and such failure shall not be remedied within 30 days after any Responsible Officer of the Company obtains actual knowledge thereof; or

(vi) the Company or any Material Subsidiary makes an assignment for the benefit of creditors or is generally not able to pay its debts as such debts become due; or

(vii) any decree, judgment, or order for relief in respect of the Company or any Material Subsidiary is entered under any bankruptcy, reorganization, compromise, arrangement, insolvency, readjustment of debt, dissolution or liquidation or similar law, whether now or hereafter in effect (herein called the "BANKRUPTCY LAW"), of any jurisdiction; or

(viii) the Company or any Material Subsidiary petitions or applies to any tribunal for, or consents to, the appointment of, or taking possession by, a trustee, receiver, custodian, liquidator or similar official of the Company or any Material Subsidiary, or of any substantial part of the assets of the Company or any Material Subsidiary, or commences a voluntary case under the Bankruptcy Law of the United States or any proceedings (other than proceedings for the voluntary liquidation and dissolution of a Material Subsidiary) relating to the Company or any Material Subsidiary under the Bankruptcy Law of any other jurisdiction; or

(ix) any such petition or application is filed, or any such proceedings are commenced, against the Company or any Material Subsidiary and the Company or such Material Subsidiary by any act indicates its approval thereof, consent thereto or acquiescence therein, or an order, judgment or decree is entered appointing any such

trustee, receiver, custodian, liquidator or similar official, or approving the petition in any such proceedings, and such order, judgment or decree remains unstayed and in effect for more than 60 days; or

(x) any order, judgment or decree is entered in any proceedings against the Company or any Material Subsidiary decreeing the dissolution of the Company or such Material Subsidiary and such order, judgment or decree remains unstayed and in effect for more than 60 days; or

(xi) one or more final judgments in an aggregate amount in excess of $10,000,000 is rendered against the Guarantor, the Company or any of their respective Subsidiaries and, within 60 days after entry thereof, any such judgment is not discharged or execution thereof stayed pending appeal, or within 60 days after the expiration of any such stay, such judgment is not discharged; or

(xii) (a) any Plan shall fail to satisfy the minimum funding standards of ERISA or the Code for any plan year or part thereof or a waiver of such standards or extension of any amortization period is sought or granted under section 412 of the Code, (b) a notice of intent to terminate any Plan in a distress termination (within the meaning of ERISA section 4041(c)) shall have been or is reasonably expected to be filed with the PBGC or the PBGC shall have instituted proceedings under ERISA section 4042 to terminate or appoint a trustee to administer any Plan or the PBGC shall have notified the Company or any ERISA Affiliate that a Plan may become a subject of such proceedings, (c) the aggregate "amount of unfunded benefit liabilities" (within the meaning of section 4001(a)(18) of ERISA) under all Plans, determined in accordance with Title IV of ERISA, shall exceed $5,000,000, (d) the Company or any ERISA Affiliate shall have incurred or is reasonably expected to incur any liability pursuant to Title I or IV of ERISA or the penalty or excise tax provisions of the Code relating to employee benefit plans, (e) the Company or any ERISA Affiliate withdraws from any Multiemployer Plan, or (f) the Company or any Subsidiary establishes or amends any employee welfare benefit plan that provides post-employment welfare benefits in a manner that would increase the liability of the Company or any Subsidiary thereunder; and any such event or events described in clauses (a) through (f) above, either individually or together with any other such event or events, could reasonably be expected to have a material adverse effect on the business, operations, property or financial or other condition of the Guarantor and its Subsidiaries, taken as a whole, or the ability of the Company to perform its obligations hereunder; or

(xiii) any provision of the Guaranty Agreement shall for any reason cease to be valid and binding on the Guarantor or the Guarantor shall so assert in writing; or

(xiv) a Guaranty Event of Default shall have occurred and be continuing;

then (A) if such event is an Event of Default specified in clause (i) or (ii) of this paragraph 7A, the holder of any Note (other than the Company or any of its Subsidiaries or Affiliates) may at its option during the continuance of such Event of Default, by notice in writing to the Company, declare such Note to be, and such Note shall thereupon be and become, immediately due and payable at par, together with interest accrued thereon, without presentment, demand, protest or other notice of any kind, all of which are hereby waived by the Company, (B) if such event is an Event of Default specified in clause (vii), (viii) or (ix) of this paragraph 7A with respect to the Company, all of the Notes at the time outstanding shall automatically become immediately due and payable, together with interest accrued thereon and the Yield-Maintenance Amount, if any, with respect to each Note, without presentment, demand, protest or notice of any kind, all of which are hereby waived by the Company, and (C) with respect to any event constituting an Event of Default (including an event described in clause (A) above), the holder or holders of at least 66 2/3% of the aggregate principal amount of Notes then outstanding may at its or their option, by notice in writing to the Company, declare all of the Notes to be, and all of the Notes shall thereupon be and become, immediately due and payable together with interest accrued thereon and together with the Yield-Maintenance Amount, if any, with respect to each Note, without presentment, demand, protest or other notice of any kind, all of which are hereby waived by the Company.

The Company acknowledges, and the parties hereto agree, that each holder of a Note has the right to maintain its investment in the Notes free from repayment by the Company (except as herein specifically provided for) and that the provision for payment of the Yield-Maintenance Amount by the Company in the event that the Notes are prepaid or are accelerated as a result of an Event of Default, is intended to provide compensation for the deprivation of such right under such circumstances.

7B. RESCISSION OF ACCELERATION. At any time after any or all of the Notes shall have been declared immediately due and payable pursuant to paragraph 7A, the holder or holders of at least 66 2/3% of the aggregate principal amount of Notes then outstanding may, by notice in writing to the Company, rescind and annul such declaration and its consequences if (i) the Company shall have paid all overdue interest on the Notes, the principal of and Yield-Maintenance Amount, if any, payable with respect to any Notes which have become due otherwise than by reason of such declaration, and interest on such overdue interest and overdue principal and Yield-Maintenance Amount at the rate specified in the Notes, (ii) the Company shall not have paid any amounts which have become due solely by reason of such declaration, (iii) all Events of Default and Defaults, other than non-payment of amounts which have become due solely by reason of such declaration, shall have been cured or waived pursuant to paragraph 11C, and (iv) no judgment or decree shall have been entered for the payment of any amounts due pursuant to the Notes or this Agreement. No such rescission or annulment shall extend to or affect any subsequent Event of Default or Default or impair any right arising therefrom.

7C. NOTICE OF ACCELERATION OR RESCISSION. Whenever any Note shall be declared immediately due and payable pursuant to paragraph 7A or any such declaration shall be

rescinded and annulled pursuant to paragraph 7B, the Company shall forthwith give written notice thereof to the holder of each Note at the time outstanding.

7D. OTHER REMEDIES. If any Event of Default or Default shall occur and be continuing, the holder of any Note may proceed to protect and enforce its rights under this Agreement and such Note by exercising such remedies as are available to such holder in respect thereof under applicable law, either by suit in equity or by action at law, or both, whether for specific performance of any covenant or other agreement contained in this Agreement or in aid of the exercise of any power granted in this Agreement. No remedy conferred in this Agreement upon the holder of any Note is intended to be exclusive of any other remedy, and each and every such remedy shall be cumulative and shall be in addition to every other remedy conferred herein or now or hereafter existing at law or in equity or by statute or otherwise.

PARAGRAPH 8. REPRESENTATIONS, COVENANTS AND WARRANTIES.

8. REPRESENTATIONS, COVENANTS AND WARRANTIES. The Company represents, covenants and warrants as follows:

8A. ORGANIZATION AND QUALIFICATION; DUE AUTHORIZATION. The Company is a limited liability company duly organized and existing in good standing under the laws of the State of Delaware. Each Material Subsidiary is duly organized and existing in good standing under the laws of the jurisdiction in which it is incorporated or otherwise organized. The Company has and each Material Subsidiary has the limited liability company or corporate power, as applicable, to own its respective property and to carry on its respective business as now being conducted, and the Company is and each Material Subsidiary is duly qualified as a foreign limited liability company or foreign corporation, as applicable, to do business and in good standing in every jurisdiction in which the nature of the respective business conducted or property owned by it makes such qualification necessary, except where the failure to so qualify would not have a material adverse effect on the Company and its Subsidiaries taken as a whole. The Company has the limited liability company power and authority to execute and deliver this Agreement and the Notes and to perform the provisions hereof and thereof. The execution, delivery and performance by the Company of this Agreement and the Notes have been duly authorized by all necessary limited liability company action.

8B. FINANCIAL STATEMENTS. The Company has caused to be furnished to you the following financial statements, identified by a principal financial officer of the Guarantor: a consolidated balance sheet of the Guarantor (or its predecessor, Pulitzer Publishing Company) and its Subsidiaries as at December 31 in each of the years 1997 to 1999, inclusive, and statements of consolidated income, financial position and cash flows of the Guarantor (or its predecessor, Pulitzer Publishing Company) and its Subsidiaries for each such year all audited by Deloitte & Touche L.L.P. Such financial statements (including any related schedules and/or notes) are true and correct in all material respects, have been prepared in accordance with generally accepted accounting principles consistently followed throughout the periods involved

and show all liabilities, direct and contingent, of the Guarantor (or its predecessor, Pulitzer Publishing Company) and its Subsidiaries required to be shown in accordance with such principles. The balance sheets fairly present the condition of the Guarantor (or its predecessor, Pulitzer Publishing Company) and its Subsidiaries as at the dates thereof, and the statements of income and statements of financial position and cash flows fairly present the results of the operations of the Guarantor (or its predecessor, Pulitzer Publishing Company) and its Subsidiaries for the periods indicated. There has been no material adverse change in the business, condition or operations (financial or otherwise) of the Guarantor and its Subsidiaries taken as a whole since December 31, 1999.

8C. ACTIONS PENDING. There is no action, suit, investigation or proceeding pending or, to the knowledge of the Company, threatened against the Company or any of its Subsidiaries, or any properties or rights of the Company or any of its Subsidiaries, by or before any court, arbitrator or administrative or governmental body which might result in any material adverse change in the business, condition or operations of the Company and its Subsidiaries taken as a whole. There is no action, suit, investigation or proceeding pending or threatened against the Company or any of its Subsidiaries which purports to affect the validity or enforceability of this Agreement or any Note.

8D. OUTSTANDING DEBT. Neither the Company nor any of its Subsidiaries has outstanding any Debt except as permitted by paragraph 6C(2). There exists no default under the provisions of any instrument evidencing such Debt or of any agreement relating thereto.

8E. TITLE TO PROPERTIES. The Company has and each of its Material Subsidiaries has good and marketable title to its respective real properties (other than properties which it leases) and good title to all of its other respective properties and assets (including all properties and assets contributed to the Company in the Formation/Contribution Transactions), subject to no Lien of any kind except Liens permitted by paragraph 6C(l). All leases necessary in any material respect for the conduct of the respective businesses of the Company and its Subsidiaries are valid and subsisting and are in full force and effect.

8F. CONFLICTING AGREEMENTS AND OTHER MATTERS. Neither the Company nor any of its Subsidiaries is a party to any contract or agreement or subject to any charter or other limited liability company or corporate restriction which materially and adversely affects the business, property or assets, or financial condition of the Company and its Subsidiaries, taken as a whole. Neither the execution nor delivery of this Agreement, the Notes or the Formation/Contribution Documents, nor the offering, issuance and sale of the Notes, nor fulfillment of nor compliance with the terms and provisions hereof and of the Notes and the Formation/Contribution Documents will conflict with, or result in a breach of the terms, conditions or provisions of, or constitute a default under, or result in any violation of, or result in the creation of any Lien upon any of the properties or assets of the Company or any of its Subsidiaries pursuant to, the limited liability company agreement, charter, by-laws or other organizational documents of the Company or any of its Subsidiaries, any award of any arbitrator or any agreement (including any agreement with members or stockholders), instrument, order, judgment, decree, statute, law, rule or

regulation to which the Company or any of its Subsidiaries is subject, except to the extent any such conflict, breach, defaults, violation or creation of a Lien could not reasonably be expected to have a material adverse effect on the business, operations, property or financial or other condition of the Company and its Subsidiaries, taken as a whole, or the ability of the Company to perform its obligations hereunder. Except as set forth in the Limited Liability Company Agreement (as in effect on the date hereof), neither the Company nor any of its Subsidiaries is a party to, or otherwise subject to any provision contained in, any instrument evidencing indebtedness of the Company or such Subsidiary, any agreement relating thereto or any other contract or agreement (including its limited liability company agreement, charter or other organizational documents) which limits the amount of, or otherwise imposes restrictions on the incurring of, Debt of the Company of the type to be evidenced by the Notes.

8G. OFFERING OF NOTES. Neither the Company nor any agent acting on its behalf has, directly or indirectly, offered the Notes or any similar security of the Company for sale to, or solicited any offers to buy the Notes or any similar security of the Company from, or otherwise approached or negotiated with respect thereto with, any Person other than the Purchasers, and neither the Company nor any agent acting on its behalf has taken or will take any action which would subject the issuance or sale of the Notes to the provisions of Section 5 of the Securities Act, or to the provisions of any securities or Blue Sky law of any applicable jurisdiction.

8H. USE OF PROCEEDS. Neither the Company nor any Subsidiary owns or has any present intention of acquiring any "margin stock" as defined in Regulation U (12 CFR Part 221) of the Board of Governors of the Federal Reserve System ("MARGIN STOCK"). The proceeds of sale of the Notes will be used in connection with the formation and capitalization of the Company pursuant to and in accordance with the Formation/Contribution Documents. None of such proceeds will be used, directly or indirectly, for the purpose, whether immediate, incidental or ultimate, of purchasing or carrying any margin stock or for the purpose of maintaining, reducing or retiring any indebtedness which was originally incurred to purchase or carry any stock that is currently a margin stock or for any other purpose which might constitute this transaction a "purpose credit" within the meaning of such Regulation U. Neither the Company nor any agent acting on its behalf has taken or will take any action which might cause this Agreement or the Notes to violate Regulation U, Regulation T or any other regulation of the Board of Governors of the Federal Reserve System or to violate the Exchange Act, in each case as in effect now or as the same may hereafter be in effect.

8I. ERISA. No accumulated funding deficiency (as defined in section 302 of ERISA and section 412 of the code), whether or not waived, exists with respect to any Plan. No liability to the PBGC has been or is expected by the Company, any Subsidiary or any ERISA Affiliate to be incurred with respect to any Plan by the Company, any Subsidiary or any ERISA Affiliate which is or would be materially adverse to the Guarantor and its Subsidiaries taken as a whole. Neither the Company, any Subsidiary nor any ERISA Affiliate has incurred or presently expects to incur any withdrawal liability under Title IV of ERISA with respect to any Multiemployer Plan which is or would be materially adverse to the Guarantor and its Subsidiaries taken as a whole. The execution and delivery of this Agreement and the issuance and sale of the Notes will

not involve any transaction which is subject to the prohibitions of section 406 of ERISA or in connection with which a tax could be imposed pursuant to section 4975 of the Code. The representation by the Company in the preceding sentence is made in reliance upon and subject to the accuracy of the representation of each Purchaser in paragraph 9B.

8J. GOVERNMENTAL CONSENT. Neither the nature of the Company or of any Subsidiary, nor any of their respective businesses or properties, nor any relationship between the Company or any Subsidiary and any other Person, nor any circumstance in connection with the offering, issuance, sale or delivery of the Notes is such as to require any authorization, consent, approval, exemption or other action by or notice to or filing with any court or administrative or governmental body (other than routine filings after the date of closing with the Securities and Exchange Commission and/or state Blue Sky authorities) in connection with the execution and delivery of this Agreement, the offering, issuance, sale or delivery of the Notes or fulfillment of or compliance with the terms and provisions hereof or of the Notes.

8K. BUSINESS; ACTIVITIES. The Company has not engaged in any business or activities prior to the date of this Agreement, except for activities related to its formation and organization and prospective operations as described in the Formation/Contribution Documents.

8L. OWNERSHIP OF COMPANY. All capital contributions required in respect of the limited liability company interests of the Company will, upon funding of the Notes, have been made, subject to the provisions of Section 2.8 of the Contribution Agreement.

8M. DISCLOSURE. Neither this Agreement nor any other document, certificate or statement furnished to you by or on behalf of the Company in connection herewith contains any untrue statement of a material fact or omits to state a material fact necessary in order to make the statements contained herein and therein not misleading in light of the circumstances at the time made. There is no fact peculiar to the Company or any of its Subsidiaries which materially adversely affects or in the future may (so far as the Company can now foresee) materially adversely affect the business, property or assets, or financial condition of the Company and its Subsidiaries taken as a whole and which has not been set forth in this Agreement or in the other documents, certificates and statements furnished to you by or on behalf of the Company prior to the date hereof in connection with the transactions contemplated hereby.

8N. FORMATION/CONTRIBUTION DOCUMENTS. Each of the Formation/Contribution Documents has been duly executed and delivered by the Guarantor and any of its Subsidiaries parties thereto and constitutes the valid and binding agreement of such parties, enforceable against each in accordance with its terms except as enforceability may be limited by bankruptcy, insolvency, moratorium or other laws relating to or affecting creditors' rights generally and the exercise of judicial discretion in accordance with general equitable principles. There exists no material default by the Guarantor or any of its Subsidiaries (or, to the knowledge of the Company, by Herald) under any Formation/Contribution Document.

8O. SOLVENCY. The Guarantor and the Company, individually, and the Guarantor and its Subsidiaries, on a consolidated basis, are Solvent, both before and after giving effect to this Agreement, the Guaranty Agreement, the Formation/Contribution Documents and the transactions contemplated hereby and thereby.

8P. REPRESENTATIONS AND WARRANTIES IN FORMATION/CONTRIBUTION DOCUMENTS. To induce the Purchasers to enter into this Agreement and to purchase the Notes to be purchased by them hereunder, the Company agrees that each Purchaser shall be entitled to rely upon each of the representations and warranties of the Company set forth in any of the Formation/Contribution Documents as fully as if set forth in this Agreement.

PARAGRAPH 9. REPRESENTATIONS OF THE PURCHASERS.

9. REPRESENTATIONS OF THE PURCHASERS. Each Purchaser represents as follows:

9A. NATURE OF PURCHASE. Such Purchaser is not acquiring the Notes to be purchased by it hereunder with a view to or for sale in connection with any distribution thereof within the meaning of the Securities Act, provided that the disposition of its property shall at all times be and remain within its control.

9B. SOURCE OF FUNDS. The source of the funds being used by such Purchaser to pay the purchase price of the Notes being purchased by such Purchaser hereunder constitutes assets: (i) allocated to the “insurance company general account” of such Purchaser (as such term is defined under Section V of the United States Department of Labor’s Prohibited Transaction Class Exemption 95-60, issued July 12, 1995 (“PTCE 95-60”), and as of the date of the purchase of the Notes such Purchaser satisfies all of the applicable requirements for relief under Sections I and IV of PTCE 95-60, (ii) allocated to a separate account maintained by such Purchaser in which no employee benefit plan, other than employee benefit plans identified on a list which has been furnished by such Purchaser to the Company, participates to the extent of 10% or more, or (iii) of an investment fund, the assets of which do not include assets of any employee benefit plan within the meaning of ERISA. For the purpose of this paragraph 9B, the terms “SEPARATE ACCOUNT” and “EMPLOYEE BENEFIT PLAN” shall have the respective meanings specified in section 3 of ERISA.

9C. INDEPENDENT INVESTIGATION. Each Purchaser has made its own independent investigation of the condition (financial and otherwise), prospects and affairs of the Guarantor, the Company and their respective Subsidiaries in connection with its purchase of the Notes hereunder and has made and shall continue to make its own appraisal of the creditworthiness of the Company and the Guarantor. No holder of Notes shall have any duty or responsibility to any other holder of Notes, either initially or on a continuing basis, to make any such investigation or appraisal or to provide any credit or other information with respect thereto. No holder of Notes is acting as agent or in any other fiduciary capacity on behalf of any other holder of Notes.

PARAGRAPH 10. DEFINITIONS; ACCOUNTING MATTERS.

10. DEFINITIONS; ACCOUNTING MATTERS. For the purpose of this Agreement, the terms defined in paragraphs 10A and 10B (or within the text of any other paragraph) shall have the respective meanings specified therein and all accounting matters shall be subject to determination as provided in paragraph 10C.

10A. YIELD-MAINTENANCE TERMS.

"BUSINESS DAY" shall mean any day on which banks are open for business in New York City (other than a Saturday, a Sunday or a legal holiday in the States of New York or New Jersey).

"CALLED PRINCIPAL" shall mean, with respect to any Note, the principal of such Note that is to be prepaid pursuant to paragraph 4A or has become or is declared to be immediately due and payable pursuant to paragraph 7A, as the context requires.

"DISCOUNTED VALUE" shall mean, with respect to the Called Principal of any Note, the amount obtained by discounting all Remaining Scheduled Payments with respect to such Called Principal from their respective scheduled due dates to the Settlement Date with respect to such Called Principal, in accordance with accepted financial practice and at a discount factor (as converted to reflect the periodic basis on which interest on the Notes is payable, if interest is payable other than on a semi-annual basis) equal to the Reinvestment Yield with respect to such Called Principal.

"REINVESTMENT YIELD" shall mean, with respect to the Called Principal of any Note, 0.50% over the yield to maturity implied by (i) the yields reported, as of 10:00 a.m. (New York City time) on the Business Day next preceding the Settlement Date with respect to such Called Principal, on the display designated as "Page 678" on the Bridge Telerate Service (or such other display as may replace Page 678 on the Bridge Telerate Service) for actively traded U.S. Treasury securities having a maturity equal to the Remaining Average Life of such Called Principal as of such Settlement Date, or if such yields shall not be reported as of such time or the yields reported as of such time shall not be ascertainable (including by way of interpolation), (ii) the Treasury Constant Maturity Series yields reported, for the latest day for which such yields shall have been so reported as of the Business Day next preceding the Settlement Date with respect to such Called Principal, in Federal Reserve Statistical Release H.15 (519) (or any comparable successor publication) for actively traded U.S. Treasury securities having a constant maturity equal to the Remaining Average Life of such Called Principal as of such Settlement Date. Such implied yield shall be determined, if necessary, by (a) converting U.S. Treasury bill quotations to bond-equivalent yields in accordance with accepted financial practice and (b) interpolating linearly between yields reported for various maturities.

"REMAINING AVERAGE LIFE" shall mean, with respect to the Called Principal of any Note, the number of years (calculated to the nearest one-twelfth year) obtained by dividing (i) such Called Principal into (ii) the sum of the products obtained by multiplying (a) each Remaining Scheduled Payment of such Called Principal (but not of interest thereon) by (b) the number of years (calculated to the nearest one-twelfth year) which will elapse between the Settlement Date with respect to such Called Principal and the scheduled due date of such Remaining Scheduled Payment.

"REMAINING SCHEDULED PAYMENTS" shall mean, with respect to the Called Principal of any Note, all payments of such Called Principal and interest thereon that would be due on or after the Settlement Date with respect to such Called Principal if no payment of such Called Principal were made prior to its scheduled due date.

"SETTLEMENT DATE" shall mean, with respect to the Called Principal of any Note, the date on which such Called Principal is to be prepaid pursuant to paragraph 4A or has become or is declared to be immediately due and payable pursuant to paragraph 7A, as the context requires.

"YIELD-MAINTENANCE AMOUNT" shall mean, with respect to any Note, an amount equal to the excess, if any, of the Discounted Value of the Called Principal of such Note over the sum of (i) such Called Principal plus (ii) interest accrued thereon as of (including interest due on) the Settlement Date with respect to such Called Principal. The Yield-Maintenance Amount shall in no event be less than zero.

10B. OTHER TERMS.

"AFFILIATE" shall mean any Person directly or indirectly controlling, controlled by, or under direct or indirect common control with, the Company, except a Subsidiary. A Person shall be deemed to control another Person if such Person possesses, directly or indirectly, the power to direct or cause the direction of the management and policies of such other Person, whether through the ownership of voting securities, by contract or otherwise.

"BANKRUPTCY LAW" shall have the meaning specified in clause (vii) of paragraph 7A.

"CAPITALIZED LEASE OBLIGATION" shall mean any rental obligation which, under generally accepted accounting principles, is or will be required to be capitalized on the books of the Company or any Subsidiary, taken at the amount thereof accounted for as indebtedness (net of interest expense) in accordance with such principles.

"CLAIMS" shall have the meaning specified in paragraph 5G.

"CLOSING" or "DATE OF CLOSING" shall have the meaning specified in paragraph 2.

"CODE" shall mean the Internal Revenue Code of 1986, as amended.

"COMPANY" shall have the meaning specified in the introductory paragraph of this Agreement.

"CONTRIBUTION AGREEMENT" shall mean that certain Joint Venture Agreement, dated as of May 1, 2000, among the Guarantor, Pulitzer Technologies, Inc., Herald and the Company, as the same may be amended, supplemented or otherwise modified from time to time.

"DEBT" shall mean and include without duplication:

(i) all obligations for borrowed money or obligations represented by notes payable and drafts accepted representing extensions of credit, all obligations evidenced by bonds, debentures, notes or other similar instruments and all obligations upon which interest charges are customarily paid;

(ii) Capitalized Lease Obligations;

(iii) indebtedness secured by any Lien existing on property owned by the Company or any Subsidiary subject to such Lien, whether or not the indebtedness secured thereby shall have been assumed by the Company or any Subsidiary;

(iv) guarantees, endorsements (other than endorsements of negotiable instruments for collection in the ordinary course of business) and other contingent liabilities (whether direct or indirect) in connection with the obligations, stock or dividends of any Person;

(v) obligations under any contract providing for the making of loans, advances or capital contributions to any Person, or for the purchase of any property from any Person, in each case in order to enable such Person primarily to maintain working capital, net worth or any other balance sheet condition or to pay debt, dividends or expenses;

(vi) obligations under any contract for the purchase of materials, supplies or other property from any Person if such contract (or any related document) requires that payment for such materials, supplies or other property shall be made regardless of whether or not delivery of such materials, supplies or other property is ever made or tendered;

(vii) obligations under any contract to rent or lease (as lessee) any real or personal property if such contract (or any related document) provides that the obligation to make payments thereunder is absolute and unconditional under conditions not customarily found in commercial leases then in general use or requires that the lessee purchase or otherwise acquire securities or obligations of the lessor;

(viii) obligations under any contract for the sale or use of materials, supplies or other property, or the rendering of services, if such contract (or any related document)

requires that payment for such materials, supplies or other property, or the use thereof, or payment for such services, shall be subordinated to any indebtedness (of the purchaser or user of such materials, supplies or other property or the Person entitled to the benefit of such services) owed or to be owed to any Person; and

(ix) obligations under any other contract which, in economic effect, is substantially equivalent to a guarantee;

provided, however, that Debt shall not include loans, advances and capital contributions by the Company to any Subsidiary or by any Subsidiary to the Company or another Subsidiary or a guarantee of the obligations of a Subsidiary under an executory contract to purchase or sell a business.

"DEFAULT" shall mean any of the events specified in paragraph 7A, whether or not any requirement for such event to become an Event of Default has been satisfied.

"ERISA" shall mean the Employee Retirement Income Security Act of 1974, as amended.

"ERISA AFFILIATE" shall mean any Person which is a member of the same controlled group of Persons as the Company within the meaning of section 414(b) of the Code, or any trade or business which is under common control with the Company within the meaning of section 414(c) of the Code.

"EVENT OF DEFAULT" shall mean any of the events specified in paragraph 7A, provided that there has been satisfied any requirement in connection with such event for the giving of notice, or the lapse of time, or the happening of any further condition, event or act.

"EXCHANGE ACT" shall mean the Securities Exchange Act of 1934, as amended.

"FORMATION/CONTRIBUTION DOCUMENTS" shall mean (i) the Limited Liability Company Agreement, (ii) the Contribution Agreement and (iii) all other written agreements, documents, instruments and certificates now or hereafter executed and delivered by any Person which are required to consummate the Formation/Contribution Transactions (excluding the Indemnity Agreement), and any and all amendments, supplements and other modifications thereof and all renewals, extensions, restatement or substitutions from time to time of all or any of the foregoing.

"FORMATION/CONTRIBUTION TRANSACTIONS" shall mean the formation and organization of the Company, the contribution to the Company by its members of certain assets used in connection with the ownership and operation of the St. Louis Post-Dispatch and certain related transactions, all pursuant to and in accordance with the terms and conditions of the Formation/Contribution Documents.

"GUARANTY AGREEMENT" shall mean the Guaranty Agreement, dated as of even date herewith, made by the Guarantor in favor of the holders of the Notes, substantially in the form of Exhibit F attached hereto, as amended, supplemented or otherwise modified from time to time.

"GUARANTOR" shall mean Pulitzer Inc., a Delaware corporation.

"GUARANTY DEFAULT" shall mean a "Default" under the Guaranty Agreement (as such term is defined therein).

"GUARANTY EVENT OF DEFAULT" shall mean an "Event of Default" under the Guaranty Agreement (as such term is defined therein).

"HERALD" shall mean The Herald Company, Inc., a New York corporation.

"INCLUDING" shall mean, unless the context clearly requires otherwise, "including without limitation".

"INDEMNITY AGREEMENT" shall mean that certain Indemnity Agreement, dated as of May 1, 2000, between the Guarantor and Herald, as the same may be amended, supplemented or otherwise modified from time to time.

"LIEN" shall mean any mortgage, pledge, security interest, encumbrance, lien or charge of any kind (including any agreement to give any of the foregoing, any conditional sale or other title retention agreement, any lease in the nature thereof, and the filing of or agreement to give any financing statement under the Uniform Commercial Code of any jurisdiction) or any other type of preferential arrangement for the purpose, or having the effect, of protecting a creditor against loss or securing the payment or performance of an obligation, provided, that in no event shall the term "Lien" include (i) any right, title or interest of a lessor with respect to any lease of real or personal property under which the lessee's obligations are not Capitalized Lease Obligations or (ii) the provisions of Sections 3.11(a) and 3.11(b) of the Limited Liability Company Agreement (as in effect on the date hereof) requiring the making of the distributions to Herald specified therein.

"LIMITED LIABILITY COMPANY AGREEMENT" shall mean the Operating Agreement of the Company, dated as of May 1, 2000, entered into by and among the Guarantor, Pulitzer Technologies, Inc. and Herald, as the same may be amended, restated, supplemented or otherwise modified from time to time.

"MATERIAL SUBSIDIARY" shall mean (i) postnet.com LLC, (ii) SCR Associates LLC and (iii) any other Subsidiary of the Company (whether now existing or hereafter acquired or organized) which has gross assets of more than $10,000,000 or has contributed more than 5% of the consolidated revenues of the Company and its Subsidiaries (in each case as reflected in the consolidated and consolidating financial statements of the Guarantor and its Subsidiaries as of the end of the most recently concluded fiscal year).

"MULTIEMPLOYER PLAN" shall mean any employee pension benefit plan which is a "multiemployer plan" (as such term is defined in section 4001(a)(3) of ERISA).

"OFFICER'S CERTIFICATE" shall mean a certificate signed in the name of the Company or the Guarantor, as applicable, by its President, one of its Vice Presidents or its Treasurer.

"PBGC" shall mean the Pension Benefit Guaranty Corporation, or any successor or replacement entity thereto under ERISA.

"PERSON" shall mean and include an individual, a partnership, a joint venture, a corporation, a limited liability company, a trust, an unincorporated organization and a government or any department or agency thereof.

"PLAN" shall mean any "employee pension benefit plan" (as such term is defined in section 3 of ERISA) which is or has been established or maintained, or to which contributions are or have been made, by the Company or any ERISA Affiliate, other than a Multiemployer Plan.

"PURCHASER" shall mean each Person named on the Purchaser Schedule attached hereto.

"REQUIRED HOLDER(S)" shall mean the holder or holders of at least 51% of the aggregate principal amount of the Notes from time to time outstanding.

"RESPONSIBLE OFFICER" shall mean the chief executive officer, general counsel (if any), principal financial officer or principal accounting officer of the Company or the Guarantor, as applicable.

"SECURITIES ACT" shall mean the Securities Act of 1933, as amended.

"SOLVENT" shall mean, with respect to any Person as of the date of any determination, that on such date (i) the fair value of the property of such Person (both at fair valuation and at present fair saleable value) is greater than the total amount of liabilities, including, without limitation, contingent liabilities, of such Person, (ii) the present fair saleable value of the assets of such Person is not less than the amount that will be required to pay the probable liability of such Person on its debts as they become absolute and matured, (iii) such Person is able to realize upon its assets and pay its debts and other liabilities, contingent obligations and other commitments as they mature in the normal course of business, (iv) such Person does not intend to, and does not believe that it will, incur debts or liabilities beyond such Person's ability to pay as such debts and liabilities mature and (v) such Person is not engaged in business or a transaction, and is not about to engage in business or a transaction, for which such Person's property would constitute unreasonably small capital after giving due consideration to current and anticipated future capital requirements and current and anticipated future business conduct and the prevailing practice in the industry in which such Person is engaged. In computing the amount of contingent liabilities at any time, such liabilities shall be computed at the amount which, in light of the facts and

circumstances existing at such time, represents the amount that can reasonably be expected to become an actual or matured liability.

"SUBSIDIARY" shall mean, as to the Company (or any other Person), any other corporation, limited liability company, association or other business entity organized under the laws of any state of the United States of America, Canada or any province of Canada which conducts the major portion of its business in and makes the major portion of its sales to Persons located in the United States of America or Canada, and all of the stock of every class of which (except directors' qualifying shares) or other equity interests in which shall, at the time as of which any determination is being made, be owned by the Company (or such other Person), either directly or through Subsidiaries. Unless the context otherwise clearly requires, any reference to a "Subsidiary" is a reference to a Subsidiary of the Company.

"TRANSFEREE" shall mean any institutional investor that is a direct or indirect transferee of all or any part of any Note purchased under this Agreement.

10C. ACCOUNTING AND LEGAL PRINCIPLES, TERMS AND DETERMINATIONS. All references in this Agreement to "GENERALLY ACCEPTED ACCOUNTING PRINCIPLES" shall mean generally accepted accounting principles, as in effect in the United States from time to time. Unless otherwise specified herein, all accounting terms used herein shall be interpreted, all determinations with respect to accounting matters hereunder shall be made, and all unaudited financial statements and certificates and reports as to financial matters required to be furnished hereunder shall be prepared, in accordance with generally accepted accounting principles applied on a basis consistent with the most recent audited consolidated financial statements of the Guarantor and its Subsidiaries delivered pursuant to clause (i) or (ii) of paragraph 5A or, if no such statements have been so delivered, the most recent audited financial statements referred to in paragraph 8B. Any reference herein to any specific citation, section or form of law, statute, rule or regulation shall refer to such new, replacement or analogous citation, section or form should citation, section or form be modified, amended or replaced.

PARAGRAPH 11. MISCELLANEOUS

11. MISCELLANEOUS.

11A. NOTE PAYMENTS. So long as any Purchaser shall hold any Note, the Company will make payments of principal of, interest on and any Yield-Maintenance Amount payable with respect to such Note, which comply with the terms of this Agreement, by wire transfer of immediately available funds for credit (not later than 1:00 p.m., New York City time, on the date due) to such Purchaser's account or accounts as specified in the Purchaser Schedule attached hereto, or such other account or accounts in the United States as such Purchaser may designate in writing, notwithstanding any contrary provision herein or in any Note with respect to the place of payment. Each Purchaser agrees that, before disposing of any Note, it will make a notation thereon (or on a schedule attached thereto) of all principal payments previously made thereon and of the date to which interest thereon has been paid. The

Company agrees to afford the benefits of this paragraph 11A to any Transferee which shall have made the same agreement as the Purchasers have made in this paragraph 11A. No holder shall be required to present or surrender any Note or make any notation thereon, except that upon written request of the Company made concurrently with or reasonably promptly after payment or prepayment in full of any Note, the applicable holder shall surrender such Note for cancellation, reasonably promptly after any such request, to the Company at its principal executive office.

11B. EXPENSES. Whether or not the transactions contemplated hereby shall be consummated, the Company shall pay, and save each Purchaser and any Transferee harmless against liability for the payment of, all out-of-pocket expenses arising in connection with such transactions, including:

(i) (a) all stamp and documentary taxes and similar charges and (b) costs of obtaining a private placement number for the Notes;

(ii) document production and duplication charges and the fees and expenses of any special counsel engaged by such Purchaser or such Transferee in connection with (a) this Agreement and the transactions contemplated hereby (subject, however, to the terms and conditions of the letter agreement dated March 24, 2000 between the Guarantor and The Prudential Insurance Company of America) and (b) any subsequent proposed waiver, amendment or modification of, or proposed consent under, this Agreement, whether or not such the proposed action shall be effected or granted; and

(iii) the costs and expenses, including attorneys' fees, incurred by such Purchaser or such Transferee in enforcing (or determining whether or how to enforce) any rights under this Agreement, the Guaranty Agreement or the Notes or in responding to any subpoena or other legal process served upon such Person in connection with this Agreement or the transactions contemplated hereby or by reason of such Purchaser or such Transferee having acquired any Note, including without limitation costs and expenses incurred in any workout, restructuring or renegotiation proceeding or bankruptcy case.

The obligations of the Company under this paragraph 11B shall survive the transfer of any Note or portion thereof or interest therein by any Purchaser or Transferee and the payment of any Note.

11C. CONSENT TO AMENDMENTS. This Agreement may be amended, and the Company may take any action herein prohibited, or omit to perform any act herein required to be performed by it, if the Company shall obtain the written consent to such amendment, action or omission to act, of the Required Holder(s) except that, without the written consent of the holder or holders of all Notes at the time outstanding, no amendment to this Agreement shall change the maturity of any Note, or change the principal of, or the rate, method of computation or time of payment of interest on or any Yield-Maintenance Amount payable with respect to any Note, or affect the time, amount or allocation of any prepayments, or change the

proportion of the principal amount of the Notes required with respect to any consent, amendment, waiver or declaration. Each holder of any Note at the time or thereafter outstanding shall be bound by any consent authorized by this paragraph 11C, whether or not such Note shall have been marked to indicate such consent, but any Notes issued thereafter may bear a notation referring to any such consent. No course of dealing between the Company and the holder of any Note nor any delay in exercising any rights hereunder or under any Note shall operate as a waiver of any rights of any holder of such Note. The Company will not directly or indirectly pay or cause to be paid any remuneration, whether by way of supplemental or additional interest, fee or otherwise, or grant any security, to any holder of Notes as consideration for or as an inducement to the entering into by any holder of Notes or any waiver or amendment of any of the terms and provisions hereof unless such remuneration is concurrently paid, or security is concurrently granted, on the same terms, ratably to each holder of Notes then outstanding even if such holder did not consent to such waiver or amendment. As used herein and in the Notes, the term “THIS AGREEMENT” and references thereto shall mean this Agreement as it may from time to time be amended or supplemented.

11D. FORM, REGISTRATION, TRANSFER AND EXCHANGE OF NOTES; LOST NOTES. The Notes are issuable as registered notes without coupons in denominations of at least $100,000, except as may be necessary to (i) reflect any principal amount not evenly divisible by $100,000 or (ii) enable the registration of transfer by a holder of its entire holding of Notes. The Company shall keep at its principal office a register in which the Company shall provide for the registration of Notes and of transfers of Notes. Upon surrender for registration of transfer of any Note at the principal office of the Company, the Company shall, at its expense, execute and deliver one or more new Notes of like tenor and of a like aggregate principal amount, registered in the name of such transferee or transferees. At the option of the holder of any Note, such Note may be exchanged for other Notes of like tenor and of any authorized denominations, of a like aggregate principal amount, upon surrender of the Note to be exchanged at the principal office of the Company. Whenever any Notes are so surrendered for exchange, the Company shall, at its expense, execute and deliver the Notes which the holder making the exchange is entitled to receive. Every Note surrendered for registration of transfer or exchange shall be duly endorsed, or be accompanied by a written instrument of transfer duly executed, by the holder of such Note or such holder’s attorney duly authorized in writing. Any Note or Notes issued in exchange for any Note or upon transfer thereof shall carry the rights to unpaid interest and interest to accrue which were carried by the Note so exchanged or transferred, so that neither gain nor loss of interest shall result from any such transfer or exchange. Upon receipt of written notice from the holder of any Note of the loss, theft, destruction or mutilation of such Note and, in the case of any such loss, theft or destruction, upon receipt of such holder’s unsecured indemnity agreement, or in the case of any such mutilation upon surrender and cancellation of such Note, the Company will make and deliver a new Note, of like tenor, in lieu of the lost, stolen, destroyed or mutilated Note.

11E. PERSONS DEEMED OWNERS; PARTICIPATIONS. Prior to due presentment for registration of transfer, the Company may treat the Person in whose name any Note is registered as the owner and holder of such Note for the purpose of receiving payment of

principal of, interest on and any Yield-Maintenance Amount payable with respect to such Note and for all other purposes whatsoever, whether or not such Note shall be overdue, and the Company shall not be affected by notice to the contrary. Subject to the preceding sentence, the holder of any Note may from time to time grant participations in such Note to any Person on such terms and conditions as may be determined by such holder in its sole and absolute discretion, provided that any such participation shall be in an amount of at least $100,000, provided that no such granting of a participation shall increase or otherwise affect the obligations of the Company hereunder.

11F. SURVIVAL OF REPRESENTATIONS AND WARRANTIES; ENTIRE AGREEMENT. All representations and warranties contained herein or made in writing by or on behalf of the Company in connection herewith shall survive the execution and delivery of this Agreement and the Notes, the transfer by a Purchaser of any Note or portion thereof or interest therein and the payment of any Note, and may be relied upon by any Transferee, regardless of any investigation made at any time by or on behalf of any Purchaser or any Transferee. Subject to the preceding sentence, this Agreement and the Notes embody the entire agreement and understanding between the Purchasers and the Company and supersede all prior agreements and understandings relating to the subject matter hereof.

11G. SUCCESSORS AND ASSIGNS. All covenants and other agreements in this Agreement contained by or on behalf of either of the parties hereto shall bind and inure to the benefit of the respective successors and assigns of the parties hereto (including, without limitation, any Transferee) whether so expressed or not.

11H. NOTICES. All written communications provided for hereunder shall be sent by first class mail or nationwide overnight delivery service (with charges prepaid) and (i) if to a Purchaser, addressed to it at the address specified for such communications in the Purchaser Schedule attached hereto, or at such other address as such Purchaser shall have specified to the Company in writing, (ii) if to any other holder of any Note, addressed to such other holder at such address as such other holder shall have specified to the Company in writing or, if any such other holder shall not have so specified an address to the Company, then addressed to such other holder in care of the last holder of such Note which shall have so specified an address to the Company, and (iii) if to the Company, addressed to it at 900 North Tucker Boulevard, St. Louis, Missouri 63101, Attention: Senior Vice President-Finance, or at such other address as the Company shall have specified to the holder of each Note in writing.

11I. PAYMENTS DUE ON NON-BUSINESS DAYS. Anything in this Agreement or the Notes to the contrary notwithstanding, any payment of principal of or interest on any Note that is due on a date other than a Business Day shall be made on the next succeeding Business Day. If the date for any payment is extended to the next succeeding Business Day by reason of the preceding sentence, the period of such extension shall not be included in the computation of the interest payable on such Business Day.

11J. SATISFACTION REQUIREMENT. If any agreement, certificate or other writing, or any action taken or to be taken, is by the terms of this Agreement required to be satisfactory to any Purchaser or to the Required Holder(s), the determination of such satisfaction shall be made by such Purchaser or the Required Holder(s), as the case may be, in the sole and exclusive judgment (exercised in good faith) of the Person or Persons making such determination.

11K. GOVERNING LAW. THIS AGREEMENT SHALL BE CONSTRUED AND ENFORCED IN ACCORDANCE WITH, AND THE RIGHTS OF THE PARTIES SHALL BE GOVERNED BY, THE LAW OF THE STATE OF NEW YORK.

11L. SEVERABILITY. Any provision of this Agreement which is prohibited or unenforceable in any jurisdiction shall, as to such jurisdiction, be ineffective to the extent of such prohibition or unenforceability without invalidating the remaining provisions hereof, and any such prohibition or unenforceability in any jurisdiction shall not invalidate or render unenforceable such provision in any other jurisdiction.

11M. DESCRIPTIVE HEADINGS. The descriptive headings of the several paragraphs of this Agreement are inserted for convenience only and do not constitute a part of this Agreement.

11N. COUNTERPARTS. This Agreement may be executed in any number of counterparts (or counterpart signature pages), each of which counterparts shall be an original but all of which together shall constitute one instrument.

11O. INDEPENDENCE OF COVENANTS. All covenants hereunder shall be given independent effect so that if a particular action or condition is prohibited by any one of such covenants, the fact that it would be permitted by an exception to, or otherwise be in compliance within the limitations of, another covenant shall not (i) avoid the occurrence of an Event of Default or Default if such action is taken or such condition exists or (ii) in any way prejudice an attempt by the holders to prohibit (through equitable action or otherwise) the taking of any action by the Company or a Subsidiary which would result in an Event of Default or Default.

11P. SEVERALTY OF OBLIGATIONS. The sales of Notes to the Purchasers are to be several sales, and the obligations of the Purchasers under this Agreement are several obligations. Except as provided in paragraph 3G, no failure by any Purchaser to perform its obligations under this Agreement shall relieve any other Purchaser or the Company of any of its obligations hereunder, and no Purchaser shall be responsible for the obligations of, or any action taken or omitted by, any other Purchaser hereunder.

11Q. CONSENT TO JURISDICTION; WAIVER OF IMMUNITIES. The Company hereby irrevocably submits to the jurisdiction of any New York state or Federal court sitting in New York in any action or proceeding arising out of or relating to this Agreement, and the Company hereby irrevocably agrees that all claims in respect of such action or proceeding may

be heard and determined in New York state or Federal court. The Company hereby irrevocably waives, to the fullest extent it may effectively do so, the defense of an inconvenient forum to the maintenance of such action or proceeding. The Company agrees and irrevocably consents to the service of any and all process in any such action or proceeding by the mailing, by registered or certified U.S. mail, or by any other means or mail that requires a signed receipt, of copies of such process to the Company at its address set forth in paragraph 11H, and hereby appoints such Person as its agent to receive such service of process. The Company agrees that a final judgment in any such action or proceeding shall be conclusive and may be enforced in other jurisdictions by suit on the judgment or in any other manner provided by law. Nothing in this paragraph 11Q shall affect the right of any holder of the Notes to serve legal process in any other manner permitted by law or affect the right of any holder of the Notes to bring any action or proceeding against the Company or its property in the courts of any other jurisdiction. To the extent that the Company has or hereafter may acquire immunity from jurisdiction of any court or from any legal process (whether through service of notice, attachment prior to judgment, attachment in aid of execution, execution or otherwise) with respect to itself or its property, the Company hereby irrevocably waives such immunity in respect of its obligations under this Agreement.

11R. WAIVER OF JURY TRIAL. THE COMPANY AND THE HOLDERS OF THE NOTES AGREE TO WAIVE THEIR RESPECTIVE RIGHTS TO A JURY TRIAL OF ANY CLAIM OR CAUSE OF ACTION BASED UPON OR ARISING OUT OF THIS AGREEMENT, THE NOTES, OR ANY DEALINGS BETWEEN THEM RELATING TO THE SUBJECT MATTER OF THIS TRANSACTION AND THE LENDER/BORROWER RELATIONSHIP THAT IS BEING ESTABLISHED. THE SCOPE OF THIS WAIVER IS INTENDED TO BE ALL-ENCOMPASSING OF ANY AND ALL DISPUTES THAT MAY BE FILED IN ANY COURT AND THAT RELATE TO THE SUBJECT MATTER OF THIS TRANSACTION, INCLUDING WITHOUT LIMITATION, CONTRACT CLAIMS, TORT CLAIMS, BREACH OF DUTY CLAIMS, AND ALL OTHER COMMON LAW AND STATUTORY CLAIMS. THE HOLDERS OF THE NOTES AND THE COMPANY EACH ACKNOWLEDGE THAT THIS WAIVER IS A MATERIAL INDUCEMENT TO ENTER INTO THIS BUSINESS RELATIONSHIP, THAT EACH HAS ALREADY RELIED ON THE WAIVER IN ENTERING INTO THIS AGREEMENT, AND THAT EACH WILL CONTINUE TO RELY ON THE WAIVER IN THEIR RELATED FUTURE DEALINGS. THE HOLDERS OF THE NOTES AND THE COMPANY FURTHER WARRANT AND REPRESENT THAT EACH HAS REVIEWED THIS WAIVER WITH ITS LEGAL COUNSEL, AND THAT EACH KNOWINGLY AND VOLUNTARILY WAIVES ITS JURY TRIAL RIGHTS FOLLOWING CONSULTATION WITH LEGAL COUNSEL. IN THE EVENT OF LITIGATION, THIS AGREEMENT MAY BE FILED AS A WRITTEN CONSENT TO A TRIAL BY THE COURT.

[REMAINDER OF PAGE INTENTIONALLY LEFT BLANK; SIGNATURE PAGES FOLLOW]

Please sign the form of acceptance on the enclosed counterpart of this letter and return the same to the Company, whereupon this letter shall become a binding agreement between the Company and each Purchaser.

Very truly yours,

ST. LOUIS POST-DISPATCH LLC

By: /S/ ROBIN L. SPEARS
Name: **Robin L. Spears**
Title: **Vice-President - Finance**

The foregoing Agreement is hereby accepted as of the date first above written.

THE PRUDENTIAL INSURANCE COMPANY OF AMERICA

By: /S/ CHRIS BUSBEE
Name: **R. Chris Busbee**
Title: **Vice-president**

AMERICAN GENERAL ANNUITY INSURANCE COMPANY

AMERICAN GENERAL LIFE INSURANCE COMPANY

By: /S/ C. SCOTT INGLIS
Name: **C. Scott Inglis**
Title: **Investment Officer**

GE EDISON LIFE INSURANCE COMPANY

By: /S/ WILLIAM R. WRIGHT
Name: **William R. Wright**
Title: **Chief Investment Officer**

FIRST COLONY LIFE INSURANCE COMPANY

By: /S/ MORIAN MOOERS
Name: **Morian Mooers**
Title: **Assistant Vice President and Investment Officer**

THE NORTHWESTERN MUTUAL LIFE INSURANCE COMPANY

By: /S/ A. KIPP KOESTER
Name: **A. Kipp Koester**
Its **Authorized Representative**

THE NORTHWESTERN MUTUAL LIFE INSURANCE COMPANY
FOR ITS GROUP ANNUITY SEPARATE ACCOUNT

By: Northwestern Investment Management Company

By: /S/ A. KIPP KOESTER
Name: **A. Kipp Koester**
Its Managing Director

PACIFIC LIFE INSURANCE COMPANY

By: /S/ DIANE W. DALES
Name: **Diane W. Dales**
Title: **Assistant Vice President**

By: /S/ AUDREY L. MILFS
Name: **Audrey L. Milfs**
Title: **Corporate Secretary**

EXHIBIT A

[FORM OF NOTE]

ST. LOUIS POST-DISPATCH LLC

8.05% SENIOR NOTE DUE APRIL 28, 2009

No._____ [DATE]

$ _____ PPN 85229* AA4

FOR VALUE RECEIVED, the undersigned, ST. LOUIS POST-DISPATCH LLC (the "COMPANY"), a limited liability company organized and existing under the laws of the State of Delaware, hereby promises to pay to , or registered assigns, the principal sum of DOLLARS on , , with interest (computed on the basis of a 360-day year—30-day month) (a) on the unpaid balance thereof at the rate of 8.05% per annum from the date hereof, payable quarterly on the 28th day of January, April, July and October in each year, commencing with the January, April, July or October next succeeding the date hereof, until the principal hereof shall have become due and payable, and (b) on any overdue payment of principal, any overdue payment of interest and any overdue payment of any Yield-Maintenance Amount (as defined in the Note Agreement referred to below), payable quarterly as aforesaid (or, at the option of the registered holder hereof, on demand), at a rate per annum from time to time equal to the greater of (i) 9.05% or (ii) 1.0% over the rate of interest publicly announced by The Bank of New York from time to time in New York City as its prime rate.

Payments of principal of, interest on and any Yield-Maintenance Amount payable with respect to this Note are to be made at the main office of The Bank of New York in New York City or at such other place as the holder hereof shall designate to the Company in writing, in lawful money of the United States of America.

This Note is one of a series of Senior Notes (the "NOTES") issued pursuant to a Note Agreement, dated as of May 1, 2000 (the "AGREEMENT"), among the Company and the original purchasers of the Notes named in the Purchaser Schedule attached thereto and is entitled to the benefits thereof and to the benefits of the Guaranty Agreement (as defined in the Agreement). Each holder of this Note will be deemed, by its acceptance hereof, to have made the representation set forth in paragraph 9B of the Agreement on the date of its purchase of this Note with respect to the source of the funds used by it to purchase this Note.

This Note is a registered Note and, as provided in the Agreement, upon surrender of this Note for registration of transfer, duly endorsed, or accompanied by a written instrument of transfer duly executed, by the registered holder hereof or such holder's attorney duly authorized in writing, a new Note for a like principal amount will be issued to, and registered in the name of, the transferee. Prior to due presentment for registration of transfer, the Company may treat the person in whose name this Note is registered as the owner hereof for the purpose of receiving payment and for all other purposes, and the Company shall not be affected by any notice to the contrary.

This Note is subject to optional prepayment, in whole or from time to time in part, on the terms specified in the Agreement.

In case an Event of Default, as defined in the Agreement, shall occur and be continuing, the principal of this Note may be declared or otherwise become due and payable in the manner and with the effect provided in the Agreement.

THIS NOTE IS INTENDED TO BE PERFORMED IN THE STATE OF NEW YORK AND SHALL BE CONSTRUED AND ENFORCED IN ACCORDANCE WITH THE INTERNAL LAW OF SUCH STATE.

ST. LOUIS POST-DISPATCH LLC

By: _____

Title: _____

EXHIBIT B

[FORM OF FUNDS DELIVERY INSTRUCTION]

[Company's Letterhead]

[NAMES AND ADDRESSES OF ALL PURCHASERS]

Re: Funds Delivery Instruction

Ladies and Gentlemen:

As contemplated by paragraph 2 of the Note Agreement, dated as of May 1, 2000, among us, the undersigned hereby instructs you to deliver, on the date of closing, the proceeds of the Notes in the manner required by paragraph 2 to the undersigned's account identified below:

Account Name:
Account No:
Bank:
Bank City & State:
Bank ABA No:
Reference:

This instruction has been executed and delivered by an authorized representative of the undersigned.

Very truly yours,

ST. LOUIS POST-DISPATCH LLC

By: _____
Title:

EXHIBIT C

[FORM OF OPINION OF COUNSEL TO COMPANY AND GUARANTOR]

May 1, 2000

Each of the Purchasers named on
the Purchaser Schedule attached
to the below-described Note Agreement

Ladies and Gentlemen:

We have acted as counsel for St. Louis Post-Dispatch LLC, a Delaware limited liability company (the "Company"), and Pulitzer Inc., a Delaware corporation (the "Guarantor"), in connection with (i) the Note Agreement, dated as of May 1, 2000, among the Company and each of you (the "Note Agreement"), pursuant to which the Company has issued to you today its 8.05% Senior Notes due April 28, 2009 in the aggregate principal amount of $306,000,000, and (ii) the Guaranty Agreement, dated as of May 1, 2000, executed and delivered by the Guarantor in favor of the holders of the Notes (the "Guaranty Agreement"). All terms used herein that are defined in the Note Agreement have the respective meanings specified in the Note Agreement. This letter is being delivered to you in satisfaction of the condition set forth in paragraph 3A(iii) of the Note Agreement and with the understanding that you are purchasing the Notes in reliance, in part, on the opinions expressed herein.

In this connection, we have examined the Note Agreement, the Notes and the Guaranty Agreement (collectively, the "Financing Documents"). In connection with this opinion, we have reviewed such certificates of public officials, such certificates and other instruments of officers of the Company and the Guarantor, and originals or copies certified or otherwise identified to our satisfaction of all such limited liability company records and papers of the Company, corporate records and papers of the Guarantor, and of all such other documents, records and papers, and such questions of law, as we have deemed relevant and necessary as a basis for our opinion hereinafter set forth. We have relied, to the extent that we deem such reliance proper, upon certificates of public officials, upon certificates of officers of the Company and the Guarantor and upon the representations and warranties contained in or made pursuant to the Loan Documents, including the representation made by each of you in paragraph 9A of the Note Agreement, in each case with respect to the accuracy of factual matters contained therein which were not independently established.

In such examination, we have assumed the genuineness of all signatures, except the signatures on the Financing Documents by any officer of the Company or the Guarantor, and the authenticity of all documents submitted to us as originals and the conformity with the originals of all documents submitted to us as copies. We also assumed that:

(a) each Purchaser has been duly organized and is validly existing under the laws of the jurisdiction of its organization;

(b) the Note Agreement has been duly authorized, executed and delivered by each Purchaser;

(c) each Purchaser has corporate or equivalent power and authority and legal capacity to execute, deliver and perform, and may lawfully perform its obligations under, the Note Agreement; and

(d) the Note Agreement is the legal, valid and binding obligation of each Purchaser enforceable against such Purchaser in accordance with its terms, and does not breach, violate or conflict with any agreement or the laws or governmental rules and regulations of any jurisdiction or authority.

Based on the foregoing and subject to the exceptions, limitations and qualifications set forth herein, it is our opinion that:

1. The Company is a limited liability company duly organized and validly existing in good standing under the laws of the State of Delaware.

2. The Guarantor is a corporation duly organized and validly existing in good standing under the laws of the State of Delaware.

3. The Company has the limited liability company power and authority to carry on its business as now being conducted, and to execute, deliver and perform the Financing Documents to which it is a party, and is duly qualified as a foreign limited liability company and in good standing in each jurisdiction where the nature of the business transacted or properties owned by it makes such qualification necessary, except where the failure to so qualify will not have a material adverse effect on the Company and its Subsidiaries taken as a whole.

4. The Guarantor has the corporate power and authority to carry on its business as now being conducted, and to execute, deliver and perform the Financing Documents to which it is a party, and is duly qualified as a foreign corporation and in good standing in each jurisdiction where the nature of the business transacted or properties owned by it makes such qualification necessary, except where the failure to so qualify will not have a material adverse effect on the Guarantor and its Subsidiaries taken as a whole.

5. The Note Agreement and the Notes have been duly authorized by all requisite action and duly executed and delivered by authorized officers of the Company, and are valid obligations of the Company, legally binding upon and enforceable against the Company in accordance with their respective terms, and the Notes are entitled to the benefits of the Note Agreement.

6. The Guaranty Agreement has been duly authorized by all requisite corporate action and duly executed and delivered by authorized officers of the Guarantor, and is the valid obligation of the Guarantor, legally binding upon and enforceable against the Guarantor in accordance with its terms.

7. It is not necessary in connection with the offering, issuance, sale and delivery of the Notes under the circumstances contemplated by the Note Agreement to register the Notes under the Securities Act of 1933, as amended, or to qualify an indenture in respect of the Notes under the Trust Indenture Act of 1939, as amended.

8. The extension, arranging and obtaining of the credit represented by the Notes do not result in any violation of Regulation T, U or X of the Board of Governors of the Federal Reserve System.

9. The execution and delivery of the Note Agreement and the Notes, the offering, issuance and sale of the Notes and fulfillment of and compliance with the respective provisions of the Note Agreement and the Notes do not conflict with, or result in a breach of the terms, conditions or provisions of, or constitute a default under, or result in any violation of, or result in the creation of any Lien upon any of the properties or assets of the Company or any of its Subsidiaries pursuant to, or require any authorization, consent, approval, exemption or other action by or notice to or filing with any court, administrative or governmental body or other Person (other than routine filings after the date hereof with the Securities and Exchange Commission and/or state Blue Sky authorities) pursuant to, the limited liability company agreement or other organizational documents of the Company or any of its Subsidiaries, any applicable law (including any securities or Blue Sky law), statute, rule or regulation or (insofar as is known to us after having made due inquiry with respect

thereto and insofar as is material to the Company and its Subsidiaries, taken as a whole) any agreement, instrument, order, judgment or decree to which the Company or any of its Subsidiaries is a party or otherwise subject.

10. The execution and delivery of the Guaranty Agreement and fulfillment of and compliance with the provisions of the Guaranty Agreement do not conflict with, or result in a breach of the terms, conditions or provisions of, or constitute a default under, or result in any violation of, or result in the creation of any Lien upon any of the properties or assets of the Guarantor or any of its Subsidiaries pursuant to, or require any authorization, consent, approval, exemption or other action by or notice to or filing with any court, administrative or governmental body or other Person (other than routine filings after the date hereof with the Securities and Exchange Commission and/or state Blue Sky authorities) pursuant to the charter, by-laws or other organizational documents of the Guarantor or any of its Subsidiaries, any applicable law (including any securities or Blue Sky law), statute, rule or regulation or (insofar as is known to us after having made due inquiry with respect thereto and insofar as is material to the Guarantor and its Subsidiaries, taken as a whole) any agreement, instrument, order, judgment or decree to which the Guarantor or any of its Subsidiaries is a party or otherwise subject.

The opinions expressed herein are subject to the following exceptions, limitations and qualifications:

A. The opinions in numbered paragraphs 1 through 4 above are based on certificates of recent date of public officials and certificates of officers of the Company and the Guarantor.

B. The opinions in numbered paragraphs 5 and 6 above are subject to the exception that the enforceability of the Financing Documents may be limited by (a) any applicable bankruptcy, insolvency, fraudulent conveyance, fraudulent transfer, liquidation, reorganization, moratorium or similar laws (including court decisions) from time to time in effect affecting generally the enforcement of creditors' rights and remedies or providing for the relief of debtors, (b) general principles of equity (regardless of whether such enforceability is sought at law or in equity), and (c) an implied covenant of good faith and fair dealing.

C. When a matter herein is stated to be "known to us" or "to our knowledge," we have not undertaken (a) any examination of courts, public records, judgments, decrees or orders applicable to the Guarantor, the Company or their respective Subsidiaries, (b) any other special investigation, or (c) any inquiry of any Person other than the Company or the Guarantor and attorneys of this Firm currently handling matters for the Guarantor, the Company and their respective Subsidiaries;

provided, however, that nothing has come to our attention that leads us to believe that the matter is other than as stated herein.

D. Our opinions in paragraphs 9 and 10 as to laws, statutes, rules or regulations are subject to the limitation that we express no opinion with respect to compliance with the anti-fraud provisions of applicable federal or state securities laws, rules or regulations.

The opinions expressed herein are limited exclusively to the laws of the State of New York, the Limited Liability Company Act and General Corporation Law of the State of Delaware, and federal law.

The opinions expressed herein are for the sole benefit of, and may be relied upon by, each of you and those Persons who become holders from time to time of the Notes in accordance with the Note Agreement. Such reliance is limited to the transactions contemplated by the Note Agreement, and the opinions expressed herein are limited to the law existing on the date hereof. In rendering these opinions, we do not undertake to advise the Persons who may rely on this opinion of any change in law or fact that may occur after the date hereof.

Very truly yours,

Fulbright & Jaworski L.L.P.

EXHIBIT D

[FORM OF COMPLIANCE CERTIFICATE]

COMPLIANCE CERTIFICATE

(PULITZER INC.)

[FOR THE FISCAL QUARTER ENDING_____]
[FOR THE FISCAL YEAR ENDING_____]

To: Each holder of those certain 8.05% Senior Notes due April 28, 2009 issued by St. Louis Post-Dispatch LLC, a Delaware limited liability company (the "COMPANY"), pursuant to that certain Note Agreement dated as of May 1, 2000 (as amended, restated, supplemented or otherwise modified from time to time, the "NOTE AGREEMENT") among the Company and the Purchasers listed on the Purchaser Schedule thereto.

As required by Section 4.1 of that certain Guaranty Agreement dated as of even date with the Note Agreement (as amended, restated, supplemented or otherwise modified from time to time, the "GUARANTY AGREEMENT"), executed by Pulitzer Inc., a Delaware corporation and the sole managing member of the Company (the "GUARANTOR"), for the benefit of the holders of the Notes (all capitalized terms used and not otherwise defined in this Compliance Certificate have the respective meanings ascribed to them in the Guaranty Agreement), the undersigned certifies as follows:

(1) The undersigned is the duly elected, qualified and acting [PRESIDENT] [VICE PRESIDENT] [TREASURER] of the Guarantor.

(2) In the undersigned's capacity as an officer of the Guarantor, the undersigned has made, or caused to be made under his supervision, a review in reasonable detail of the transactions and the financial condition of the Guarantor and its Subsidiaries and has determined that the Guarantor has observed or performed in all material respects all of its covenants and other agreements, and satisfied every condition, contained in the Guaranty Agreement to be observed, performed or satisfied by it on or before the date hereof, and as of the date hereof, no Default or Event of Default has occurred and is continuing[, EXCEPT AS SET FORTH IN PARAGRAPH (3) BELOW].

[(3) BELOW (OR IN A SEPARATE SCHEDULE TO THIS COMPLIANCE CERTIFICATE) ARE THE EXCEPTIONS, IF ANY, TO PARAGRAPH (2), LISTING, IN DETAIL, THE NATURE OF EACH CONDITION OR EVENT WHICH CONSTITUTES A DEFAULT OR EVENT OF DEFAULT, THE PERIOD DURING WHICH SUCH EVENT OR CONDITION HAS EXISTED AND THE ACTION WHICH THE GUARANTOR HAS TAKEN, IS TAKING, OR PROPOSES TO TAKE WITH RESPECT TO EACH SUCH CONDITION OR EVENT.]

([3] [4]) WITH RESPECT TO THE FINANCIAL STATEMENTS REFERRED TO IN CLAUSE (I) OF SECTION 4.1 OF THE GUARANTY AGREEMENT, WHICH ARE DELIVERED CONCURRENTLY WITH THE

DELIVERY OF THIS COMPLIANCE CERTIFICATE, THE UNDERSIGNED HEREBY CONFIRMS THAT SUCH FINANCIAL STATEMENTS OF THE GUARANTOR AND ITS SUBSIDIARIES HAVE BEEN PREPARED IN ACCORDANCE WITH GAAP APPLIED CONSISTENTLY THROUGHOUT THE PERIOD INVOLVED, AND THE COVENANTS FROM THE GUARANTY AGREEMENT LISTED AND CALCULATED ON ANNEX A ATTACHED HERETO ARE BASED ON SUCH FINANCIAL STATEMENTS.]

[([3] [4]) WITH RESPECT TO THE FINANCIAL STATEMENTS REFERRED TO IN CLAUSE (II) OF SECTION 4.1 OF THE GUARANTY AGREEMENT, WHICH ARE DELIVERED CONCURRENTLY WITH THE DELIVERY OF THIS COMPLIANCE CERTIFICATE, THE UNDERSIGNED HEREBY CONFIRMS THAT SUCH FINANCIAL STATEMENTS OF THE GUARANTOR AND ITS SUBSIDIARIES, INCLUDING THE RELATED NOTES AND SCHEDULES THERETO, HAVE BEEN PREPARED IN ACCORDANCE WITH GAAP APPLIED CONSISTENTLY THROUGHOUT THE PERIODS INVOLVED, AND THE COVENANTS FROM THE GUARANTY AGREEMENT LISTED AND CALCULATED ON ANNEX A ATTACHED HERETO ARE BASED ON SUCH FINANCIAL STATEMENTS.]

([4] [5]) The undersigned hereby certifies that described below in reasonable detail are the adjustments, if any, necessary to derive the information set forth in Annex A from the financial statements referred to in paragraph ([3] [4]) above.

_____

[NAME], [TITLE]

COVENANTS

COVENANTS Compliance

[Indicate Yes/No]

1. Consolidated Debt to EBITDA Ratio (Section 5.1(i))

The ratio of

(i) Consolidated Debt(1) as of the last day of the fiscal quarter most recently ended to $_____

(ii) EBITDA(2) for the four fiscal quarters most recently ended must not be greater than 4.25 to 1.00 $_____

to 1.00 _____

_____

2. Consolidated Net Worth (Section 5.1(ii))

Commencing with the fiscal quarter ending June 30, 2000, Consolidated Net Worth(3) as of the last day of the fiscal quarter most recently ended $_____

must not be less than (a) $650,000,000 plus (b) the product of (x) $3,750,000 multiplied by (y) the number of fiscal quarters that have ended since the Date of Closing, to and including the fiscal quarter ended on such measurement date $_____

3. Limitation on Priority Debt (Section 5.3)

Priority Debt(4) (including Debt secured by Liens permitted by Section 5.2) $_____

Capitalization(5) as of the last day of the fiscal quarter most recently ended $_____

Percentage of Capitalization as of the last day of the fiscal quarter most recently ended must not exceed 15% of Capitalization as of the last day of the fiscal quarter most recently ended _____%

4. Loans, Advances and Investments (Section 5.4)

The Guarantor will not, and will not permit any Subsidiary to, make or permit to remain outstanding any loan or advance to, or own, purchase or acquire any stock, obligations or securities of, or any interest in, or make any capital contribution

(1) See Schedule 1, Item 1.

(2) See Schedule 1, Item 2.

(3) See Schedule 1, Item 3.

(4) See Schedule 1, Item 4.

(5) See Schedule 1, Item 5.

to, any Person, except that the Guarantor or any Subsidiary may:

(i) make or permit to remain outstanding loans, advances or capital contributions to any Subsidiary;

(ii) make or permit to remain outstanding any loans, advances or capital contributions from (a) any Subsidiary other than the Company to the Guarantor or any other Subsidiary and (b) the Company to any Subsidiary of the Company;

(iii) own, purchase or acquire stock, obligations or securities of or other equity interests in a Subsidiary or a Person which immediately after such purchase or acquisition will be a Subsidiary;

(iv) make and permit to remain outstanding investments in notes receivable which are received pursuant to (a) the sale of all or substantially all of a business or operations or (b) the sale of used equipment in the ordinary course of business, but in each case only to the extent that the aggregate uncollected amount of all such notes receivable does not exceed $500,000;

(v) make and permit to remain outstanding loans, advances and other investments in any business principally engaged in publishing (print or electronic), provided that all such loans, advances and other investments to or in entities which are not Subsidiaries do not in the aggregate exceed 10% of Capitalization;

(vi) make and permit to remain outstanding loans, advances and other investments received in settlement of debts (created in the ordinary course of business) owing to the Guarantor or any Subsidiary,

(vii) own, purchase or acquire commercial paper issued by any corporation or bankers' acceptances issued by any member bank of the Federal Reserve System, in either case, maturing within one year of the date of purchase and rated, by at least two of Standard & Poor's Ratings Group, Moody's Investors Service, Inc. and Fitch Investors Service, Inc., "A-1", "P-1" and "F-1", respectively, and payable in the United States in United States dollars;

(viii) own, purchase or acquire certificates of deposit in member banks of the Federal Reserve System (each having capital resources in excess of $75,000,000) or certificates of deposit in an aggregate amount not to exceed $2,000,000 in banks having capital resources of less than $75,000,000), all due within one year from the date of original issue thereof and payable in the United States in United States dollars;

(ix) own, purchase or acquire repurchase agreements of member banks of the Federal Reserve System (each having capital resources in excess of $75,000,000) for terms of less than one year in respect of the foregoing certificates and obligations;

(x) own, purchase or acquire obligations of the

United States government or any agency thereof;

(xi) own, purchase or acquire obligations guaranteed by the United States government or any agency thereof;

(xii) investments in stocks of investment companies registered under the Investment Company Act of 1940 which invest primarily in obligations of the type described in clauses (vii), (viii), (ix), (x) or (xi) above, provided that any such investment company shall have an aggregate net asset value of not less than $500,000,000;

(xiii) own, purchase or acquire investments in money market mutual funds that are classified as current assets in accordance with generally accepted accounting principles, that are rated "AAAm" by Standard & Poor's Ratings Group and that invest solely in investments described in clauses (vii), (viii), (ix), (x) or (xi) above, which funds are managed by Persons having capital and surplus in excess of $500,000,000;

(xiv) endorse negotiable instruments for collection in the ordinary course of business;

(xv) make or permit to remain outstanding travel and other like advances to officers and employees in the ordinary course of business;

(xvi) make or permit to remain outstanding investments in demand deposit accounts maintained by the Guarantor or any Subsidiary in the ordinary course of its business;

(xvii) make or permit to remain outstanding investments consisting of Eurodollar time deposits, maturing within 90 days after the making thereof, with any branch of a United States commercial bank having capital and surplus of not less than $1 billion in the aggregate;

(xviii) make or permit to remain outstanding investments in municipal obligations having a rating of "Aaa" by Moody's Investors Service, Inc., or "AAA" by Standard & Poor's Ratings Group;

(xix) permit to remain outstanding investments of the Guarantor and its Subsidiaries set forth on Schedule 5.4;

(xx) own, purchase or acquire (a) asset-backed securities, mortgage- backed securities and collateralized mortgage obligations issued by any entity and rated at least AA3 by Moody's Investors Service, Inc. or Aa- by Standard & Poor's Ratings Group and (b) notes and bonds issued by any domestic corporate issuer and rated at least A3 by Moody's Investors Service, Inc. or A- by Standard & Poor's Ratings Group; and

(xxi) make or permit to remain outstanding any other loan or advance to, or own, purchase or acquire any other stock, obligations or securities of, or any other interest in, or make any other capital contribution to any Person, provided that the aggregate amount thereof does not at any time exceed 6% of Consolidated Net Worth as of the last day of then most recently ended fiscal quarter.

Consolidated Net Worth	$_____
Percentage of Consolidated Net Worth	$_____
(xxi) must not exceed 6% of Consolidated Net Worth	_____%

5. Limitation on Sale or Disposition of Capital Assets (Section 5.5) The Guarantor will not, and will not permit any Subsidiary to, sell or dispose of capital assets (including capital stock or other equity interests) outside the ordinary course of business if the aggregate of capital assets so sold or disposed of in any fiscal year involves assets totaling 10% or more of Consolidated Total Assets at the beginning of such fiscal year or has contributed 10% or more of EBITDA for any of the three fiscal years then most recently ended (or such shorter period during which such assets were owned by the Guarantor or a Subsidiary), unless either (i) the net proceeds (including the cash value of any securities received but deducting all expenses of sale and sales and transfer taxes and applicable Federal and state income taxes) from such sale or disposition are within 12 months from receipt invested in businesses substantially similar to any line of business in which the Guarantor or any Subsidiary has been continuously engaged since the date of issuance of the Notes or (ii) within 12 months after receipt of such net proceeds, an amount equal to such net proceeds is applied to the pro rata prepayment (based on outstanding principal amounts) of (a) the principal of the Notes then outstanding (in accordance with paragraph 4A of the Note Agreement, and together with all accrued interest on, and Yield-Maintenance Amount, if any, payable with respect to, the Notes) and (b) all other Debt of the Guarantor and its Subsidiaries consisting of obligations for borrowed money.

Aggregate of capital assets sold or disposed of outside of the ordinary course of business during the fiscal year in which the period covered by this Compliance Certificate occurs	$_____
Consolidated Total Assets at beginning of such fiscal year	$_____
Percentage of Consolidated Total Assets at the beginning of such fiscal year	_____%
EBITDA for each of the three fiscal years then most recently ended	$_____ $_____ $_____

Percentage of EBITDA for each such year contributed by assets sold or disposed of _____%

_____%

_____%

must not involve assets totaling 10% or more of Consolidated Total Assets at the beginning of such fiscal year or contributing 10% or more of EBITDA for any of the three fiscal years then most recently ended (or such shorter period during which such assets were owned by the Guarantor or a Subsidiary) UNLESS, (i) the net proceeds (including the cash value of any securities received but deducting all expenses of sale and sales and transfer taxes and applicable Federal and state income taxes) from such sale or disposition are within 12 months from receipt invested in businesses substantially similar to any line of business in which the Guarantor or any Subsidiary has been continuously engaged since the date of issuance of the Notes or (ii) within 12 months after receipt of such net proceeds, an amount equal to such net proceeds is applied to the pro rata prepayment (based on outstanding principal amounts) of (a) the principal of the Notes then outstanding (in accordance with paragraph 4A of the Note Agreement, and together with all accrued interest on, and Yield-Maintenance Amount, if any, payable with respect to, the Notes) and (b) all other Debt of the Guarantor and its Subsidiaries consisting of obligations for borrowed money. _____

6. Limitations on Sale and Leaseback (Section 5.6) The Guarantor will not, and will not permit any Subsidiary to, enter into any arrangement with any lender or investor or under which such lender or investor is a party, providing for the leasing or other similar arrangement by the Guarantor or any Subsidiary of real or personal property used by the Guarantor or any Subsidiary in the operations of the Guarantor or any Subsidiary, which has been or is sold or transferred by the Guarantor or any Subsidiary to such lender or investor or to any Person to whom funds have been or are to be advanced by such lender or investor on the security of such rental obligations of the Guarantor or such Subsidiary, EXCEPT that the Guarantor or any Subsidiary (other than the Company) may enter into sale and lease-back transactions involving newspaper equipment or facilities acquired after the issuance of the Notes if (i) such arrangement is for a period of less than three years by the end of which the use of such property by the lessee will be discontinued, (ii) the net proceeds of such sale are applied to the retirement of Debt, (iii) the net proceeds of the sale are used to purchase other property having a value at least equal to such net proceeds, (iv) the property immediately prior to such sale could have been subjected to a Lien securing Debt in an amount equal to such net proceeds and which Lien would have been permitted by clause (xi) of Section 5.2, or (v) the transaction represents a sale by a Subsidiary (other than the Company) to the Guarantor or another Subsidiary or by the Guarantor to a Subsidiary. _____

7. Limitation on Sale of Stock and Debt of Subsidiaries (Section 5.9) The Guarantor will not, and will not permit any Subsidiary to, sell or otherwise dispose of, or part with control of, any shares of stock of (or other equity interests in) or Debt of any Subsidiary, except that shares of stock of (or other equity interests in) or Debt of any Subsidiary (other than the Company) may be sold or otherwise disposed of to the Guarantor or another Subsidiary, and except that all shares of stock of (or other equity interests in) and Debt of any Subsidiary (other than the Company) at the time owned by or owed to the Guarantor or any Subsidiary may be sold as an entirety for a cash consideration which represents the fair market value (as determined in good faith by the Board of Directors of the Guarantor) at the time of sale of the shares of stock or other equity interests and Debt so sold, provided that the assets of such Subsidiary do not constitute more than 10% of Consolidated Total Assets at the beginning of the fiscal year in which such sale or disposition is to occur and that such Subsidiary shall not have contributed more than 10% of EBITDA for any of the three fiscal years then most recently ended, unless such transaction shall be subject to, and in compliance with, Section 5.5, and further provided that, in any event, at the time of sale, such Subsidiary shall not own, directly or indirectly, any shares of stock of (or other equity interests in) or Debt of any other Subsidiary (unless all of the shares of stock of (or other equity interests in) and Debt of such other Subsidiary are owned, directly or indirectly, by the Guarantor and all Subsidiaries are simultaneously being sold as permitted by Section 5.9 of the Guaranty).

Consolidated Total Assets at beginning of such fiscal year	$_____
Consolidated Total Assets represented by assets of Subsidiary	$_____
Percentage of Consolidated Total Assets represented by assets of Subsidiary	_____%
EBITDA for each of the three fiscal years then most recently ended	$_____
	$_____
	$_____
Percentage of EBITDA for each such year contributed by	_____%
Subsidiary	_____%
	_____%

the assets of such Subsidiary must not constitute more than 10% of Consolidated Total Assets at the beginning of the fiscal year in which such sale or disposition is to occur and such Subsidiary must not have contributed more than 10% of EBITDA for any of the three fiscal years then most recently ended, unless such transaction was subject to, and in compliance with, Section 5.5.

8. Issuance of Stock by Subsidiaries (Section 5.10) The Guarantor will not permit any Subsidiary, the assets of which constitute more than 10% of Consolidated Total Assets at the beginning of the fiscal year in which such issuance, sale or disposition is to occur or which has contributed more than 10% of

EBITDA for any of the three fiscal years most recently ended, to issue, sell or dispose of any shares of its stock (of any class) or any other equity interests except to the Guarantor or another Subsidiary. Consolidated Total Assets at beginning of such fiscal year $_____

Consolidated Total Assets represented by assets of Subsidiary $_____

Percentage of Consolidated Total Assets represented by assets of Subsidiary _____%

EBITDA for each of the three fiscal years then most recently ended $_____
$_____
$_____

Percentage of EBITDA for each such year contributed by Subsidiary _____%
_____%
_____%

the assets of such Subsidiary must not constitute more than 10% of Consolidated Total Assets at the beginning of the fiscal year in which such issuance, sale or disposition is to occur and the Subsidiary must not have contributed more than 10% of EBITDA for any of the three fiscal years most recently ended.

SCHEDULE 1 TO ANNEX A TO COMPLIANCE CERTIFICATE

1. Consolidated Debt

(i) all obligations for borrowed money or obligations represented by notes payable and drafts accepted representing extensions of credit, all obligations evidenced by bonds, debentures, notes or other similar instruments and all obligations upon which interest charges are customarily paid; $_____

(ii) Capitalized Lease Obligations; $_____

(iii) indebtedness secured by any Lien existing on property owned by the Guarantor or any Subsidiary subject to such Lien, whether or not the indebtedness secured thereby shall have been assumed by the Guarantor or any Subsidiary; $_____

(iv) guarantees, endorsements (other than endorsements of negotiable instruments for collection in the ordinary course of business) and other contingent liabilities (whether direct or indirect) in connection with the obligations, stock or dividends of any Person; $_____

(v) obligations under any contract providing for the making of loans, advances or capital contributions to any Person, or for the purchase of any property from any Person, in each case in order to enable such Person primarily to maintain working capital, net worth or any other balance sheet condition or to pay debt, dividends or expenses; $_____

(vi) obligations under any contract for the purchase of materials, supplies or other property from any Person if such contract (or any related document) requires that payment for such materials, supplies or other property shall be made regardless of whether or not delivery of such materials, supplies or other property is ever made or tendered; $_____

(vii) obligations under any contract to rent or lease (as lessee) any real or personal property if such contract (or any related document) provides that the obligation to make payments thereunder is absolute and unconditional under conditions not customarily found in commercial leases then in general use or requires that the lessee purchase or otherwise acquire securities or obligations of the lessor; $_____

(viii) obligations under any contract for the sale or use of materials, supplies or other property, or the rendering of services, if such contract (or any related document) requires that payment for such materials, supplies or other property, or the use thereof, or payment for such services, shall be subordinated to any indebtedness (of the purchaser or user of such materials, supplies or other property or the Person entitled to the benefit of such services) owed or to be owed to any Person; $_____

(ix) obligations under any other contract which, in economic effect, is substantially equivalent to a guarantee; $_____

SUBTOTAL [(i)+(ii)+(iii)+(iv)+(v)+(vi)+(vii)+(viii)+(ix)] $_____

(x) But excluding (a) loans, advances and capital contributions by the Guarantor to any Subsidiary or by any Subsidiary to the Guarantor or another Subsidiary or a guarantee of the obligations of a Subsidiary under an executory contract to purchase or sell a business and (b) any amounts which may be due in connection with the "Gross-Up Transactions" described in Note 15 of the audited consolidated financial statements of the Guarantor and its Subsidiaries for the fiscal year ended December 31, 1999, as incorporated in the Guarantor's annual report on Form 10-K filed with the Securities and Exchange Commission

CONSOLIDATED DEBT [SUBTOTAL above - (x)] $

2. EBITDA

(i) Consolidated Net Earnings (determined as set forth in Item 2.1 below), $_____

(ii) plus, to the extent deducted in the determination of Consolidated Net Earnings,

(a) all provisions for federal, state and other income tax $_____

(b) Consolidated Interest Expense (determined as set forth in Item 2.2 below) and $_____

(c) provisions for depreciation and amortization $_____

Subtotal of (a), (b) and (c) $_____

EBITDA [(i) + (ii)] $

Note: Any acquisition or disposition by the Guarantor or any Subsidiary during any period of all of the capital stock of (or other equity interests in) any Person, or of all or substantially all of the assets of any Person, shall in each case be reflected and given effect in EBITDA as if such acquisition or disposition occurred on the first day of such period, so long as, in the case of any such acquisition, the Guarantor shall have delivered or caused to be delivered to each holder of Notes financial information, set forth within audited financial statements regarding such Person, disclosing the prior operating results of such Person, and provided further, that for purposes of calculating EBITDA, the consummation of the Formation/Consummation Transactions will be taken into account by including, on a pro forma basis, Herald's share of EBITDA for periods prior to the Date of Closing, as derived from the "St. Louis Agency adjustment" reflected in prior consolidated financial statements.

2.1 Consolidated Net Earnings

(i) Consolidated gross revenues of the Guarantor and its Subsidiaries determined in accordance with generally accepted accounting principles $_____

(ii) Less all operating and non-operating expenses of the Guarantor and its Subsidiaries determined in accordance with generally accepted less accounting principles $_____

CONSOLIDATED NET EARNINGS [(i) - (ii)] $

Note: The above include all charges of a property character (including current and deferred taxes on income, provision for taxes on unremitted foreign earnings which are included in gross revenues, and current additions to reserves), but do not include in gross revenues any gains — (net of expenses and taxes applicable thereto) in excess of losses resulting from the sale, conversion or other disposition of capital assets (i.e., assets other than current assets) in excess of an aggregate amount of $5,000,000 in any one year, any gains resulting from the write-up of assets, any equity of the Guarantor or any Subsidiary in the unremitted earnings of any corporation which is not a Subsidiary or any earnings of any Person acquired by the Guarantor or any Subsidiary through purchase, merger or consolidation or otherwise for any year prior to the year of acquisition, or any deferred credit representing the excess of equity in any Subsidiary at the date of acquisition over the cost of investment in such Subsidiary.

2.2 Consolidated Interest Expense

The sum (without duplication) of the following (in each case, eliminating all offsetting debits and credits between the Guarantor and its Subsidiaries and all other items required to be eliminated in the course of the preparation of consolidated financial statements of the Guarantor and its Subsidiaries in accordance with generally accepted accounting principles) for the period covered by this Compliance Certificate for the Guarantor and its Subsidiaries:

(i) all interest and prepayment charges in respect of Debt of the Guarantor and its Subsidiaries (including imputed interest in respect of Capitalized Lease obligations and net costs of any interest rate or currency hedging or similar arrangements) deducted in determining consolidated net income for such period, together with all interest capitalized or deferred during such period and not deducted in determining consolidated net income for such period plus $_____

(ii) all debt discount and expense amortized or required to be amortized in the determination of consolidated net income for such period $_____

CONSOLIDATED INTEREST EXPENSE [(i) + (ii)] $

3. CONSOLIDATED NET WORTH

(i) Total amount of total assets of the Guarantor and its Subsidiaries as of the last day of the fiscal quarter most recently then ended, determined on a consolidated basis in accordance with generally accepted accounting principles less $_____

(ii) Total liabilities of the Guarantor and its Subsidiaries as of the last day of the fiscal quarter most recently then ended, determined on a consolidated basis in accordance with generally accepted accounting principles. $_____

CONSOLIDATED NET WORTH [(i) - (ii)] $

4. PRIORITY DEBT $

(i) Aggregate amount of all Debt of the Guarantor secured by a Lien plus $_____

(ii) All secured and unsecured Debt of all Subsidiaries (excluding Debt represented by the Notes) $_____

PRIORITY DEBT [(i) + (ii)] $

5. CAPITALIZATION

(i) Consolidated Net Worth plus $_____

(ii) Consolidated Debt $_____

CAPITALIZATION [(i) + (ii)] $

EXHIBIT E

[FORM OF SUBORDINATED INTERCOMPANY NOTE]

Effective Date:	[_____].
Maker:	ST. LOUIS POST-DISPATCH LLC, a Delaware limited liability company.
Maker's Mailing Address:	900 North Tucker Boulevard, St. Louis, Missouri 63101.
Payee:	PULITZER INC., a Delaware corporation, or its assigns.
Payee's Mailing Address:	900 North Tucker Boulevard, St. Louis, Missouri 63101.
Place for Payment:	Payee's mailing address set forth above or such other location in the United States of America as the Payee may from time to time designate.
Maximum Principal Amount:	[$_____].
Interest:	[_____%, PAYABLE QUARTERLY IN ARREARS (COMPUTED ON THE BASIS OF A 360-DAY YEAR OF TWELVE 30-DAY MONTHS) ON THE _____ DAY OF ,__ , _____ AND _____ , COMMENCING WITH THE _____ DAY OF _____ ,_____ ,_____ , OR _____ NEXT SUCCEEDING THE DATE HEREOF].
Repayment:	All advances to the Maker and other amounts represented by this Subordinated Intercompany Note shall be due and payable in full on [THE EARLIER OF (A)] demand [, OR (B)_____].
Advances:	The Payee may make advances to the Maker upon the Maker's written request therefor. All advances of cash made by the Payee to the Maker hereunder shall be subject to the conditions set forth below and may, at the option of the Payee, be recorded by the Payee on Schedule 1 attached hereto. Recordation of such advances shall not be necessary but, if made, will be conclusive evidence of the making of such advances for the account of the Maker.

FOR VALUE RECEIVED, the Maker promises to pay to the order of the Payee, in lawful money of the United States of America, in immediately available funds and in accordance with the repayment terms set forth above, the Maximum Principal Amount set forth above or, if less, the unpaid principal amount of all loans and other advances made by the Payee to the Maker. The Maker also promises to pay interest, in like money and funds and in accordance with the interest payment terms set forth above, on the unpaid principal amount of all loans and other advances made by the Payee to the Maker from the date such loan or advance is made until and including the date such loan or advance is paid at the rate per annum set forth above.

Additional terms and conditions of this Subordinated Intercompany Note are as follows:

1. Prepayment. Subject to the terms and conditions set forth below, the Maker may prepay the full amount or any part of this Subordinated Intercompany Note at any time and from time to time without notice and without the payment of any premium, fee or penalty.

2. Default. “EVENT OF DEFAULT” means any one of the following events:

(a) the default by the Maker in the payment when due of principal, interest or any other amount payable with regard to this Subordinated Intercompany Note;

(b) the entry of a decree or order for relief in respect of the Maker or any affiliate thereof in an involuntary case under the federal bankruptcy laws, as now or hereafter constituted, or any other applicable federal or state bankruptcy, insolvency or other similar law, or appointing a receiver, liquidator, assignee, custodian, trustee, sequestrator (or similar official) of the Maker or any affiliate thereof or for any substantial part of their respective property, or ordering the winding up or liquidation of their respective affairs;

(c) the commencement by the Maker or any affiliate thereof of a voluntary case under the federal bankruptcy laws, as now constituted or hereafter amended, or any other applicable federal or state bankruptcy, insolvency or other similar law, or the consent by the Maker or any affiliate thereof to the appointment to or taking possession by a receiver, liquidator, assignee, trustee, custodian, sequestrator (or other similar official) of the Maker or any affiliate thereof for any substantial part of their property, or the making by either the Maker or any affiliate thereof of any assignment for the benefit of creditors, or the admission by the Maker or any affiliate thereof in writing of its inability to pay debts generally as they become due;

(d) any event or condition occurs with respect to any material indebtedness of the Maker or any affiliate thereof (including but not limited to the hereinafter defined Senior Debt) or any indebtedness of any other party for which the Maker or any affiliate thereof is a guarantor or surety or has pledged any of its assets as security, the effect of which is to cause or to permit the holder of any such indebtedness to cause the same or any portion thereof to become due prior to its stated maturity date; or

(e) if the Maker is dissolved, split-up or winds up its affairs.

3. Waivers. The Maker expressly waives demand for payment, presentment, notice of default, notice of intention to accelerate maturity, notice of acceleration of maturity, protest

and notice of protest and any and all other notices or action of any kind as to this Subordinated Intercompany Note and as to each, every and all installments or partial payments thereof.

4. Collection Fees. If an Event of Default occurs hereunder and this Subordinated Intercompany Note is placed in the hands of an attorney for collection (whether or not suit is filed) or if this Subordinated Intercompany Note is collected by suit or legal proceedings or through bankruptcy proceedings, the Maker agrees to pay, in addition to all sums then due hereon, all expenses of collection, including, without limitation, reasonable attorneys' fees.

5. Subordination.

(a) The payment of any and all Subordinated Debt (as hereinafter defined) is expressly subordinated to all Senior Debt (as hereinafter defined) to the extent and in the manner set forth in this Section 5. As used herein: (i) the term "SUBORDINATED DEBT" means all amounts outstanding from time to time under this Subordinated Intercompany Note and any other amounts loaned from or otherwise advanced by the Maker to the Payee, whether direct, indirect, contingent, joint, several, or independent, now or hereafter existing, due or to become due to, or held or to be held by, the Payee, whether created directly or acquired by assignment or otherwise, and whether or not evidenced by written instrument (including, without limitation all post-petition interest in the event of any bankruptcy of the Maker) and all fees and expenses related to or advanced in connection with the foregoing, and (ii) the term "SENIOR DEBT" means all indebtedness, liabilities, and obligations of the Maker to any holder or holders of the Maker's 8.05% Senior Notes due April 28, 2009 (together with any notes issued in renewal, replacement, restatement, substitution or extensions thereof, the "SENIOR NOTES") with respect to the Senior Notes, whether direct, indirect, contingent, joint, several, or independent, now or hereafter existing, due or to become due, including, without limitation, all outstanding principal, interest (including, without limitation all post-petition interest in the event of any bankruptcy of the Maker) and Yield-Maintenance Amount (as defined in the hereinafter defined Senior Note Agreement), if any, with respect to the Senior Notes, all amounts payable by the Maker pursuant to or in connection with the Note Agreement dated as of May 1, 2000 (as the same may be amended, restated, supplemented or otherwise modified from time to time, the "SENIOR NOTE AGREEMENT") among the Maker and the several Purchasers listed in the Purchaser Schedule attached thereto (pursuant to which the Senior Notes were issued and sold), and all fees and expenses in connection with the foregoing.

(b) Until the Senior Debt shall be indefeasibly paid and satisfied in full in cash, the Payee shall not receive or collect, directly or indirectly, any amount upon the Subordinated Debt; provided, however, that, the Payee may receive and collect principal and interest in accordance with the principal repayment and interest payment terms set forth above so long as no Event of Default of the type described in Section 2(d) with respect to any Senior Debt has occurred and is then continuing.

(c) The Payee acknowledges and agrees that it has no liens, security interests, charges, mortgages, chattel mortgages, pledges, encumbrances, or other interests in any assets of the Maker or its subsidiaries securing the repayment of Subordinated Debt (collectively, referred

to herein as a "LIEN"). The Payee further agrees not to acquire, by subrogation, contract or otherwise, any Lien or other right, title or interest in any of the assets of the Maker or its subsidiaries (including but not limited to any Liens which may arise in respect to taxes, assessments or other governmental charges) to secure the Subordinated Debt. Any Lien granted in violation hereof shall be null and void, and the Payee shall release the same upon request by the holder of any Senior Note.

(d) Any payments received by the Payee in violation of the terms hereof shall be held by the Payee in trust for the holders of the Senior Debt, and the Payee shall immediately turn over such payments to such holders, in the form received, to be applied on the Senior Debt.

(e) Unless and until the Senior Debt has been indefeasibly paid in full in cash, the Payee shall not (i) commence any action or proceeding of any kind whatsoever against the Maker or any of its assets to recover all or any part of the Subordinated Debt, or (ii) join with any creditor in bringing any proceedings against the Maker under any liquidation, conservatorship, bankruptcy, reorganization, rearrangement, debtor's relief, or other insolvency law now or hereafter existing.

(f) In the event of any liquidation, conservatorship, bankruptcy, reorganization, rearrangement, debtor's relief, or other insolvency proceedings involving the Maker, the Payee will, at the request of any Person designated in writing by the holders of 51% or more of the aggregate principal amount of the Senior Notes then outstanding, file any claims, proofs of claim, or other instruments of similar character necessary to enforce the obligations of the Maker in respect of the Subordinated Debt and will hold in trust for the holders of the Senior Debt and pay over to such holders, in the form received, to be applied on the Senior Debt, any and all moneys, dividends, or other assets received in any such proceedings on account of the Subordinated Debt, and unless and until the Senior Debt shall be indefeasibly paid in full in cash, any Person designated in writing by the holders of 51% or more of the aggregate principal amount of the Senior Notes then outstanding may, as attorney-in-fact for the Payee, take such action on behalf of the Payee, and the Payee hereby appoints each Person so designated as attorney-in-fact for the Payee to demand, sue for, collect, and receive any and all such moneys, dividends, or other assets and give acquittance therefor and to file any claim, proof of claim, or other instrument of similar character and to take such other proceedings in such Person's name or in the name of the Payee as such Person may deem necessary or advisable for the enforcement of the agreements contained in this Subordinated Intercompany Note, and the Payee will execute and deliver to such Person and each holder of the Senior Notes such other and further powers of attorney or other instruments as such Person may request in order to accomplish the foregoing.

(g) So long as any Senior Debt remains unpaid, the Payee will not (i) amend, modify or alter in any way the terms of the Subordinated Debt or any document, agreement, instrument or certificate relating thereto (including, without limitation, this Subordinated Intercompany Note) in a manner to alter the terms of subordination or to otherwise adversely affect any holder of the Senior Debt, as determined in such holders' sole discretion; or (ii) exercise any remedies with respect to any of the Subordinated Debt. The Payee agrees that it will not challenge, object to or in any respect inhibit or otherwise interfere with the enforcement by any holder of the

Senior Debt of any of its rights or remedies in respect of the Senior Debt or this Subordinated Intercompany Note.

(h) No holder of the Senior Debt shall have any liability to the Payee with respect to, and the Payee waives any claim or defense which the Payee may now or hereafter have against any holder of the Senior Debt arising from, (i) any and all actions which any holder of the Senior Debt takes or omits to take (including, without limitation, actions with respect to the creation, perfection or continuation of Liens in any collateral now or hereafter securing any of the Senior Debt, actions with respect to the occurrence of any default under any Senior Debt, actions with respect to the foreclosure upon, sale, release of, depreciation of or failure to realize upon any of such collateral, and actions with respect to the collection of any claim for all or any part of the Senior Debt from any account debtor, guarantor or any other Person) with respect to the Senior Debt or the valuation, use, protection or release of any collateral now or hereafter securing same; (ii) any right, now or hereafter existing, to require any holder of the Senior Debt to proceed against or exhaust any collateral now or at any time hereafter securing the Senior Debt or to marshal any assets in favor of the Payee; (iii) any notice of the incurrence or increase of Senior Debt, it being understood that any holder of the Senior Debt may make advances now or hereafter relating to the Senior Debt, without notice to or authorization of the Payee, in reliance upon these subordination provisions, (iv) any defense based upon or arising by reason of (A) any disability or other defense of the Maker or any other person or entity; (B) any lack of authority of any agent or any other person or entity acting or purporting to act on behalf of the Maker or the Payee; or (C) any failure by any holder of the Senior Debt to properly perfect any Lien in any asset of the Maker; (v) the election by any holder of the Senior Debt, in any proceeding instituted under Chapter 11 of Title 11 of the United States Code (11 U.S.C. ss. 101 et seq.) (the “BANKRUPTCY CODE”), of the application of Section 1111(b)(2) of the Bankruptcy Code; and/or (vi) any borrowing or grant of a security interest under Section 364 of the Bankruptcy Code.

(i) The holders of the Senior Debt may, at any time and from time to time, without the consent of or notice to the Payee, without incurring responsibility to the Payee, and without impairing or releasing, any of its rights, or any of the obligations of the Payee, (i) change the amount, manner, place, or terms of payment or change or extend the time of payment of or increase, renew or alter the Senior Debt, or any part thereof, or enter into or amend in any manner any agreement (including any related loan agreement, promissory notes and collateral documents) relating to the Senior Debt; (ii) sell, exchange, release, or otherwise deal with all or any part of any property by whomsoever now or at any time hereafter pledged or mortgaged to secure, or howsoever securing, the Senior Debt, or any part thereof; (iii) release anyone liable in any manner for the payment or collection of the Senior Debt or any part thereof; (iv) exercise or refrain from exercising any rights against the Maker and others (including the Payee); and (v) apply any sums, by whomsoever paid or however realized, to the Senior Debt.

6. Prohibition on Transfers or Assignments. So long as the Senior Debt remains outstanding, the Payee shall not transfer or assign this Subordinated Intercompany Note, without the prior written consent of the holders of 51% or more of the aggregate principal amount of the Senior Notes then outstanding.

7. Third Party Beneficiaries. The holders of the Senior Debt shall be third party beneficiaries hereunder, and such holders shall be entitled to enforce the terms of this Subordinated Intercompany Note; provided, however, that no other creditor of the Payee and no other party acting by or through the Payee shall have any rights hereunder or shall be entitled to rely hereon. As used in this Subordinated Intercompany Note, the phrase "holders of the Senior Debt" includes any transferees from time to time thereof.

8. Notices. Any notice, demand or other communication required or permitted to be given to any party hereunder shall be in writing, and shall be deemed to have been delivered when actually received or, regardless of whether or not received, on the second business day after deposit in the United States mail, registered or certified mail, return receipt requested, postage prepaid, addressed to the party at the address set forth above or such other address as may hereafter be indicated by written notice delivered to the other party in accordance with the terms hereof.

9. Governing Law. THIS SUBORDINATED INTERCOMPANY NOTE SHALL BE GOVERNED BY, AND CONSTRUED AND INTERPRETED IN ACCORDANCE WITH, THE LAWS OF THE STATE OF _____ WITHOUT REGARD TO ITS PRINCIPLES OF CONFLICT OF LAWS.

Executed as of the date set forth on the first page of this Subordinated Intercompany Note.

ST. LOUIS POST-DISPATCH LLC

BY: _____
Name:
Title:

By its execution below, the Payee consents and agrees to be bound by the provisions of this Subordinated Intercompany Note applicable to it.

PULITZER INC.

By: _____
Name:
Title:

Date	Amount Advanced

EXECUTION VERSION

AMENDMENT NO. 1 TO NOTE AGREEMENT

THIS AMENDMENT NO. 1 TO NOTE AGREEMENT (this "**Amendment**") is entered into as of November 23,2004 by and between ST. LOUIS POST-DISPATCH LLC, a Delaware limited liability company (the "**Company**"), and the undersigned holders of Notes (as hereinafter defined).

Recitals

A. The Company entered into that certain Note Agreement dated as of May 1, 2000 (as amended, restated, supplemented or otherwise modified from time to time, the "**Note Agreement**"), with the several Purchasers listed in the Purchaser Schedule attached thereto, pursuant to which the Company issued and sold to such Purchasers the Company's 8.05% Senior Notes due April 28, 2009, in the aggregate principal amount of $306,000,000 (together with any such promissory notes that may have been issued in substitution or exchange therefor prior to the date hereof, the "**Notes**").

B. As of the Effective Date (as hereinafter defined), the undersigned holders of Notes together hold at least 51% of the aggregate outstanding principal amount of the Notes, and therefore constitute the Required Holder(s) (as defined in the Note Agreement) for purposes of this Amendment.

C. The Company desires to make certain amendments and modifications to the Note Agreement, as set forth in this Amendment, and the undersigned holders of Notes, subject to the terms and conditions set forth herein, are willing to agree to such amendments and modifications.

NOW, THEREFORE, in consideration of the foregoing and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties hereto agree as follows:

1. Definitions. Capitalized terms used and not otherwise defined herein shall have the respective meanings ascribed to them in the Note Agreement.

2. Amendments to Paragraph 6C(3) (Loans, Advances and Investments).

(a) Paragraph 6C(3) of the Note Agreement is amended by deleting clause (xii) thereof in its entirety and replacing it with the following:

"(xii) own, purchase or acquire investments in money market funds that are classified as current assets in accordance with generally accepted accounting principles, and that are rated "AAAm" or the equivalent by Standard & Poor's Ratings Group, or Moody's Investors Service, Inc. or Fitch Investors Service, Inc., which funds are managed by either (a) Persons having capital and surplus, or net worth, in excess of $500,000,000 or (b) any Person that is a direct or indirect subsidiary of a Person described in the foregoing clause (a);"

(b) Paragraph 6C(3) of the Note Agreement is further amended by (i) deleting the word "and" from the end of clause (xviii) thereof, (ii) renumbering clause (xix) thereof as clause (xx) and (iii) adding a new clause (xix) thereto, such new clause (xix) to read as follows:

"(xix) own, purchase or acquire investments in commingled funds/portfolios that invest primarily in U.S. dollar denominated obligations, with a weighted average portfolio maturity of 120 days or less, and rated "AAA" or the equivalent, by at least two of Standard & Poor's Ratings Group, Moody's Investors Service, Inc. and Fitch Investors Service, Inc., which funds are managed by either (a) Persons having capital and surplus, or net worth, in excess of $500,000,000 or (b) any Person that is a direct or indirect subsidiary of a Person described in the foregoing clause (a); and"

3. Representations and Warranties of the Company. The Company hereby represents and warrants as follows:

(a) Organization; Power and Authority: Enforceability. The Company is a limited liability company duly organized and validly existing in good standing under the laws of the State of Delaware. The Company has all requisite limited liability company power to execute and deliver this Amendment and to perform its obligations under this Amendment and the Note Agreement as amended hereby. The execution and delivery by the Company of this Amendment and the performance by the Company of its obligations under this Amendment and the Note Agreement as amended hereby have been duly authorized by all requisite limited liability company action on the part of the Company. The Company has duly executed and delivered this Amendment, and this Amendment and the Note Agreement as amended hereby constitute the legal, valid and binding obligations of the Company, enforceable against the Company in accordance with their terms.

(b) No Default or Event of Default. No Default or Event of Default exists, either before or immediately after giving effect to this Amendment.

(c) No Material Adverse Change. Since December 31, 2003, there has been no material adverse change in (i) the business, condition or operations (financial or otherwise) of the Company and its Subsidiaries, (ii) the ability of the Guarantor to perform its obligations under the Guaranty Agreement or the ability of the Company to perform its obligations under the Note Agreement or the Notes or (iii) the validity or enforceability of the Note Agreement, the Guaranty Agreement or the Notes.

4. Conditions to Effectiveness. This Amendment shall become effective, as of the date first written above (the "**Effective Date**"), upon satisfaction of the following conditions precedent:

(a) The undersigned holders of Notes shall have received the following, each in form and substance satisfactory to such holders, in their sole discretion, duly executed and delivered by each of the parties thereto:

(i) a counterpart of this Amendment; and

(ii) Amendment No. 2 to Guaranty Agreement, dated as of even date herewith, with respect to the Guaranty Agreement.

(b) The representations and warranties of the Company contained in this Amendment and the Note Agreement shall be true on and as of the Effective Date (except for those which expressly relate to an earlier date, which shall be true on and as of such earlier date).

5. Miscellaneous.

(a) References to Note Agreement. Upon and after the date of this Amendment, each reference to the Note Agreement in the Note Agreement, the Guaranty Agreement, the Notes or any other instrument or agreement entered into in connection therewith or otherwise related thereto shall mean and be a reference to the Note Agreement as amended by this Amendment.

(b) Ratification and Confirmation. Except as specifically amended herein, the Note Agreement shall remain in full force and effect, and is hereby ratified and confirmed.

(c) No Waiver. The execution, delivery and effectiveness of this Amendment shall not operate as a waiver of any right, power or remedy of any holder of Notes, nor constitute a waiver of any provision of the Note Agreement, the Guaranty Agreement, any Note or any other instrument or agreement entered into in connection therewith or otherwise related thereto.

(d) Expenses. The Company agrees to pay promptly, or to cause the Guarantor to pay promptly, all expenses of the holders of Notes related to this Amendment and all matters contemplated hereby, including, without limitation, all fees and expenses of the holders' special counsel.

(e) GOVERNING LAW. THIS AMENDMENT SHALL BE CONSTRUED AND ENFORCED IN ACCORDANCE WITH, AND THE RIGHTS OF THE PARTIES SHALL BE GOVERNED BY, THE LAW OF THE STATE OF NEW YORK.

(f) Guarantor Consent. Notwithstanding that such consent is not required under the Guaranty Agreement, the Guarantor consents to the execution and delivery of this Amendment by the parties hereto. As a material inducement to the undersigned holders of Notes to amend the Note Agreement, the Guarantor (i) acknowledges and confirms the continuing existence, validity and effectiveness of the Guaranty Agreement and (ii) agrees that the execution, delivery

and performance of this Amendment shall not in. any way release, diminish, impair, reduce or otherwise affect its obligations under the Guaranty Agreement.

(g) Counterparts. This Amendment may be executed in counterparts (including those transmitted by facsimile), each of which shall be deemed an original and all of which taken together shall constitute one and the same document. Delivery of this Amendment may be made by facsimile transmission of a duly executed counterpart copy hereof.

[The remainder of this page is intentionally left blank; signature pages follow]

IN WITNESS WHEREOF, the undersigned have caused this Amendment to be executed and delivered by their duly authorized officers as of the date first above written.

ST. LOUIS POST-DISPATCH LLC

By: /s/ ROBIN L. SPEARS
Name: **Robin L. Spears**
Title: **Vice-President**

THE PRUDENTIAL INSURANCE COMPANY OF AMERICA

By: /s/ BRIAN LEMONS
Vice-President

AMERICAN GENERAL LIFE INSURANCE COMPANY
AIG ANNUITY INSURANCE COMPANY
AIG EDISON LIFE INSURANCE COMPANY

By: AIG Global Investment Corp., Investment Advisor

By: /s/ PETER DEFAZIO
Name: **Peter DeFazio**
Title: **Vice President**

FIRST COLONY LIFE INSURANCE COMPANY

By: /s/ JOHN R. ENDRES
Name: **John R. Endres**
Title: **Investment Officer**

Signature page to Amendment No. 1 to Note Agreement

THE NORTHWESTERN MUTUAL LIFE INSURANCE COMPANY

By: /s/ MARK E. KISHLER
Name: **Mark E. Kishler**
Its **Authorized Representative**

THE NORTHWESTERN MUTUAL LIFE INSURANCE COMPANY, for its Group Annuity Separate Account

By: Northwestern Investment Management Company

By: /s/ MARK E. KISHLER
Name: **Mark E. Kishler**
Its **Managing Director**

PACIFIC LIFE INSURANCE COMPANY

By: /s/ DIANE W. DALES
Name: **Diane W. Dales**
Title: **Assistant Vice President**

By: /s/ DAVID C. PATCH
Name: **David C. Patch**
Title: **Assistant Secretary**

Agreed and acknowledged for the Purposes specified in Section 5(f).

PULITZER INC.

By: /s/ JON H. HOLT
Name: **Jon H. Holt**
Title: **Treasurer**

Signature page to Amendment No. 1 to Note Agreement

Table of Contents

EXHIBIT 10.9

EXECUTION VERSION

PULITZER INC.

GUARANTY AGREEMENT

DATED AS OF MAY 1, 2000

TABLE OF CONTENTS

GUARANTY AGREEMENT

THIS GUARANTY AGREEMENT (as amended, restated, supplemented or otherwise modified from time to time, this "GUARANTY") is made as of May 1, 2000 by PULITZER INC., a Delaware corporation (the "GUARANTOR"), in favor of the holders from time to time of the Notes issued under the below-described Note Agreement.

RECITALS

A. St. Louis Post-Dispatch LLC, a Delaware limited liability company (the "COMPANY"), has entered into that certain Note Agreement dated as of even date herewith (as the same may be amended, restated, supplemented or otherwise modified from time to time, the "NOTE AGREEMENT") with the several Purchasers listed in the Purchaser Schedule attached thereto, pursuant to which the Company has agreed to sell and such Purchasers have agreed to purchase $306,000,000 aggregate principal amount of the Company's 8.05% Senior Notes due April 28, 2009 (together with any other notes issued in substitution or exchange therefor pursuant to the terms of the Note Agreement, the "NOTES").

B. Upon consummation of the Formation/Contribution Transactions (as defined in the Note Agreement), the Company will be a Subsidiary of the Guarantor.

C. It is a condition precedent to the obligation of each Purchaser to purchase the Notes to be purchased by it under the Note Agreement that this Guaranty shall have been executed and delivered by the Guarantor and shall be in full force and effect.

D. The Board of Directors of the Guarantor has determined that the Guarantor's execution, delivery and performance of this Guaranty may reasonably be expected to benefit the Guarantor, directly or indirectly, and to be in the best interests of the Guarantor.

NOW THEREFORE, in order to induce, and in consideration of, the purchase of the Notes pursuant to the Note Agreement, and for other good and valuable consideration, the receipt and sufficiency of which is acknowledged, the Guarantor hereby covenants and agrees with, and represents and warrants to each holder of Notes, as follows:

1. DEFINED TERMS; ACCOUNTING MATTERS

1.1. DEFINED TERMS. All capitalized terms used herein, unless specifically otherwise defined, shall have the meanings ascribed to them in the Note Agreement. In addition, the following terms shall have the meanings specified with respect thereto below (such meanings to be equally applicable to both the singular and plural forms of the terms defined):

"AFFILIATE" shall mean any Person directly or indirectly controlling, controlled by, or under direct or indirect common control with, the Guarantor, except a Subsidiary. A Person shall be deemed to control another Person if such Person possesses, directly or indirectly, the power to direct or cause the direction of the management and policies of such other Person, whether through the ownership of voting securities, by contract or otherwise.

"BANKRUPTCY LAW" shall have the meaning specified in clause (vi) of Section 6.

"CAPITALIZATION" shall mean Consolidated Net Worth plus Consolidated Debt.

"CAPITALIZED LEASE OBLIGATION" shall mean any rental obligation which, under generally accepted accounting principles, is or will be required to be capitalized on the books of the Guarantor or any Subsidiary, taken at the amount thereof accounted for as indebtedness (net of interest expense) in accordance with such principles.

"CLAIMS" shall have the meaning specified in Section 4.7 of this Guaranty.

"COMPANY" shall have the meaning specified in Recital A of this Guaranty.

"CONSOLIDATED DEBT" shall mean, with respect to the Guarantor and its Subsidiaries on any date of determination, total Debt of the Guarantor and its Subsidiaries, determined on a consolidated basis in accordance with generally accepted accounting principles.

"CONSOLIDATED INTEREST EXPENSE" shall mean, with respect to any period, the sum (without duplication) of the following (in each case, eliminating all offsetting debits and credits between the Guarantor and its Subsidiaries and all other items required to be eliminated in the course of the preparation of consolidated financial statements of the Guarantor and its Subsidiaries in accordance with generally accepted accounting principles): (i) all interest and prepayment charges in respect of Debt of the Guarantor and its Subsidiaries (including imputed interest in respect of Capitalized Lease obligations and net costs of any interest rate or currency hedging or similar arrangements) deducted in determining consolidated net income for such period, together with all interest capitalized or deferred during such period and not deducted in determining consolidated net income for such period, and (ii) all debt discount and expense amortized or required to be amortized in the determination of consolidated net income for such period.

"CONSOLIDATED NET EARNINGS" shall mean, with respect to any period, consolidated gross revenues of the Guarantor and its Subsidiaries less all operating and non-operating expenses of the Guarantor and its Subsidiaries including all charges of a property character (including current and deferred taxes on income, provision for taxes on unremitted foreign earnings which are included in gross revenues, and current additions to reserves), but not including in gross revenues any gains (net of expenses and taxes applicable thereto) in excess of losses resulting from the sale, conversion or other disposition of capital assets (i.e., assets other than current assets) in excess of an aggregate amount of $5,000,000 in any one year, any gains resulting from the write-up of assets, any equity of the Guarantor or any Subsidiary in the unremitted earnings of any corporation which is not a Subsidiary or any earnings of any Person

acquired by the Guarantor or any Subsidiary through purchase, merger or consolidation or otherwise for any year prior to the year of acquisition, or any deferred credit representing the excess of equity in any Subsidiary at the date of acquisition over the cost of investment in such Subsidiary; all determined in accordance with generally accepted accounting principles.

"CONSOLIDATED NET WORTH" shall mean, at any time, the total amount of total assets of the Guarantor and its Subsidiaries over total liabilities of the Guarantor and its Subsidiaries as of the last day of the fiscal quarter most recently then ended, determined on a consolidated basis in accordance with generally accepted accounting principles.

"CONSOLIDATED TOTAL ASSETS" shall mean, on any date of determination, the total assets of the Guarantor and its Subsidiaries, all consolidated in accordance with generally accepted accounting principles.

"DEBT" shall mean and include without duplication:

(i) all obligations for borrowed money or obligations represented by notes payable and drafts accepted representing extensions of credit, all obligations evidenced by bonds, debentures, notes or other similar instruments and all obligations upon which interest charges are customarily paid;

(ii) Capitalized Lease Obligations;

(iii) indebtedness secured by any Lien existing on property owned by the Guarantor or any Subsidiary subject to such Lien, whether or not the indebtedness secured thereby shall have been assumed by the Guarantor or any Subsidiary;

(iv) guarantees, endorsements (other than endorsements of negotiable instruments for collection in the ordinary course of business) and other contingent liabilities (whether direct or indirect) in connection with the obligations, stock or dividends of any Person;

(v) obligations under any contract providing for the making of loans, advances or capital contributions to any Person, or for the purchase of any property from any Person, in each case in order to enable such Person primarily to maintain working capital, net worth or any other balance sheet condition or to pay debt, dividends or expenses;

(vi) obligations under any contract for the purchase of materials, supplies or other property from any Person if such contract (or any related document) requires that payment for such materials, supplies or other property shall be made regardless of whether or not delivery of such materials, supplies or other property is ever made or tendered;

(vii) obligations under any contract to rent or lease (as lessee) any real or personal property if such contract (or any related document) provides that the obligation

to make payments thereunder is absolute and unconditional under conditions not customarily found in commercial leases then in general use or requires that the lessee purchase or otherwise acquire securities or obligations of the lessor;

(viii) obligations under any contract for the sale or use of materials, supplies or other property, or the rendering of services, if such contract (or any related document) requires that payment for such materials, supplies or other property, or the use thereof, or payment for such services, shall be subordinated to any indebtedness (of the purchaser or user of such materials, supplies or other property or the Person entitled to the benefit of such services) owed or to be owed to any Person; and

(ix) obligations under any other contract which, in economic effect, is substantially equivalent to a guarantee; provided, however, that Debt shall not include (a) loans, advances and capital contributions by the Guarantor to any Subsidiary or by any Subsidiary to the Guarantor or another Subsidiary or a guarantee of the obligations of a Subsidiary under an executory contract to purchase or sell a business or (b) any amounts which may be due in connection with the "Gross-Up Transactions" described in Note 15 of the audited consolidated financial statements of the Guarantor and its Subsidiaries for the fiscal year ended December 31, 1999, as incorporated in the Guarantor's annual report on Form 10-K filed with the Securities and Exchange Commission.

"DEFAULT" shall mean any of the events specified in Section 6.1, whether or not any requirement for such event to become an Event of Default has been satisfied.

"EBITDA" means, with respect to the Guarantor and its Subsidiaries for any period, the sum of (i) Consolidated Net Earnings plus (ii) to the extent deducted in the determination of Consolidated Net Earnings, (a) all provisions for federal, state and other income tax, (b) Consolidated Interest Expense and (c) provisions for depreciation and amortization, provided however, that any acquisition or disposition by the Guarantor or any Subsidiary during any period of all of the capital stock of (or other equity interests in) any Person, or of all or substantially all of the assets of any Person, shall in each case be reflected and given effect in EBITDA as if such acquisition or disposition occurred on the first day of such period, so long as, in the case of any such acquisition, the Guarantor shall have delivered or caused to be delivered to each holder of Notes financial information, set forth within audited financial statements regarding such Person, disclosing the prior operating results of such Person, and provided further, that, for purposes of calculating EBITDA, the consummation of the Formation/Contribution Transactions will be taken into account by including, on a pro forma basis, Herald's share of EBITDA for periods prior to the Date of Closing, as derived from the "St. Louis Agency adjustment" reflected in the consolidated financial statements of the Guarantor and its Subsidiaries incorporated in annual reports of the Guarantor on Form 10-K or quarterly reports of the Guarantor on Form 10-Q, as the case may be, for the applicable periods, filed with the Securities and Exchange Commission.

"ERISA AFFILIATE" shall mean any Person which is a member of the same controlled group of Persons as the Guarantor within the meaning of section 414(b) of the Code, or any trade or business which is under common control with the Guarantor within the meaning of section 414(c) of the Code.

"EVENT OF DEFAULT" shall mean any of the events specified in Section 6.1, provided that there has been satisfied any requirement in connection with such event for the giving of notice, or the lapse of time, or the happening of any further condition, event or act.

"GUARANTEED OBLIGATIONS" shall have the meaning specified in Section 2.1 of this Guaranty.

"GUARANTOR" shall have the meaning specified in the introductory paragraph of this Guaranty.

"GUARANTY" shall have the meaning specified in the introductory paragraph hereof.

"NOTE AGREEMENT" shall have the meaning specified in Recital A of this Guaranty.

"NOTES" shall have the meaning specified in Recital A of this Guaranty.

"PRIORITY DEBT" shall mean, with respect to the Guarantor and its Subsidiaries on any date of determination, the aggregate amount of all Debt of the Guarantor secured by a Lien plus all secured and unsecured Debt of all Subsidiaries (excluding Debt represented by the Notes).

"SUBSIDIARY" shall mean, as to the Guarantor, the Company and any other corporation, limited liability company, association or other business entity organized under the laws of any state of the United States of America, Canada or any province of Canada which conducts the major portion of its business in and makes the major portion of its sales to Persons located in the United States of America or Canada, and all of the stock of every class of which (except directors' qualifying shares) or other equity interests in which shall, at the time as of which any determination is being made, be owned by the Guarantor either directly or through Subsidiaries.

1.2. ACCOUNTING AND LEGAL PRINCIPLES, TERMS AND DETERMINATIONS. All references in this Guaranty to "GENERALLY ACCEPTED ACCOUNTING PRINCIPLES" shall mean generally accepted accounting principles, as in effect in the United States from time to time. Unless otherwise specified herein, all accounting terms used herein shall be interpreted, all determinations with respect to accounting matters hereunder shall be made, and all unaudited financial statements and certificates and reports as to financial matters required to be furnished hereunder shall be prepared, in accordance with generally accepted accounting principles applied on a basis consistent with the most recent audited consolidated financial statements of the Guarantor and its Subsidiaries delivered pursuant to clause (i) or (ii) of Section 4.1 or, if no such statements have been so delivered, the most recent audited financial statements referred to in Section 3.2. Any reference herein to any specific citation, section or

form of law, statute, rule or regulation shall refer to such new, replacement or analogous citation, section or form should citation, section or form be modified, amended or replaced.

2. GUARANTY

2.1. GUARANTY. The Guarantor hereby irrevocably, absolutely and unconditionally guarantees unto each holder of Notes (i) the full and prompt payment of the principal of, Yield-Maintenance Amount, if any, interest and all other amounts due with respect to the Notes from time to time outstanding, as and when such amounts shall become due and payable, whether by lapse of time, upon redemption, prepayment or purchase, by extension or by acceleration or declaration or otherwise (including (to the extent legally enforceable) interest due on overdue payments of principal, Yield-Maintenance Amount, if any, or interest at the rate set forth in the Notes or any other amounts due thereunder) in coin or currency of the United States of America which at the time of payment or demand therefor shall be legal tender for the payment of public and private debts, (ii) the full and prompt payment, performance and observance by the Company of all other obligations, covenants, conditions and agreements contained in the Note Agreement or any other instrument or agreement entered into in connection therewith or otherwise relating thereto, and (iii) the full and prompt payment, upon demand by any holder of Notes of all costs and expenses (including reasonable attorneys' fees), if any, as shall have been expended or incurred in the protection or enforcement of any right or privilege under the Notes, the Note Agreement or any other instrument or agreement entered into in connection therewith or relating thereto or in the protection or enforcement of any rights, privileges or liabilities under this Guaranty or in any consultation or action in connection therewith or herewith (all such obligations, covenants, conditions and agreements described in the foregoing clauses (i), (ii) and (iii) being hereinafter collectively referred to as the "GUARANTEED OBLIGATIONS").

2.2. GUARANTY OF PAYMENT AND PERFORMANCE. This is a guaranty of payment and performance and not a guaranty of collection, and the Guarantor hereby waives any right to require that any action on or in respect of any Note, the Note Agreement or any instrument or agreement relating to the Guaranteed Obligations be brought against the Company or any other Person or that resort be had to any direct or indirect security for the Notes or for this Guaranty or any other remedy. Any holder of Notes may, at its option, proceed hereunder against the Guarantor in the first instance to collect monies when due, the payment of which is guaranteed hereby, without first proceeding against the Company or any other Person and without first resorting to any direct or indirect security for the Notes, or for this Guaranty or any other remedy. The liability of the Guarantor hereunder shall in no way be affected or impaired by any acceptance by any holder of Notes of any direct or indirect security for, or other guaranties of, the Guaranteed Obligations or by any failure, delay, neglect or omission by any holder of Notes to realize upon or protect any of the Guaranteed Obligations or any Notes or other instruments evidencing the same or any direct or indirect security therefor or by any approval, consent, waiver, or other action taken or omitted to be taken by any such holder. The Guarantor (i) acknowledges that certain obligations of the Company under the Note Agreement will survive the payment or transfer of any Note and the termination of the Note Agreement, and (ii) agrees that the obligations of the Guarantor hereunder with respect to such surviving obligations shall also survive the payment or transfer of any Note and the termination of the Note Agreement.

2.3. GENERAL PROVISIONS RELATING TO THE GUARANTY.

(i) The Guarantor hereby consents and agrees that any holder or holders of Notes from time to time, with or without any further notice to or assent from the Guarantor may, without in any manner affecting the liability of the Guarantor under this Guaranty, and upon such terms and conditions as any such holder or holders may deem advisable:

(a) extend in whole or in part (by renewal or otherwise), modify, change, compromise, release or extend the duration of the time for the payment or performance of any of the Guaranteed Obligations, or waive any default with respect thereto, or waive, modify, amend or change any provision of the Note Agreement, the Notes or any other instrument or agreement entered into in connection therewith or otherwise relating thereto;

(b) sell, release, surrender, modify, impair, exchange or substitute any and all property, of any nature and from whomsoever received, held by, or for the benefit of, any such holder as direct or indirect security for the payment or performance of any of the Guaranteed Obligations; or

(c) settle, adjust or compromise any claim of the Company against any other Person secondarily or otherwise liable for any of the Guaranteed Obligations.

The Guarantor hereby ratifies and confirms any such extension, renewal, change, sale, release, waiver, surrender, exchange, modification, amendment, impairment, substitution, settlement, adjustment or compromise and that the same shall be binding upon it, and hereby waives any and all defenses, counterclaims or offsets which it might or could have by reason thereof, it being understood that the Guarantor shall at all times be bound by this Guaranty and remain liable hereunder.

(ii) The Guarantor hereby waives: (a) notice of acceptance of this Guaranty by the holders of Notes or of the creation, renewal or accrual of any liability of the Company, present or future, or of the reliance of such holders upon this Guaranty (it being understood that all Guaranteed Obligations shall conclusively be presumed to have been created, contracted or incurred in reliance upon the execution of this Guaranty); (b) demand of payment by any holder of Notes from the Company or any other Person indebted in any manner on or for any of the Guaranteed Obligations hereby guaranteed; and (c) presentment for the payment by any holder of Notes or any other Person of the Notes or any other instrument, protest thereof and notice of its dishonor to any party thereto and to the Guarantor. The obligations of the Guarantor under this Guaranty and the rights of any holder of Notes to enforce such obligations by any proceedings, whether by action at law, suit in equity or otherwise, shall not be subject to any reduction, limitation, impairment or termination, whether by reason of

any claim of any character whatsoever or otherwise and shall not be subject to any defense, setoff, counterclaim, recoupment or termination whatsoever.

(iii) The obligations of the Guarantor hereunder shall be binding upon the Guarantor and its successors and assigns, and shall remain in full force and effect irrespective of:

(a) the genuineness, validity, regularity or enforceability of the Notes, the Note Agreement, this Guaranty or any Notes or any other instrument or agreement entered into in connection therewith or otherwise relating thereto, or any of the terms of any thereof, the continuance of any obligation on the part of the Company or any other Person on the Notes or under the Note Agreement or any such other instrument or agreement, or the power or authority or the lack of power or authority of the Company to execute and deliver the Note Agreement, the Notes or any such other instrument or agreement, or to perform any of its obligations thereunder or the existence or continuance of the Company or any other Person as a legal entity;

(b) any default, failure or delay, willful or otherwise, in the performance by the Company or any other Person of any obligations of any kind or character whatsoever of the Company or any other Person (including, without limitation, the Guaranteed Obligations);

(c) any creditors' rights, bankruptcy, receivership or other insolvency proceeding of the Company or any other Person or in respect of the property of the Company or any other Person or any merger, consolidation, reorganization, dissolution, liquidation, the sale of all or substantially all of the assets of or winding up of the Company or any other Person;

(d) impossibility or illegality of performance on the part of the Company or any other Person of its obligations under the Notes, the Note Agreement, this Guaranty or any other Notes or any other instrument or agreement entered into in connection therewith or otherwise relating thereto;

(e) in respect of the Company or any other Person, any change of circumstances, whether or not foreseen or foreseeable, whether or not imputable to the Company or any other Person, or other impossibility of performance through fire, explosion, accident, labor disturbance, floods, droughts, embargoes, wars (whether or not declared), civil commotion, acts of God or the public enemy, delays or failure of suppliers or carriers, inability to obtain materials, action of any Federal or state regulatory body or agency, change of law or any other causes affecting performance, or any other force majeure, whether or not beyond the control of the Company or any other Person and whether or not of the kind hereinbefore specified;

(f) any attachment, claim, demand, charge, lien, order, process, encumbrance or any other happening or event or reason, similar or dissimilar to the foregoing, or any withholding or diminution at the source, by reason of any taxes, assessments, expenses, indebtedness, obligations or liabilities of any character, foreseen or unforeseen, and whether or not valid, incurred by or against any Person, or any claims, demands, charges or liens of any nature, foreseen or unforeseen, incurred by any Person, or against any sums payable under this Guaranty, so that such sums would be rendered inadequate or would be unavailable to make the payments herein provided;

(g) any order, judgment, decree, ruling or regulation (whether or not valid) of any court of any nation or of any political subdivision thereof or any body, agency, department, official or administrative or regulatory agency of any thereof or any other action, happening, event or reason whatsoever which shall delay, interfere with, hinder or prevent, or in any way adversely affect, the payment or performance by any party of any of the Guaranteed Obligations;

(h) any failure or lack of diligence in collection or protection, failure in presentment or demand for payment, protest, notice of protest, notice of default and of nonpayment, any failure to give notice to the Guarantor of failure of Company or any other Person to keep and perform any of the Guaranteed Obligations, or failure to resort for payment to the Company or to any other Person or to any other guaranty or to any property, security, Liens or other rights or remedies;

(i) the acceptance of any additional security or other guaranty, the advance of additional money to the Company or any other Person, the renewal or extension of the Notes or amendments, modifications, consents or waivers with respect to the Notes, the Note Agreement or any other instrument or agreement entered into in connection therewith or otherwise relating thereto, or the sale, release, substitution or exchange of any security for the Notes;

(j) any defense whatsoever that the Company or any other Person might have to the payment of the Notes (principal, Yield-Maintenance Amount, if any, or interest or any other amounts due thereunder), other than payment in cash thereof, or to the payment, performance or observance of any of the other Guaranteed Obligations, whether through the satisfaction or purported satisfaction by the Company or any other Person of its debts due to any cause such as bankruptcy, insolvency, receivership, merger, consolidation, reorganization, dissolution, liquidation, winding up or otherwise;

(k) any act or failure to act with regard to the Notes, the Note Agreement, this Guaranty or any other instrument or agreement entered into in connection therewith or otherwise relating thereto, or anything which might vary the risk of the Guarantor; or

(l) any other circumstance (other than payment and performance in full of the Guaranteed Obligations) which might otherwise constitute a defense available to, or a discharge of, the Guarantor in respect of its obligations under this Guaranty;

provided, that the specific enumeration of the above-mentioned acts, failures or omissions shall not be deemed to exclude any other acts, failures or omissions, though not specifically mentioned above, it being the purpose and intent of this Guaranty that the obligations of the Guarantor shall be absolute and unconditional and shall not be discharged, impaired or varied except by the full and prompt payment and performance of all of the Guaranteed Obligations. Without limiting the foregoing, it is understood that repeated and successive demands may be made and recoveries may be had hereunder as and when, from time to time, the Company or any other Person shall default under the terms of the Notes, the Note Agreement or Notes or any other instrument or agreement entered into in connection therewith or otherwise relating thereto and that notwithstanding recovery hereunder for or in respect of any given default or defaults by the Company or any other Person under the Notes, the Note Agreement or any such other instrument or agreement, this Guaranty shall remain in full force and effect and shall apply to each and every subsequent default.

(iv) All rights of any holder of Notes may be transferred or assigned at any time and shall be considered to be transferred or assigned at any time or from time to time upon the transfer of such Note whether with or without the consent of or notice to the Guarantor under this Guaranty or to the Company.

(v) The Guarantor hereby subordinates to the rights of the holders of Notes under the Note Agreement, the Notes or any other instrument or agreement entered into in connection therewith or otherwise relating thereto, and agrees to defer any assertion, until such time as the Guaranteed Obligations have been indefeasibly paid and performed in full, of any claim or other rights that it may now or hereafter acquire against the Company or any other Person that arise from the existence, payment, performance or enforcement of the Guarantor's obligations under this Guaranty, including, without limitation, any right of subrogation, reimbursement, exoneration, contribution or indemnification and any right to participate in any claim or remedy of any holder or holders of Notes against the Company or any other Person, whether or not such claim, remedy or right arises in equity or under contract, statute or common law, including, without limitation, the right to take or receive from the Company or any other Person, directly or indirectly, in cash or other property or by setoff or in any other manner, payment or security on account of such claim, remedy or right. If any amount shall be paid to the Guarantor in violation of the preceding sentence at any time prior to the payment and performance in full of all the Guaranteed Obligations, such amount shall be held in trust for the benefit of the holders of Notes and shall forthwith be paid to such holders to be credited and applied to the Guaranteed Obligations, whether matured or unmatured.

(vi) The Guarantor agrees that to the extent the Company or any other Person makes any payment on any Note or in respect of any of the other Guaranteed Obligations, which payment or any part thereof is subsequently invalidated, voided, declared to be fraudulent or preferential, set aside, recovered, rescinded or is required to be retained by or repaid to a trustee, receiver, or any other Person under any bankruptcy code, common law, or equitable cause, then and to the extent of such payment, the obligation or the part thereof intended to be satisfied shall be revived and continued in full force and effect with respect to the Guarantor's obligations hereunder, as if said payment had not been made. The liability of the Guarantor hereunder shall not be reduced or discharged, in whole or in part, by any payment to any holder of Notes from any source that is thereafter paid, returned or refunded in whole or in part by reason of the assertion of a claim of any kind relating thereto, including, but not limited to, any claim for breach of contract, breach of warranty, preference, illegality, invalidity, or fraud asserted by any account debtor or by any other Person.

(vii) The holders of Notes shall have no obligation to (a) to marshal any assets in favor of the Guarantor or in payment of any or all of the Guaranteed Obligations or (b) pursue any other remedy that the Guarantor may or may not be able to pursue itself and that may lighten the Guarantor's burden, any right to which the Guarantor hereby expressly waives.

3. REPRESENTATIONS AND WARRANTIES

The Guarantor represents, covenants and warrants as follows:

3.1. ORGANIZATION AND QUALIFICATION; DUE AUTHORIZATION. The Guarantor is a corporation duly organized and existing in good standing under the laws of the State of Delaware. The Company and each other Subsidiary (other than a Subsidiary of the Company that is not a Material Subsidiary) is duly organized and existing in good standing under the laws of the jurisdiction in which it is incorporated or otherwise organized. The Guarantor, the Company and each other Subsidiary (other than a Subsidiary of the Company that is not a Material Subsidiary) has the corporate or limited liability company power, as applicable, to own its respective property and to carry on its respective business as now being conducted, and the Guarantor, the Company and each other Subsidiary (other than a Subsidiary of the Company that is not a Material Subsidiary) is duly qualified as a foreign corporation or limited liability company, as applicable, to do business and in good standing in every jurisdiction in which the nature of the respective business conducted or property owned by it makes such qualification necessary, except where the failure to so qualify would not have a material adverse effect on the Guarantor and its Subsidiaries taken as a whole. The Guarantor has the corporate power and authority to execute and deliver this Guaranty and to perform the provisions hereof. The execution, delivery and performance by the Guarantor of this Guaranty has been duly authorized by all necessary corporate action.

3.2. FINANCIAL STATEMENTS. The Guarantor has furnished each Purchaser with the following financial statements, identified by a principal financial officer of the Guarantor: a consolidated balance sheet of the Guarantor (or its predecessor, Pulitzer Publishing Company)

and its Subsidiaries as at December 31 in each of the years 1997 to 1999, inclusive, and statements of consolidated income, financial position and cash flows of the Guarantor (or its predecessor, Pulitzer Publishing Company) and its Subsidiaries for each such year, all audited by Deloitte & Touche L.L.P. Such financial statements (including any related schedules and/or notes) are true and correct in all material respects, have been prepared in accordance with generally accepted accounting principles consistently followed throughout the periods involved and show all liabilities, direct and contingent, of the Guarantor (or its predecessor, Pulitzer Publishing Company) and its Subsidiaries required to be shown in accordance with such principles. The balance sheets fairly present the condition of the Guarantor (or its predecessor, Pulitzer Publishing Company) and its Subsidiaries as at the dates thereof, and the statements of income and statements of financial position and cash flows fairly present the results of the operations of the Guarantor (or its predecessor, Pulitzer Publishing Company) and its Subsidiaries for the periods indicated. There has been no material adverse change in the business, condition or operations (financial or otherwise) of the Guarantor and its Subsidiaries taken as a whole since December 31, 1999.

3.3. ACTIONS PENDING. There is no action, suit, investigation or proceeding pending or, to the knowledge of the Guarantor, threatened against the Guarantor or any of its Subsidiaries, or any properties or rights of the Guarantor or any of its Subsidiaries, by or before any court, arbitrator or administrative or governmental body which might result in any material adverse change in the business, condition or operations of the Guarantor and its Subsidiaries taken as a whole. There is no action, suit, investigation or proceeding pending or threatened against the Guarantor or any of its Subsidiaries which purports to affect the validity or enforceability of this Guaranty, the Note Agreement or any Note.

3.4. OUTSTANDING DEBT. Neither the Guarantor nor any of its Subsidiaries has outstanding any Debt except as permitted by Section 5.1 and Section 5.3 and as set forth in the Guarantor’s consolidated financial statements for the year ended December 31, 1999. There exists no default under the provisions of any instrument evidencing such Debt or of any agreement relating thereto.

3.5. TITLE TO PROPERTIES. The Guarantor has and each of its Subsidiaries has good and marketable title to its respective real properties (other than properties which it leases) and good title to all of its other respective properties and assets, including the properties and assets reflected in the consolidated balance sheet of the Guarantor as at December 31, 1999 referred to in Section 3.2 (other than properties and assets disposed of in the ordinary course of business), including all properties and assets of the Guarantor to be contributed to the Company in the Formation/Contribution Transactions, subject to no Lien of any kind except Liens permitted by Section 5.2. All leases necessary in any material respect for the conduct of the respective businesses of the Guarantor and its Subsidiaries are valid and subsisting and are in full force and effect, subject to Liens permitted by Section 5.2.

3.6. TAXES. The Guarantor has and each of its Subsidiaries has filed all Federal, state and other income tax returns which, to the best knowledge of the officers of the Guarantor, are required to be filed and each has paid all taxes as shown on such returns and on all assessments received by it to the extent that such taxes have become due, except such taxes as are being

contested in good faith by appropriate proceedings for which adequate reserves have been established in accordance with generally accepted accounting principles. Federal income tax returns of the Guarantor and its Subsidiaries have been examined and reported on by the taxing authorities or closed by applicable statutes and satisfied for all fiscal years prior to and including the fiscal year ended December 31, 1995.

3.7. CONFLICTING AGREEMENTS AND OTHER MATTERS. Neither the Guarantor nor any of its Subsidiaries is a party to any contract or agreement or subject to any charter or other limited liability company or corporate restriction which materially and adversely affects the business, property or assets, or financial condition of the Guarantor and its Subsidiaries, taken as a whole. Neither the execution nor delivery of this Guaranty, the Note Agreement, the Notes or the Formation/Contribution Documents, nor the offering, issuance and sale of the Notes, nor fulfillment of nor compliance with the terms and provisions hereof and of the Note Agreement, the Notes and the Formation/Contribution Documents will conflict with, or result in a breach of the terms, conditions or provisions of, or constitute a default under, or result in any violation of, or result in the creation of any Lien upon any of the properties or assets of the Guarantor or any of its Subsidiaries pursuant to, the charter, by-laws, limited liability company agreement or other organizational documents of the Guarantor or any of its Subsidiaries, any award of any arbitrator or any agreement (including any agreement with members or stockholders), instrument, order, judgment, decree, statute, law, rule or regulation to which the Guarantor or any of its Subsidiaries is subject, except to the extent any such conflict, breach, defaults, violation or creation of a Lien could not reasonably be expected to have a material adverse effect on the business, operations, property or financial or other condition of the Guarantor and its Subsidiaries, taken as a whole, or the ability of the Guarantor to perform its obligations hereunder. Except as set forth in the Limited Liability Company Agreement (as in effect on the date hereof), neither the Guarantor nor any of its Subsidiaries is a party to, or otherwise subject to any provision contained in, any instrument evidencing indebtedness of the Guarantor or such Subsidiary, any agreement relating thereto or any other contract or agreement (including its limited liability company agreement, charter or other organizational documents) which limits the amount of, or otherwise imposes restrictions on the incurring of, Debt of the Guarantor represented by this Guaranty or Debt of the Company of the type to be evidenced by the Notes.

3.8. ERISA. No accumulated funding deficiency (as defined in section 302 of ERISA and section 412 of the code), whether or not waived, exists with respect to any Plan. No liability to the PBGC has been or is expected by the Guarantor, any Subsidiary or any ERISA Affiliate to be incurred with respect to any Plan by the Guarantor, any Subsidiary or any ERISA Affiliate which is or would be materially adverse to the Guarantor and its Subsidiaries taken as a whole. Neither the Guarantor, any Subsidiary nor any ERISA Affiliate has incurred or presently expects to incur any withdrawal liability under Title IV of ERISA with respect to any Multiemployer Plan which is or would be materially adverse to the Guarantor and its Subsidiaries taken as a whole. The execution and delivery of this Guaranty and the Note Agreement and the issuance and sale of the Notes will not involve any transaction which is subject to the prohibitions of section 406 of ERISA or in connection with which a tax could be imposed pursuant to section 4975 of the Code. The representation by the Guarantor in the preceding sentence is made in reliance upon and subject to the accuracy of the representation of each Purchaser in paragraph 9B of the Note Agreement.

3.9. GOVERNMENTAL CONSENT. Neither the nature of the Guarantor or of any Subsidiary, nor any of their respective businesses or properties, nor any relationship between the Guarantor or any Subsidiary and any other Person, nor any circumstance in connection with the execution and delivery of this Guaranty and the Note Agreement and the offering, issuance, sale or delivery of the Notes is such as to require any authorization, consent, approval, exemption or other action by or notice to or filing with any court or administrative or governmental body (other than routine filings after the date of closing with the Securities and Exchange Commission and/or state Blue Sky authorities) in connection with the execution and delivery of this Guaranty and the Note Agreement, the offering, issuance, sale or delivery of the Notes or fulfillment of or compliance with the terms and provisions hereof or of the Note Agreement or the Notes.

3.10. DISCLOSURE. Neither this Guaranty nor any other document, certificate or statement furnished to any holder of Notes by or on behalf of the Guarantor in connection herewith contains any untrue statement of a material fact or omits to state a material fact necessary in order to make the statements contained herein and therein not misleading. There is no fact peculiar to the Guarantor or any of its Subsidiaries which materially adversely affects or in the future may (so far as the Guarantor can now foresee) materially adversely affect the business, property or assets, or financial condition of the Guarantor and its Subsidiaries taken as a whole and which has not been set forth in this Guaranty or in the other documents, certificates and statements furnished to the holders of Notes by or on behalf of the Guarantor prior to the date hereof in connection with the transactions contemplated hereby.

3.11. FORMATION/CONTRIBUTION DOCUMENTS. Each of the Formation/Contribution Documents has been duly executed and delivered by the Guarantor and any of its Subsidiaries parties thereto and constitutes the valid and binding agreement of such parties, enforceable against each in accordance with its terms except as enforceability may be limited by bankruptcy, insolvency, moratorium or other laws relating to or affecting creditors' rights generally and the exercise of judicial discretion in accordance with general equitable principles. There exists no material default by the Guarantor or any of its Subsidiaries (or, to the knowledge of the Guarantor, by Herald) under any Formation/Contribution Document.

3.12. SOLVENCY. The Guarantor and the Company, individually, and the Guarantor and its Subsidiaries, on a consolidated basis, are Solvent, both before and after giving effect to this Guaranty, the Note Agreement, the Formation/Contribution Documents and the transactions contemplated hereby and thereby.

3.13. REPRESENTATIONS AND WARRANTIES IN FORMATION/CONTRIBUTION DOCUMENTS. To induce the Purchasers to enter into the Note Agreement and to purchase the Notes to be purchased by them thereunder, the Guarantor agrees that each Purchaser shall be entitled to rely upon each of the representations and warranties of the Guarantor or any of its Subsidiaries set forth in any of the Formation/Contribution Documents as fully as if set forth in this Guaranty.

4. AFFIRMATIVE COVENANTS

So long as any Note shall remain unpaid, the Guarantor covenants as follows:

4.1. FINANCIAL STATEMENTS. The Guarantor will deliver to each holder of Notes in duplicate (it being understood that the Guarantor need not duplicate delivery by the Company of the financial statements or other items required to be delivered under paragraph 5A of the Note Agreement):

(i) as soon as practicable and in any event within 45 days after the end of each quarterly period (other than the last quarterly period) in each fiscal year, a consolidating and consolidated statement of income and a consolidated statement of cash flows of the Guarantor and its Subsidiaries for the period from the beginning of the current fiscal year to the end of such quarterly period, and a consolidating and consolidated balance sheet of the Guarantor and its Subsidiaries as at the end of such quarterly period, setting forth in each case in comparative form figures for the corresponding period in the preceding fiscal year (if applicable, in the case of the Company and its Subsidiaries), all in reasonable detail and certified by an authorized financial officer of the Guarantor, subject to changes resulting from year-end adjustments; to the extent they include the types of statements described above and otherwise comply with the requirements of this clause (i), such unaudited consolidated financial statements may be in the form incorporated in the Guarantor's reports on Form 10-Q or in other filings with the Securities and Exchange Commission;

(ii) as soon as practicable and in any event within 90 days after the end of each fiscal year, a consolidating and consolidated statement of income and a consolidating and consolidated balance sheet of the Guarantor and its Subsidiaries as at the end of such year and consolidated statements of cash flows and stockholders' equity of the Guarantor and its Subsidiaries for such year, setting forth in each case in comparative form corresponding consolidated figures from the preceding annual audit, all in reasonable detail and satisfactory in scope to the Required Holder(s) and, as to the consolidated statements, audited by independent public accountants of recognized standing selected by the Guarantor whose opinion shall be in scope and substance satisfactory to the Required Holder(s) and, as to the consolidating statements, certified by an authorized financial officer of the Guarantor; to the extent they include the types of statements described above and otherwise comply with the requirements of this clause (ii), such audited consolidated financial statements may be in the form incorporated in the Guarantor's annual report on Form 10-K or in other filings with the Securities and Exchange Commission;

(iii) promptly upon transmission thereof, copies of all such financial statements, proxy statements, notices and reports as the Guarantor shall send to its stockholders and copies of all registration statements (without exhibits) and all reports (other than reports as to which the Guarantor shall receive confidential treatment) which the Guarantor or any Subsidiary (including the Company) files with the Securities and

Exchange Commission (or any governmental body or agency succeeding to the functions of the Securities and Exchange Commission);

(iv) promptly upon receipt thereof, a copy of each other report submitted to the Guarantor or any Subsidiary by independent accountants in connection with any annual, interim or special audit made by them of the books of the Guarantor or any Subsidiary; and

(v) with reasonable promptness, such other information and documents as any holder of Notes may reasonably request.

Together with each delivery of financial statements required by clauses (i) and (ii) above, the Guarantor will deliver to each holder of Notes an Officer's Certificate, substantially in the form of Exhibit A attached hereto, executed on behalf of the Guarantor and demonstrating (with computations in reasonable detail) compliance by the Guarantor and its Subsidiaries (including the Company) with the provisions of Sections 5.1, 5.2(x), 5.3, 5.4, 5.5, 5.6, 5.9 and 5.10 of this Guaranty and stating that there exists no Event of Default or Default, or, if any Event of Default or Default exists, specifying the nature and period of existence thereof and what action the Guarantor proposes to take with respect thereto. Together with each delivery of financial statements required by clause (ii) above, the Guarantor will deliver or cause to be delivered to each holder a certificate of such accountants stating that, in making the audit necessary for their report on such financial statements, they have obtained no knowledge of any Event of Default or Default or, if they have obtained knowledge of any Event of Default or Default, specifying the nature and period of existence thereof. Such accountants, however, shall not be liable to anyone by reason of their failure to obtain knowledge of any Event of Default or Default which would not be disclosed in the course of an audit conducted in accordance with generally accepted auditing standards. The Guarantor also covenants that immediately after any Responsible Officer obtains knowledge of an Event of Default or Default, it will deliver to each holder an Officer's Certificate specifying the nature and period of existence thereof and what action the Guarantor has taken, is taking or proposes to take with respect thereto. Each holder of Notes is hereby authorized to deliver a copy of any financial statement delivered to such holder pursuant to this Section 4.1 to any regulatory body having jurisdiction over such holder.

4.2. INSPECTION OF PROPERTIES. The Guarantor will permit any Person designated by any holder in writing, at such holder's expense if no Event of Default then exists and at the Company's expense if an Event of Default then exists, to visit and inspect any of the properties of the Guarantor and its Subsidiaries, to examine the corporate or limited liability company books and financial records of the Guarantor and its Subsidiaries and make copies thereof or extracts therefrom and to discuss the affairs, finances and accounts of any of such limited liability companies or corporations with the principal officers of the Guarantor and its independent public accountants, all at such reasonable times and as often as such holder may reasonably request.

4.3. COVENANT TO SECURE NOTES EQUALLY. The Guarantor will, if it or any Subsidiary shall create or assume any Lien upon any of its property or assets, whether now owned or

hereafter acquired, other than Liens permitted by the provisions of Section 5.2 (unless prior written consent to the creation or assumption thereof shall have been obtained pursuant to Section 7.2), make or cause to be made effective provision whereby the Guaranteed Obligations will be secured by such Lien equally and ratably with any and all other Debt thereby secured, so long as any such other Debt shall be so secured; provided that the creation and maintenance of such equal and ratable Lien shall not in any way limit or modify the right of the holders of the Notes to enforce the provisions of Section 5.2.

4.4. BUSINESS. Except as otherwise provided in Section 5.4, the Guarantor and its Subsidiaries taken as a whole will continue to engage in business in substantially the same fields of enterprise as conducted on the date hereof.

4.5. COMPLIANCE WITH LAWS AND REGULATIONS. The Guarantor will and will cause each Subsidiary to be in material compliance with all laws and regulations (including, but not limited to, those relating to equal employment opportunity and employee health and safety) which are now in effect or may be legally imposed in the future in any jurisdiction in which the Guarantor and any Subsidiary is doing business other than those laws and regulations which the Guarantor or such Subsidiary is contesting in good faith by appropriate proceedings; provided, however, (i) the Guarantor or such Subsidiary continues to operate any affected business free of any requirement to escrow or sequester any material amount of such business' profits or revenues pending resolution of such proceedings, or (ii) any non-compliance with any law or regulation could not reasonably be expected to have a material adverse effect on the business, operations, property or financial or other condition of the Guarantor and the Subsidiaries, taken as a whole, or the ability of the Guarantor to perform its obligations hereunder.

4.6. PATENTS, TRADE MARKS AND TRADE NAMES. The Guarantor will and will cause each Subsidiary to continue to own, or hold licenses for the use of, all copyrights, franchises, licenses, marketing rights, patents, service marks, trade marks, trade names, and rights in any of the foregoing, as in the aggregate are necessary for the conduct of its business in the manner in which such business is being conducted as of the date hereof except where failure to continue to own or hold such licenses could not reasonably be expected to have a material adverse effect on the business, operations, property or financial or other condition of the Guarantor and the Subsidiaries, taken as a whole, or the ability of the Guarantor to perform its obligations hereunder.

4.7. PAYMENT OF TAXES AND OTHER CLAIMS. The Guarantor will and will cause each of its Subsidiaries to file all income tax or similar tax returns required to be filed in any jurisdiction and to pay and discharge all taxes shown to be due and payable on such returns and all other taxes, assessments, governmental charges, levies, trade accounts payable and claims for work, labor or materials (all the foregoing being referred to collectively as "CLAIMS") payable by any of them, to the extent such Claims have become due and payable and before they have become delinquent; provided, that neither the Guarantor nor any Subsidiary need pay any Claim if (i) the amount, applicability or validity thereof is contested by the Guarantor or such Subsidiary on a timely basis in good faith and in appropriate proceedings, and the Guarantor or such Subsidiary has established adequate reserves therefor in accordance with generally accepted accounting principles on its books or (ii) the nonpayment of all such Claims

in the aggregate could not reasonably be expected to have a material adverse effect on the business, operations, property or financial or other condition of the Guarantor and its Subsidiaries, taken as a whole, or the ability of the Guarantor to perform its obligations hereunder.

4.8. ERISA COMPLIANCE. The Guarantor will, and will cause each ERISA Affiliate to, at all times:

(i) with respect to each Plan, make timely payments of contributions required to meet the minimum funding standard set forth in ERISA or the Code with respect thereto and, with respect to any Multiemployer Plan, make timely payment of contributions required to be paid thereto as provided by Section 515 of ERISA, and

(ii) comply with all other provisions of ERISA,

except for such failures to make contributions and failures to comply as could not reasonably be expected to have a material adverse effect on the business, operations, property or financial or other condition of the Guarantor and the Subsidiaries, taken as a whole, or the ability of the Guarantor to perform its obligations hereunder.

5. NEGATIVE COVENANTS

So long as any Note shall remain unpaid, the Guarantor covenants as follows:

5.1. CONSOLIDATED DEBT TO EBITDA AND CONSOLIDATED NET WORTH REQUIREMENTS. The Guarantor will not at any time permit:

(i) the ratio of (a) Consolidated Debt as of the last day of each fiscal quarter to (b) EBITDA for the four fiscal quarters most recently ended to be greater than 4.25 to 1.00; or

(ii) Consolidated Net Worth as of the last day of any fiscal quarter, commencing with the fiscal quarter ending June 30, 2000, to be less than the sum of (a) $650,000,000 plus (b) the product of (x) $3,750,000 multiplied by (y) the number of fiscal quarters that have ended since the Date of Closing, to and including the fiscal quarter ended on such measurement date.

5.2. LIENS. The Guarantor will not, and will not permit any Subsidiary to, create, assume or suffer to exist any Lien upon any of its property or assets, whether now owned or hereafter acquired (whether or not provision is made for the equal and ratable securing of the Guaranteed Obligations in accordance with the provisions of Section 4.3), except:

(i) mechanics', workmen's, repairmen's, warehousemen's, carriers' or other like Liens arising or incurred in the ordinary course of business for amounts which are not delinquent or are being actively contested in good faith by appropriate proceedings;

(ii) with respect to real property, (a) easements, quasi-easements, licenses, covenants, rights-of-way and other similar restrictions, including any other agreements, conditions, restrictions or other matters which would be shown by a current title report or other similar report or listing, (b) any conditions that would be shown by a current survey or physical inspection and (c) zoning, building and other similar restrictions;

(iii) Liens for taxes or assessments or other governmental charges or levies not yet due or which are being actively contested in good faith by appropriate proceedings if adequate reserves with respect thereto are maintained on the books of the Guarantor or its Subsidiaries, as the case may be, in accordance with generally accepted accounting principles;

(iv) other Liens which were not incurred in connection with the borrowing of money or the obtaining of advances or credit, and which do not in the aggregate materially impair the use of such property and assets in the operation of the business of the Guarantor and its Subsidiaries, or materially detract from the value of such property or assets for the purpose of the business of the Guarantor and its Subsidiaries, taken as a whole;

(v) Liens on property or assets of a Subsidiary other than the Company to secure obligations of such Subsidiary other than the Company to the Guarantor or another Subsidiary;

(vi) any Lien existing on any property of any Person at the time it becomes a Subsidiary, or existing prior to the time of acquisition upon any property acquired by the Guarantor or any Subsidiary through purchase, merger, or consolidation or otherwise, whether or not assumed by the Guarantor or such Subsidiary, or placed upon property at the time of acquisition, construction or improvement by the Guarantor or any Subsidiary to secure all or a portion of (or to secure Debt incurred to pay all or a portion of) the purchase price or cost thereof or placed after acquisition upon property acquired, constructed or improved by the Guarantor or any Subsidiary after the date of closing, provided that any such Lien shall not encumber any other property of the Guarantor or such Subsidiary;

(vii) Liens on property owned or leased by the Guarantor or a Subsidiary (other than the Company) in favor of the United States of America or any state thereof, or any department, agency or instrumentality or political subdivision of the United States of America or any state thereof, or any political subdivision thereof, or in favor of holders of securities issued by any such entity, pursuant to any contract or statute (including, without limitation, mortgages to secure pollution control or industrial revenue bonds) to secure any indebtedness incurred for the purpose of financing all or any part of the purchase price or the cost of construction of the property subject to such Liens;

(viii) any Liens renewing, extending or refunding any Lien permitted by clauses (vi) and (vii) above, provided that the principal amount secured is not increased and the Lien is not extended to other property;

(x) any Liens permitted under paragraph 6C(1) of the Note Agreement; and

(xi) any other Lien which secures any Debt, provided that the aggregate principal amount of such Debt together with all other Debt of the Guarantor and its Subsidiaries secured by all Liens which would be permitted under the foregoing provisions (including, any such Debt permitted to be secured under clauses (i) through (ix) above), together with all other Priority Debt, does not exceed 15% of Capitalization and does not exceed the limitation imposed in clause (i) of Section 5.1.

5.3. PRIORITY DEBT. The Guarantor will not at any time permit Priority Debt to exceed 15% of Capitalization as of the then most recently ended fiscal quarter of the Guarantor.

5.4. LOANS, ADVANCES AND INVESTMENTS. The Guarantor will not, and will not permit any Subsidiary to, make or permit to remain outstanding any loan or advance to, or own, purchase or acquire any stock, obligations or securities of, or any interest in, or make any capital contribution to, any Person, except that the Guarantor or any Subsidiary may:

(i) make or permit to remain outstanding loans, advances or capital contributions to any Subsidiary;

(ii) make or permit to remain outstanding any loans, advances or capital contributions from (a) any Subsidiary other than the Company to the Guarantor or any other Subsidiary and (b) the Company to any Subsidiary of the Company;

(iii) own, purchase or acquire stock, obligations or securities of or other equity interests in a Subsidiary or a Person which immediately after such purchase or acquisition will be a Subsidiary;

(iv) make and permit to remain outstanding investments in notes receivable which are received pursuant to (a) the sale of all or substantially all of a business or operations or (b) the sale of used equipment in the ordinary course of business, but in each case only to the extent that the aggregate uncollected amount of all such notes receivable does not exceed $500,000;

(v) make and permit to remain outstanding loans, advances and other investments in any business principally engaged in publishing (print or electronic) or related media activity, provided that all such loans, advances and other investments to or in entities which are not Subsidiaries do not in the aggregate exceed 10% of Capitalization;

(vi) make and permit to remain outstanding loans, advances and other investments received in settlement of debts (created in the ordinary course of business) owing to the Guarantor or any Subsidiary,

(vii) own, purchase or acquire commercial paper issued by any corporation or bankers' acceptances issued by any member bank of the Federal Reserve System, in either case, maturing within one year of the date of purchase and rated, by at least two of Standard & Poor's Ratings Group, Moody's Investors Service, Inc. and Fitch Investors Service, Inc., "A-1", "P-1" and "F-1", respectively, and payable in the United States in United States dollars;

(viii) own, purchase or acquire certificates of deposit in member banks of the Federal Reserve System (each having capital resources in excess of $75,000,000) or certificates of deposit in an aggregate amount not to exceed $2,000,000 in banks having capital resources of less than $75,000,000), all due within one year from the date of original issue thereof and payable in the United States in United States dollars;

(ix) own, purchase or acquire repurchase agreements of member banks of the Federal Reserve System (each having capital resources in excess of $75,000,000) for terms of less than one year in respect of the foregoing certificates and obligations;

(x) own, purchase or acquire obligations of the United States government or any agency thereof;

(xi) own, purchase or acquire obligations guaranteed by the United States government or any agency thereof;

(xii) investments in stocks of investment companies registered under the Investment Company Act of 1940 which invest primarily in obligations of the type described in clauses (vii), (viii), (ix), (x) or (xi) above, provided that any such investment company shall have an aggregate net asset value of not less than $500,000,000;

(xiii) own, purchase or acquire investments in money market mutual funds that are classified as current assets in accordance with generally accepted accounting principles, that are rated "AAAm" by Standard & Poor's Ratings Group and that invest solely in investments described in clauses (vii), (viii), (ix), (x) or (xi) above, which funds are managed by Persons having capital and surplus in excess of $500,000,000;

(xiv) endorse negotiable instruments for collection in the ordinary course of business;

(xv) make or permit to remain outstanding travel and other like advances to officers and employees in the ordinary course of business;

(xvi) make or permit to remain outstanding investments in demand deposit accounts maintained by the Guarantor or any Subsidiary in the ordinary course of its business;

(xvii) make or permit to remain outstanding investments consisting of Eurodollar time deposits, maturing within 90 days after the making thereof, with any branch of a United States commercial bank having capital and surplus of not less than $1 billion in the aggregate;

(xviii) make or permit to remain outstanding investments in municipal obligations having a rating of "Aaa" by Moody's Investors Service, Inc., or "AAA" by Standard & Poor's Ratings Group;

(xix) permit to remain outstanding investments of the Guarantor and its Subsidiaries set forth on Schedule 5.4;

(xx) own, purchase or acquire (a) asset-backed securities, mortgage-backed securities and collateralized mortgage obligations issued by any entity and rated at least Aa3 by Moody's Investors Service, Inc. or AA- by Standard & Poor's Ratings Group and (b) notes and bonds issued by any domestic corporate issuer and rated at least A3 by Moody's Investors Service, Inc. or A- by Standard & Poor's Ratings Group; and

(xxi) make or permit to remain outstanding any other loan or advance to, or own, purchase or acquire any other stock, obligations or securities of, or any other interest in, or make any other capital contribution to any Person, provided that the aggregate amount thereof does not exceed 6% of Consolidated Net Worth at any time.

5.5. SALE OR DISPOSITION OF CAPITAL ASSETS. The Guarantor will not, and will not permit any Subsidiary to, sell or dispose of capital assets (including capital stock or other equity interests) outside the ordinary course of business if the aggregate of capital assets so sold or disposed of in any fiscal year involves assets totaling 10% or more of Consolidated Total Assets at the beginning of such fiscal year or has contributed 10% or more of EBITDA for any of the three fiscal years then most recently ended (or such shorter period during which such assets were owned by the Guarantor or a Subsidiary), unless either (i) the net proceeds (including the cash value of any securities received but deducting all expenses of sale and sales and transfer taxes and applicable Federal and state income taxes) from such sale or disposition are within 12 months from receipt invested in businesses substantially similar to any line of business in which the Guarantor or any Subsidiary has been continuously engaged since the date of issuance of the Notes or (ii) within 12 months after receipt of such net proceeds, an amount equal to such net proceeds is applied to the pro rata prepayment (based on outstanding principal amounts) of (a) the principal of the Notes then outstanding (in accordance with paragraph 4A of the Note Agreement, and together with all accrued interest on, and Yield-Maintenance Amount, if any, payable with respect to, the Notes) and (b) all other Debt of the Guarantor and its Subsidiaries consisting of obligations for borrowed money.

5.6. SALE AND LEASE-BACK. The Guarantor will not, and will not permit any Subsidiary to, enter into any arrangement with any lender or investor or under which such lender or investor is a party, providing for the leasing or other similar arrangement by the Guarantor or any Subsidiary of real or personal property used by the Guarantor or any Subsidiary in the operations of the Guarantor or any Subsidiary, which has been or is sold or transferred by the Guarantor or any Subsidiary to such lender or investor or to any Person to whom funds have been or are to be advanced by such lender or investor on the security of such rental obligations of the Guarantor or such Subsidiary, except that the Guarantor or any Subsidiary (other than the Company) may enter into sale and lease-back transactions involving newspaper equipment or facilities acquired after the issuance of the Notes if (i) such arrangement shall be for a period of less than three years by the end of which the use of such property by the lessee will be discontinued, (ii) the net proceeds of such sale are applied to the retirement of Debt, (iii) the net proceeds of the sale are used to purchase other property having a value at least equal to such net proceeds, (iv) the property immediately prior to such sale could have been subjected to a Lien securing Debt in an amount equal to such net proceeds and which Lien would be permitted by clause (x) of Section 5.2, or (v) the transaction represents a sale by a Subsidiary (other than the Company) to the Guarantor or another Subsidiary or by the Guarantor to a Subsidiary.

5.7. MERGER. The Guarantor will not, and will not permit any Subsidiary to, merge or consolidate with any other Person except that:

(i) any Subsidiary may merge or consolidate with the Guarantor (provided that the Guarantor shall be the continuing or surviving Person) or any one or more other Subsidiaries; and

(ii) the Guarantor may merge or consolidate with any other corporation, provided that upon such merger or consolidation the continuing or surviving corporation (a) shall be in compliance with all the terms and provisions of this Guaranty, and if the Guarantor is not the survivor, the continuing or surviving corporation shall have unconditionally and irrevocably assumed all of the Guarantor's obligations under this Guaranty (with such assumption accompanied by a legal opinion satisfactory in form and substance to the Required Holder(s) from Fulbright & Jaworski L.L.P., or other counsel reasonably satisfactory to the Required Holder(s)), and (b) after giving pro forma effect to such merger or consolidation, could have incurred at least one dollar of additional Debt on the last day of the fiscal quarter most recently ended without violating clause (i) of Section 5.1 or Section 5.3.

5.8. TRANSACTIONS WITH AFFILIATES. Except as disclosed in the audited consolidated financial statements of the Guarantor and its Subsidiaries for the fiscal year ended December 31, 1999, as incorporated in the Guarantor's annual report on Form 10-K filed with the Securities and Exchange Commission, the Guarantor will not, and will not permit any Subsidiary to, directly or indirectly enter, into or be a party to any transaction or arrangement, including, without limitation, the purchase, sale, exchange or use of any property or asset, or any interest therein, whether real, personal or mixed, or tangible or intangible, or the rendering of any service, with any Affiliate, except transactions in the ordinary course of and pursuant to

the reasonable requirements of the Guarantor's and each Subsidiary's business, as the case may be, upon fair and reasonable terms that are no less favorable to the Guarantor and the Subsidiaries, as the case may be, than those which might be obtained in an arm's length transaction with a Person not an Affiliate. For avoidance of doubt, the reference in this Section 5.8 to transactions with "any Affiliate" shall be understood to exclude both (i) transactions between the Guarantor and any Subsidiary and (ii) transactions between a Subsidiary of the Guarantor and any other Subsidiary of the Guarantor.

5.9. SALE OF STOCK AND DEBT OF SUBSIDIARIES. The Guarantor will not, and will not permit any Subsidiary to, sell or otherwise dispose of, or part with control of, any shares of stock of (or other equity interests in) or Debt of any Subsidiary, except that shares of stock of (or other equity interests in) or Debt of any Subsidiary (other than the Company) may be sold or otherwise disposed of to the Guarantor or another Subsidiary, and except that all shares of stock of (or other equity interests in) and Debt of any Subsidiary (other than the Company) at the time owned by or owed to the Guarantor or any Subsidiary may be sold as an entirety for a cash consideration which represents the fair market value (as determined in good faith by the Board of Directors of the Guarantor) at the time of sale of the shares of stock or other equity interests and Debt so sold, provided that the assets of such Subsidiary do not constitute more than 10% of Consolidated Total Assets at the beginning of the fiscal year in which such sale or disposition is to occur and that such Subsidiary shall not have contributed more than 10% of EBITDA for any of the three fiscal years then most recently ended, unless such transaction shall be subject to, and in compliance with, Section 5.5, and further provided that, in any event, at the time of sale, such Subsidiary shall not own, directly or indirectly, any shares of stock of (or other equity interests in) or Debt of any other Subsidiary (unless all of the shares of stock of (or other equity interests in) and Debt of such other Subsidiary are owned, directly or indirectly, by the Guarantor and all Subsidiaries are simultaneously being sold as permitted by this Section 5.9).

5.10. ISSUANCE OF STOCK BY SUBSIDIARIES. The Guarantor will not permit any Subsidiary, the assets of which constitute more than 10% of Consolidated Total Assets at the beginning of the fiscal year in which such issuance, sale or disposition is to occur or which has contributed more than 10% of EBITDA for any of the three fiscal years most recently ended, to issue, sell or dispose of any shares of its stock (of any class) or any other equity interests except to the Guarantor or another Subsidiary.

5.11. LIMITATION ON CERTAIN RESTRICTIVE AGREEMENTS. Except as set forth in the Limited Liability Company Agreement (as in effect on the date hereof), the Guarantor will not permit any Subsidiary to enter into or suffer to exist any contractual obligation which in any way restricts the ability of such Subsidiary to (i) make any dividends, other distributions or advances to the Guarantor or any other Subsidiary or (ii) transfer any of its property or assets to the Guarantor or any other Subsidiary.

5.12. CONFORMING DEBT AGREEMENT CHANGES. The Guarantor will not, and will not permit any Subsidiary to, become or be a party to any agreement relating to any Debt greater than $10,000,000 entered into after the date of this Guaranty, or to any amendment of or supplement to any agreement relating to any Debt greater than $10,000,000, if, in any such

case, the Guarantor or any Subsidiary is agreeing therein to any financial covenants of a type specified in this Guaranty, which are more restrictive than the covenants set forth herein, or to other financial covenants expressly requiring the Guarantor or any Subsidiary to comply with similar computable standards of financial condition or performance, unless the Guarantor offers to amend this Guaranty so as to provide the benefit of similar covenants for the benefit of the holders of the Notes for so long as such covenants are in full force under such agreement, amendment or supplement. Any such offer shall be made in writing to the holders of the Notes prior to being effected in any such agreement, amendment or supplement and, absent such offer, shall be deemed to be incorporated herein mutatis mutandis for the benefit of the holders of the Notes for so long as such covenants are in full force under such agreement, amendment or supplement unless and until the Required Holder(s) shall otherwise consent thereto.

6. EVENTS OF DEFAULT; REMEDIES

6.1. EVENTS OF DEFAULT. The occurrence of any of the following events shall constitute an “EVENT OF DEFAULT” under this Guaranty:

(i) the Guarantor or any Subsidiary defaults in any payment of principal of or interest on any obligation for money borrowed (or any Capitalized Lease Obligation, any obligation under a conditional sale or other title retention agreement, any obligation issued or assumed as full or partial payment for property whether or not secured by a purchase money mortgage or any obligation under notes payable or drafts accepted representing extensions of credit) beyond any period of grace provided with respect thereto (excluding, however, such a default by the Company in respect of the Notes), or the Guarantor or any Subsidiary fails to perform or observe any other agreement, term or condition contained in any agreement under which any such obligation is created (or if any other event thereunder or under any such agreement shall occur and be continuing) and the effect of such failure or other event is to cause, or to permit the holder or holders of such obligation (or a trustee on behalf of such holder or holders) to cause, such obligation to become due prior to its stated maturity (excluding, however, such a failure or other event under the Note Agreement) or any such obligation shall mature and remain unpaid, provided, that the aggregate amount of all obligations as to which such a payment default shall occur and be continuing or such a failure or other event causing or permitting acceleration shall occur and be continuing exceeds $10,000,000; or

(ii) any representation or warranty made (a) by the Guarantor herein or in any writing furnished in connection with or pursuant to this Guaranty, the Note Agreement or the transactions contemplated thereby, or (b) by Herald to or in favor of the holders, or upon which the holders have been authorized by Herald to rely, shall be false in any material respect on the date as of which made; or

(iii) the Guarantor fails to perform or observe any term, covenant or agreement contained in Sections 2 or 5 of this Guaranty; or

(iv) the Guarantor fails to perform or observe any other agreement, term or condition contained herein and such failure shall not be remedied within 30 days after any Responsible Officer of the Guarantor obtains actual knowledge thereof; or

(v) the Guarantor or any Subsidiary (other than a Subsidiary of the Company that is not a Material Subsidiary) makes an assignment for the benefit of creditors or is generally not able to pay its debts as such debts become due; or

(vi) any decree, judgment, or order for relief in respect of the Guarantor or any Subsidiary (other than a Subsidiary of the Company that is not a Material Subsidiary) is entered under any bankruptcy, reorganization, compromise, arrangement, insolvency, readjustment of debt, dissolution or liquidation or similar law, whether now or hereafter in effect (herein called the "BANKRUPTCY LAW"), of any jurisdiction; or

(vii) the Guarantor or any Subsidiary (other than a Subsidiary of the Company that is not a Material Subsidiary) petitions or applies to any tribunal for, or consents to, the appointment of, or taking possession by, a trustee, receiver, custodian, liquidator or similar official of the Guarantor or any such Subsidiary, or of any substantial part of the assets of the Guarantor or any such Subsidiary, or commences a voluntary case under the Bankruptcy Law of the United States or any proceedings (other than proceedings for the voluntary liquidation and dissolution of any such Subsidiary) relating to the Guarantor or any such Subsidiary under the Bankruptcy Law of any other jurisdiction; or

(viii) any such petition or application is filed, or any such proceedings are commenced, against the Guarantor or any Subsidiary (other than a Subsidiary of the Company that is not a Material Subsidiary) and the Guarantor or such Subsidiary by any act indicates its approval thereof, consent thereto or acquiescence therein, or an order, judgment or decree is entered appointing any such trustee, receiver, custodian, liquidator or similar official, or approving the petition in any such proceedings, and such order, judgment or decree remains unstayed and in effect for more than 60 days; or

(ix) any order, judgment or decree is entered in any proceedings against the Guarantor or any Subsidiary (other than a Subsidiary of the Company that is not a Material Subsidiary) decreeing the dissolution of the Guarantor or such Subsidiary and such order, judgment or decree remains unstayed and in effect for more than 60 days; or

(x) one or more final judgments in an aggregate amount in excess of $10,000,000 is rendered against the Guarantor or any of its Subsidiaries and, within 60 days after entry thereof, any such judgment is not discharged or execution thereof stayed pending appeal, or within 60 days after the expiration of any such stay, such judgment is not discharged; or

(xi) (a) any Plan shall fail to satisfy the minimum funding standards of ERISA or the Code for any plan year or part thereof or a waiver of such standards or extension of any amortization period is sought or granted under section 412 of the

Code, (b) a notice of intent to terminate any Plan in a distress termination (within the meaning of ERISA section 4041(c)) shall have been or is reasonably expected to be filed with the PBGC or the PBGC shall have instituted proceedings under ERISA section 4042 to terminate or appoint a trustee to administer any Plan or the PBGC shall have notified the Guarantor or any ERISA Affiliate that a Plan may become a subject of such proceedings, (c) the aggregate "amount of unfunded benefit liabilities" (within the meaning of section 4001(a)(18) of ERISA) under all Plans, determined in accordance with Title IV of ERISA, shall exceed $5,000,000, (d) the Guarantor or any ERISA Affiliate shall have incurred or is reasonably expected to incur any liability pursuant to Title I or IV of ERISA or the penalty or excise tax provisions of the Code relating to employee benefit plans, (e) the Guarantor or any ERISA Affiliate withdraws from any Multiemployer Plan, or (f) the Guarantor or any Subsidiary establishes or amends any employee welfare benefit plan that provides post-employment welfare benefits in a manner that would increase the liability of the Guarantor or any Subsidiary thereunder; and any such event or events described in clauses (a) through (f) above, either individually or together with any other such event or events, could reasonably be expected to have a material adverse effect on the business, operations, property or financial or other condition of the Guarantor and its Subsidiaries, taken as a whole, or the ability of the Guarantor to perform its obligations hereunder.

6.2. REMEDIES. Upon the occurrence of an Event of Default under this Guaranty, the Required Holder(s) may, at its or their option, exercise any and all remedies available to it or them, whether under the Note Agreement or any other instrument or agreement entered into in connection therewith or relating thereto or otherwise at law or in equity.

7. MISCELLANEOUS

7.1. SURVIVAL OF REPRESENTATIONS AND WARRANTIES; ENTIRE AGREEMENT. All representations and warranties contained herein or made in writing by or on behalf of the Guarantor in connection herewith shall survive the execution and delivery of this Guaranty, the purchase or transfer of any Note or portion thereof or interest therein and the payment of any Note, and may be relied upon by any subsequent holder of Notes, regardless of any investigation made at any time by or on behalf of any other holder of Notes. All statements contained in any certificate or other instrument delivered by or on behalf of the Guarantor pursuant to or in connection with this Guaranty shall be deemed representations and warranties of the Guarantor under this Guaranty. Subject to the preceding sentence, this Guaranty embodies the entire agreement and understanding between the Guarantor and the holders of the Notes and supersedes all prior agreements and understandings relating to the subject matter hereof.

7.2. CONSENT TO AMENDMENTS. This Guaranty may be amended, and the Guarantor may take any action herein prohibited, or omit to perform any act herein required to be performed by it, if the Guarantor shall obtain the written consent to such amendment, action or omission to act, of the Required Holder(s), except that (i) no amendment or waiver of any of the provisions of Section 2 hereof or any defined term (as it is used therein) and (ii) no termination of this Guaranty in its entirety or release of the Guarantor herefrom will be

effective unless consented to in writing by the holder or holders of all Notes at the time outstanding. The Guarantor will not directly or indirectly pay or cause to be paid any remuneration, whether by way of supplemental or additional interest, fee or otherwise, or grant any security, to any holder of Notes as consideration for or as an inducement to the entering into by any holder of Notes or any waiver or amendment of any of the terms and provisions hereof unless such remuneration is concurrently paid, or security is concurrently granted, on the same terms, ratably to each holder of Notes then outstanding even if such holder did not consent to such waiver or amendment.

7.3. BINDING EFFECT, ETC. Any amendment or waiver consented to as provided in Section 7.2 hereof applies equally to all holders of Notes and is binding upon them and upon each future holder of any Note and the Guarantor without regard to whether such Note has been marked to indicate such amendment or waiver. No such amendment or waiver will extend to or affect any obligation, covenant, agreement or Event of Default not expressly amended or waived or impair any right consequent thereon. No course of dealing between the Guarantor and any holder of Notes nor any delay in exercising any rights hereunder or under any Note shall operate as a waiver of any rights of any holder of such Note.

7.4. NOTICES. All written communications provided for hereunder shall be sent by first class mail or nationwide overnight delivery service (with charges prepaid) and (i) if to a Purchaser, addressed to it at the address specified for such communications in the Purchaser Schedule attached to the Note Agreement, or at such other address as such Purchaser shall have specified to the Guarantor or the Company in writing, (ii) if to any other holder of any Note, addressed to such other holder at such address as such other holder shall have specified to the Guarantor or the Company in writing or, if any such other holder shall not have so specified an address to the Guarantor or the Company, then addressed to such other holder in care of the last holder of such Note which shall have so specified an address to the Guarantor or the Company, and (iii) if to the Guarantor, addressed to it at 900 North Tucker Boulevard, St. Louis, Missouri 63101, Attention: Senior Vice President-Finance, or at such other address as the Guarantor shall have specified to the holder of each Note in writing.

7.5. SEVERABILITY. Any provision of this Guaranty which is prohibited or unenforceable in any jurisdiction shall, as to such jurisdiction, be ineffective to the extent of such prohibition or unenforceability without invalidating the remaining provisions hereof, and any such prohibition or unenforceability in any jurisdiction shall not invalidate or render unenforceable such provision in any other jurisdiction.

7.6. SUCCESSORS AND ASSIGNS. All covenants and other agreements in this Guaranty shall bind the successors and assigns of the Guarantor and shall inure to the benefit of the successors and assigns of the holders of Notes (including, without limitation, any Transferee) whether so expressed or not.

7.7. INDEPENDENCE OF COVENANTS. All covenants hereunder shall be given independent effect so that if a particular action or condition is prohibited by any one of such covenants, the fact that it would be permitted by an exception to, or otherwise be in compliance within the limitations of, another covenant shall not (i) avoid the occurrence of an Event of

Default or Default if such action is taken or such condition exists or (ii) in any way prejudice an attempt by the holders of Notes to prohibit (through equitable action or otherwise) the taking of any action by the Guarantor or a Subsidiary which would result in an Event of Default or Default.

7.8. SATISFACTION REQUIREMENT. If any agreement, certificate or other writing, or any action taken or to be taken, is by the terms of this Guaranty required to be satisfactory to any holder of Notes or to the Required Holder(s), the determination of such satisfaction shall be made by such holder or the Required Holder(s), as the case may be, in the sole and exclusive judgment (exercised in good faith) of the Person or Persons making such determination.

7.9. COUNTERPARTS. This Guaranty may be executed in any number of counterparts, each of which shall be an original but all of which together shall constitute one instrument.

7.10. GOVERNING LAW. THIS GUARANTY SHALL BE CONSTRUED AND ENFORCED IN ACCORDANCE WITH, AND THE RIGHTS OF THE PARTIES SHALL BE GOVERNED BY, THE LAW OF THE STATE OF NEW YORK.

7.11. CONSENT TO JURISDICTION; WAIVER OF IMMUNITIES. The Guarantor hereby irrevocably submits to the jurisdiction of any New York state or Federal court sitting in New York in any action or proceeding arising out of or relating to this Guaranty, and the Guarantor hereby irrevocably agrees that all claims in respect of such action or proceeding may be heard and determined in New York state or Federal court. The Guarantor hereby irrevocably waives, to the fullest extent it may effectively do so, the defense of an inconvenient forum to the maintenance of such action or proceeding. The Guarantor agrees and irrevocably consents to the service of any and all process in any such action or proceeding by the mailing, by registered or certified U.S. mail, or by any other means or mail that requires a signed receipt, of copies of such process to the Guarantor at its address set forth in section 7.4. The Guarantor agrees that a final judgment in any such action or proceeding shall be conclusive and may be enforced in other jurisdictions by suit on the judgment or in any other manner provided by law. Nothing in this Section 7.10 shall affect the right of any holder of the Notes to serve legal process in any other manner permitted by law or affect the right of any holder of the Notes to bring any action or proceeding against the Guarantor or its property in the courts of any other jurisdiction. To the extent that the Guarantor has or hereafter may acquire immunity from jurisdiction of any court or from any legal process (whether through service of notice, attachment prior to judgment, attachment in aid of execution, execution or otherwise) with respect to itself or its property, the Guarantor hereby irrevocably waives such immunity in respect of its obligations under this Guaranty.

7.12. WAIVER OF JURY TRIAL. THE GUARANTOR AND THE HOLDERS OF THE NOTES AGREE TO WAIVE THEIR RESPECTIVE RIGHTS TO A JURY TRIAL OF ANY CLAIM OR CAUSE OF ACTION BASED UPON OR ARISING OUT OF THIS GUARANTY, THE NOTE AGREEMENT, THE NOTES, OR ANY DEALINGS BETWEEN THEM RELATING TO THE SUBJECT MATTER OF THIS TRANSACTION AND THE LENDER/GUARANTOR RELATIONSHIP THAT IS BEING ESTABLISHED. THE SCOPE OF THIS WAIVER IS INTENDED TO BE ALL-ENCOMPASSING OF ANY AND ALL DISPUTES THAT MAY BE FILED IN ANY COURT AND THAT RELATE TO THE SUBJECT MATTER OF THIS TRANSACTION, INCLUDING WITHOUT LIMITATION, CONTRACT CLAIMS, TORT CLAIMS, BREACH OF DUTY CLAIMS, AND ALL OTHER COMMON LAW AND STATUTORY CLAIMS. THE HOLDERS OF THE NOTES AND THE GUARANTOR EACH ACKNOWLEDGE THAT THIS WAIVER IS A MATERIAL INDUCEMENT TO ENTER INTO THIS BUSINESS RELATIONSHIP, THAT EACH HAS ALREADY RELIED ON THE WAIVER IN ENTERING INTO THIS

AGREEMENT, AND THAT EACH WILL CONTINUE TO RELY ON THE WAIVER IN THEIR RELATED FUTURE DEALINGS. THE HOLDERS OF THE NOTES AND THE GUARANTOR FURTHER WARRANT AND REPRESENT THAT EACH HAS REVIEWED THIS WAIVER WITH ITS LEGAL COUNSEL, AND THAT EACH KNOWINGLY AND VOLUNTARILY WAIVES ITS JURY TRIAL RIGHTS FOLLOWING CONSULTATION WITH LEGAL COUNSEL. IN THE EVENT OF LITIGATION, THIS GUARANTY MAY BE FILED AS A WRITTEN CONSENT TO A TRIAL BY THE COURT.

IN WITNESS WHEREOF, the undersigned has caused this Guaranty to be executed and delivered by its duly authorized officer as of the date first above written to become effective as of such date.

PULITZER INC.

By: /s/ RONALD H. RIDGWAY
Name: **Ronald H. Ridgway**
Title: **Senior Vice President - Finance**

Table of Contents

SCHEDULE 5.4

LOANS, ADVANCES AND INVESTMENTS

	Par Value	Cost As of 3/26/00
Corporate Notes & Bonds:		
Comdisco Inc. Note	$ 750,000	$ 749,947
Kroger Co. Seni	1,755,000	1,754,857
Capital One Bank Medium Term Senior Notes	1,500,000	1,501,282
Golden State Escrow Corp. Floating Rate Note	2,000,000	1,973,016
Jones Intercable Inc. (Comcast Corp.)	2,000,000	2,111,858
Korean Development Bank Bond	1,250,000	1,272,402
Niagara Mohawk Power Corp. Senior Disc Note	1,575,000	1,222,601
Pohang Iron & Steel Note	800,000	793,339
Rite Aid Corp. Note	2,000,000	1,935,859
Sovereign Bancorp Inc. Note	2,300,000	2,292,714
Municipal Bonds:		
Austin Texas Utilities	2,360,000	2,458,700
Columbus Ohio Water Systems	3,295,000	3,323,300

	Approximate Cost Basis As of 4/30/00
Employee Loans	70,000
St. Louis EquityFund	477,564
Split Dollar Life Insurance Policies	2,410,538
Sandler 21st Century Communications Partners, L.P.	3,078,859
Sandler Capital Partners IV, L.P.(a)	10,293,784
Ad One LLC	2,542,353
I Own Holdings, Inc.	2,009,781
Next Generation Network	1,999,998
Hire.com, Inc.	1,010,878
Koz.com, Inc.	1,001,026
Entry Point Incorporated	200,000

(a) Amount includes the remaining commitment of $910,779 due under the investment agreement.

EXHIBIT A

[FORM OF COMPLIANCE CERTIFICATE]

COMPLIANCE CERTIFICATE

(PULITZER INC.)

[FOR THE FISCAL QUARTER ENDING _____]

[FOR THE FISCAL YEAR ENDING _____]

To: Each holder of those certain 8.05% Senior Notes due April 28, 2009 issued by St. Louis Post-Dispatch LLC, a Delaware limited liability company (the "COMPANY"), pursuant to that certain Note Agreement dated as of May 1, 2000 (as amended, restated, supplemented or otherwise modified from time to time, the "NOTE AGREEMENT") among the Company and the Purchasers listed on the Purchaser Schedule thereto.

As required by Section 4.1 of that certain Guaranty Agreement dated as of even date with the Note Agreement (as amended, restated, supplemented or otherwise modified from time to time, the "GUARANTY AGREEMENT"), executed by Pulitzer Inc., a Delaware corporation and the sole managing member of the Company (the "GUARANTOR"), for the benefit of the holders of the Notes (all capitalized terms used and not otherwise defined in this Compliance Certificate have the respective meanings ascribed to them in the Guaranty Agreement), the undersigned certifies as follows:

(1) The undersigned is the duly elected, qualified and acting [PRESIDENT][VICE PRESIDENT][TREASURER] of the Guarantor.

(2) In the undersigned's capacity as an officer of the Guarantor, the undersigned has made, or caused to be made under his supervision, a review in reasonable detail of the transactions and the financial condition of the Guarantor and its Subsidiaries and has determined that the Guarantor has observed or performed in all material respects all of its covenants and other agreements, and satisfied every condition, contained in the Guaranty Agreement to be observed, performed or satisfied by it on or before the date hereof, and as of the date hereof, no Default or Event of Default has occurred and is continuing[, EXCEPT AS SET FORTH IN PARAGRAPH (3) BELOW].

[(3) BELOW (OR IN A SEPARATE SCHEDULE TO THIS COMPLIANCE CERTIFICATE) ARE THE EXCEPTIONS, IF ANY, TO PARAGRAPH (2), LISTING, IN DETAIL, THE NATURE OF EACH CONDITION OR EVENT WHICH CONSTITUTES A DEFAULT OR EVENT OF DEFAULT, THE PERIOD DURING WHICH SUCH EVENT OR CONDITION HAS EXISTED AND THE ACTION WHICH THE GUARANTOR HAS TAKEN, IS TAKING, OR PROPOSES TO TAKE WITH RESPECT TO EACH SUCH CONDITION OR EVENT.]

[([3] [4]) WITH RESPECT TO THE FINANCIAL STATEMENTS REFERRED TO IN CLAUSE (I) OF SECTION 4.1 OF THE GUARANTY AGREEMENT, WHICH ARE DELIVERED CONCURRENTLY WITH THE

DELIVERY OF THIS COMPLIANCE CERTIFICATE, THE UNDERSIGNED HEREBY CONFIRMS THAT SUCH FINANCIAL STATEMENTS OF THE GUARANTOR AND ITS SUBSIDIARIES HAVE BEEN PREPARED IN ACCORDANCE WITH GAAP APPLIED CONSISTENTLY THROUGHOUT THE PERIOD INVOLVED, AND THE COVENANTS FROM THE GUARANTY AGREEMENT LISTED AND CALCULATED ON ANNEX A ATTACHED HERETO ARE BASED ON SUCH FINANCIAL STATEMENTS.]

[([3] [4]) WITH RESPECT TO THE FINANCIAL STATEMENTS REFERRED TO IN CLAUSE (II) OF SECTION 4.1 OF THE GUARANTY AGREEMENT, WHICH ARE DELIVERED CONCURRENTLY WITH THE DELIVERY OF THIS COMPLIANCE CERTIFICATE, THE UNDERSIGNED HEREBY CONFIRMS THAT SUCH FINANCIAL STATEMENTS OF THE GUARANTOR AND ITS SUBSIDIARIES, INCLUDING THE RELATED NOTES AND SCHEDULES THERETO, HAVE BEEN PREPARED IN ACCORDANCE WITH GAAP APPLIED CONSISTENTLY THROUGHOUT THE PERIODS INVOLVED, AND THE COVENANTS FROM THE GUARANTY AGREEMENT LISTED AND CALCULATED ON ANNEX A ATTACHED HERETO ARE BASED ON SUCH FINANCIAL STATEMENTS.]

([4] [5]) The undersigned hereby certifies that described below in reasonable detail are the adjustments, if any, necessary to derive the information set forth in Annex A from the financial statements referred to in paragraph ([3][4]) above.

_____

[NAME], [TITLE]

ANNEX A

COVENANT

COVENANTS		
Compliance		
[Indicate Yes/No]		
1.	Consolidated Debt to EBITDA Ratio (Section 5.1(i))	
	The ratio of	
	(i) Consolidated Debt(1) as of the last day of the fiscal quarter most recently ended to	$_____
	(ii) EBITDA(2) for the four fiscal quarters most recently ended must not be greater than 4.25 to 1.00 to 1.00	$_____
2.	Consolidated Net Worth (Section 5.1(ii))	
	Commencing with the fiscal quarter ending June 30, 2000, Consolidated Net Worth(3) as of the last day of the fiscal quarter most recently ended	$_____
	must not be less than (a) $650,000,000 plus (b) the product of	$_____
	(x) $3,750,000 multiplied by (y) the number of fiscal quarters that have ended since the Date of Closing, to and including the fiscal quarter ended on such measurement date	
3.	Limitation on Priority Debt (Section 5.3)	
	Priority Debt(4) (including Debt secured by Liens permitted by Section 5.2)	$_____
	Capitalization(5) as of the last day of the fiscal quarter most recently ended	$_____
	Percentage of Capitalization as of the last day of the fiscal quarter most recently ended	_____%
	must not exceed 15% of Capitalization as of the last day of the fiscal quarter most recently ended	
4.	Loans, Advances and Investments (Section 5.4)	
	The Guarantor will not, and will not permit any Subsidiary to, make or permit to remain outstanding any loan or advance to, or own, purchase or acquire any stock, obligations or securities of, or any interest in, or make any capital contribution	

(1) See Schedule 1, Item 1.

(2) See Schedule 1, Item 2.

(3) See Schedule 1, Item 3.

(4) See Schedule 1, Item 4.

(5) See Schedule 1, Item 5

to, any Person, except that the Guarantor or any Subsidiary may:

(i) make or permit to remain outstanding loans, advances or capital contributions to any Subsidiary;

(ii) make or permit to remain outstanding any loans, advances or capital contributions from (a) any Subsidiary other than the Company to the Guarantor or any other Subsidiary and (b) the Company to any Subsidiary of the Company;

(iii) own, purchase or acquire stock, obligations or securities of or other equity interests in a Subsidiary or a Person which immediately after such purchase or acquisition will be a Subsidiary;

(iv) make and permit to remain outstanding investments in notes receivable which are received pursuant to (a) the sale of all or substantially all of a business or operations or (b) the sale of used equipment in the ordinary course of business, but in each case only to the extent that the aggregate uncollected amount of all such notes receivable does not exceed $500,000;

(v) make and permit to remain outstanding loans, advances and other investments in any business principally engaged in publishing (print or electronic), provided that all such loans, advances and other investments to or in entities which are not Subsidiaries do not in the aggregate exceed 10% of Capitalization;

(vi) make and permit to remain outstanding loans, advances and other investments received in settlement of debts (created in the ordinary course of business) owing to the Guarantor or any Subsidiary,

(vii) own, purchase or acquire commercial paper issued by any corporation or bankers' acceptances issued by any member bank of the Federal Reserve System, in either case, maturing within one year of the date of purchase and rated, by at least two of Standard & Poor's Ratings Group, Moody's Investors Service, Inc. and Fitch Investors Service, Inc., "A-1", "P-1" and "F-1", respectively, and payable in the United States in United States dollars;

(viii) own, purchase or acquire certificates of deposit in member banks of the Federal Reserve System (each having capital resources in excess of $75,000,000) or certificates of deposit in an aggregate amount not to exceed $2,000,000 in banks having capital resources of less than $75,000,000), all due within one year from the date of original issue thereof and payable in the United States in United States dollars;

(ix) own, purchase or acquire repurchase agreements of member banks of the Federal Reserve System (each having capital resources in excess of $75,000,000) for terms of less than one year in respect of the foregoing certificates and obligations;

(x) own, purchase or acquire obligations of the

United States government or any agency thereof;

(xi) own, purchase or acquire obligations guaranteed by the United States government or any agency thereof;

(xii) investments in stocks of investment companies registered under the Investment Company Act of 1940 which invest primarily in obligations of the type described in clauses (vii), (viii), (ix), (x) or (xi) above, provided that any such investment company shall have an aggregate net asset value of not less than $500,000,000;

(xiii) own, purchase or acquire investments in money market mutual funds that are classified as current assets in accordance with generally accepted accounting principles, that are rated "AAAm" by Standard & Poor's Ratings Group and that invest solely in investments described in clauses (vii), (viii), (ix), (x) or (xi) above, which funds are managed by Persons having capital and surplus in excess of $500,000,000;

(xiv) endorse negotiable instruments for collection in the ordinary course of business;

(xv) make or permit to remain outstanding travel and other like advances to officers and employees in the ordinary course of business;

(xvi) make or permit to remain outstanding investments in demand deposit accounts maintained by the Guarantor or any Subsidiary in the ordinary course of its business;

(xvii) make or permit to remain outstanding investments consisting of Eurodollar time deposits, maturing within 90 days after the making thereof, with any branch of a United States commercial bank having capital and surplus of not less than $1 billion in the aggregate;

(xviii) make or permit to remain outstanding investments in municipal obligations having a rating of "Aaa" by Moody's Investors Service, Inc., or "AAA" by Standard & Poor's Ratings Group;

(xix) permit to remain outstanding investments of the Guarantor and its Subsidiaries set forth on Schedule 5.4;

(xx) own, purchase or acquire (a) asset-backed securities, mortgage-backed securities and collateralized mortgage obligations issued by any entity and rated at least AA3 by Moody's Investors Service, Inc. or Aa- by Standard & Poor's Ratings Group and (b) notes and bonds issued by any domestic corporate issuer and rated at least A3 by Moody's Investors Service, Inc. or A- by Standard & Poor's Ratings Group; and

(xxi) make or permit to remain outstanding any other loan or advance to, or own, purchase or acquire any other stock, obligations or securities of, or any other interest in, or make any other capital contribution to any Person, provided that the aggregate amount thereof does not at any time exceed 6% of Consolidated Net Worth as of the last day of then most recently ended fiscal quarter.

	$_____
Consolidated Net Worth	$_____
Percentage of Consolidated Net Worth	_____%
(xxi) must not exceed 6% of Consolidated Net Worth	

5. Limitation on Sale or Disposition of Capital Assets (Section 5.5) The Guarantor will not, and will not permit any Subsidiary to, sell or dispose of capital assets (including capital stock or other equity interests) outside the ordinary course of business if the aggregate of capital assets so sold or disposed of in any fiscal year involves assets totaling 10% or more of Consolidated Total Assets at the beginning of such fiscal year or has contributed 10% or more of EBITDA for any of the three fiscal years then most recently ended (or such shorter period during which such assets were owned by the Guarantor or a Subsidiary), unless either (i) the net proceeds (including the cash value of any securities received but deducting all expenses of sale and sales and transfer taxes and applicable Federal and state income taxes) from such sale or disposition are within 12 months from receipt invested in businesses substantially similar to any line of business in which the Guarantor or any Subsidiary has been continuously engaged since the date of issuance of the Notes or (ii) within 12 months after receipt of such net proceeds, an amount equal to such net proceeds is applied to the pro rata prepayment (based on outstanding principal amounts) of (a) the principal of the Notes then outstanding (in accordance with paragraph 4A of the Note Agreement, and together with all accrued interest on, and Yield-Maintenance Amount, if any, payable with respect to, the Notes) and (b) all other Debt of the Guarantor and its Subsidiaries consisting of obligations for borrowed money.

Aggregate of capital assets sold or disposed of outside of the ordinary course of business during the fiscal year in which the period covered by this Compliance Certificate occurs

	$_____
Consolidated Total Assets at beginning of such fiscal year	$_____
Percentage of Consolidated Total Assets at the beginning of such fiscal year	_____%
EBITDA for each of the three fiscal years then most recently ended	$_____
	$_____
	$_____

Percentage of EBITDA for each such year contributed by assets sold or disposed of _____%

_____%

_____%

must not involve assets totaling 10% or more of Consolidated Total Assets at the beginning of such fiscal year or contributing 10% or more of EBITDA for any of the three fiscal years then most recently ended (or such shorter period during which such assets were owned by the Guarantor or a Subsidiary) UNLESS, (i) the net proceeds (including the cash value of any securities received but deducting all expenses of sale and sales and transfer taxes and applicable Federal and state income taxes) from such sale or disposition are within 12 months from receipt invested in businesses substantially similar to any line of business in which the Guarantor or any Subsidiary has been continuously engaged since the date of issuance of the Notes or (ii) within 12 months after receipt of such net proceeds, an amount equal to such net proceeds is applied to the pro rata prepayment (based on outstanding principal amounts) of (a) the principal of the Notes then outstanding (in accordance with paragraph 4A of the Note Agreement, and together with all accrued interest on, and Yield-Maintenance Amount, if any, payable with respect to, the Notes) and (b) all other Debt of the Guarantor and its Subsidiaries consisting of obligations for borrowed money. _____

6. Limitations on Sale and Leaseback (Section 5.6)

The Guarantor will not, and will not permit any Subsidiary to, enter into any arrangement with any lender or investor or under which such lender or investor is a party, providing for the leasing or other similar arrangement by the Guarantor or any Subsidiary of real or personal property used by the Guarantor or any Subsidiary in the operations of the Guarantor or any Subsidiary, which has been or is sold or transferred by the Guarantor or any Subsidiary to such lender or investor or to any Person to whom funds have been or are to be advanced by such lender or investor on the security of such rental obligations of the Guarantor or such Subsidiary, EXCEPT that the Guarantor or any Subsidiary (other than the Company) may enter into sale and lease-back transactions involving newspaper equipment or facilities acquired after the issuance of the Notes if (i) such arrangement is for a period of less than three years by the end of which the use of such property by the lessee will be discontinued, (ii) the net proceeds of such sale are applied to the retirement of Debt, (iii) the net proceeds of the sale are used to purchase other property having a value at least equal to such net proceeds, (iv) the property immediately prior to such sale could have been subjected to a Lien securing Debt in an amount equal to such net proceeds and which Lien would have been permitted by clause (xi) of Section 5.2, or (v) the transaction represents a sale by a Subsidiary (other than the Company) to the Guarantor or another Subsidiary or by the Guarantor to a Subsidiary. _____

7. Limitation on Sale of Stock and Debt of Subsidiaries (Section 5.9)

The Guarantor will not, and will not permit any Subsidiary to, sell or otherwise dispose of, or part with control of, any shares of stock of (or other equity interests in) or Debt of any Subsidiary, except that shares of stock of (or other equity interests in) or Debt of any Subsidiary (other than the Company) may be sold or otherwise disposed of to the Guarantor or another Subsidiary, and except that all shares of stock of (or other equity interests in) and Debt of any Subsidiary (other than the Company) at the time owned by or owed to the Guarantor or any Subsidiary may be sold as an entirety for a cash consideration which represents the fair market value (as determined in good faith by the Board of Directors of the Guarantor) at the time of sale of the shares of stock or other equity interests and Debt so sold, provided that the assets of such Subsidiary do not constitute more than 10% of Consolidated Total Assets at the beginning of the fiscal year in which such sale or disposition is to occur and that such Subsidiary shall not have contributed more than 10% of EBITDA for any of the three fiscal years then most recently ended, unless such transaction shall be subject to, and in compliance with, Section 5.5, and further provided that, in any event, at the time of sale, such Subsidiary shall not own, directly or indirectly, any shares of stock of (or other equity interests in) or Debt of any other Subsidiary (unless all of the shares of stock of (or other equity interests in) and Debt of such other Subsidiary are owned, directly or indirectly, by the Guarantor and all Subsidiaries are simultaneously being sold as permitted by Section 5.9 of the Guaranty).

Consolidated Total Assets at beginning of such fiscal year $_____

Consolidated Total Assets represented by assets of Subsidiary $_____

Percentage of Consolidated Total Assets represented by assets of Subsidiary _____%

EBITDA for each of the three fiscal years then most recently ended $_____

$_____

$_____

Percentage of EBITDA for each such year contributed by _____%

Subsidiary _____%

_____%

the assets of such Subsidiary must not constitute more than 10% of Consolidated Total Assets at the beginning of the fiscal year in which such sale or disposition is to occur and such Subsidiary must not have contributed more than 10% of EBITDA for any of the three fiscal years then most recently ended, unless such transaction was subject to, and in compliance with, Section 5.5. _____

8. Issuance of Stock by Subsidiaries (Section 5.10)

The Guarantor will not permit any Subsidiary, the assets of which constitute more than 10% of Consolidated Total Assets at the beginning of the fiscal year in which such issuance, sale or disposition is to occur or which has contributed more than 10% of

EBITDA for any of the three fiscal years most recently ended, to issue, sell or dispose of any shares of its stock (of any class) or any other equity interests except to the Guarantor or another Subsidiary.

Consolidated Total Assets at beginning of such fiscal year	$_____
Consolidated Total Assets represented by assets of Subsidiary	$_____
Percentage of Consolidated Total Assets represented by assets of Subsidiary	_____%
EBITDA for each of the three fiscal years then most recently ended	$_____
	$_____
	$_____
Percentage of EBITDA for each such year contributed by Subsidiary	_____%
	_____%
	_____%

the assets of such Subsidiary must not constitute more than 10% of Consolidated Total Assets at the beginning of the fiscal year in which such issuance, sale or disposition is to occur and the Subsidiary must not have contributed more than 10% of EBITDA for any of the three fiscal years most recently ended.

SCHEDULE 1 TO ANNEX A TO COMPLIANCE CERTIFICATE

1. Consolidated Debt

(i) all obligations for borrowed money or obligations represented by notes payable and drafts accepted representing extensions of credit, all obligations evidenced by bonds, debentures, notes or other similar instruments and all obligations upon which interest charges are customarily paid; $_____

(ii) Capitalized Lease Obligations; $_____

(iii) indebtedness secured by any Lien existing on property owned by the Guarantor or any Subsidiary subject to such Lien, whether or not the indebtedness secured thereby shall have been assumed by the Guarantor or any Subsidiary; $_____

(iv) guarantees, endorsements (other than endorsements of negotiable instruments for collection in the ordinary course of business) and other contingent liabilities (whether direct or indirect) in connection with the obligations, stock or dividends of any Person; $_____

(v) obligations under any contract providing for the making of loans, advances or capital contributions to any Person, or for the purchase of any property from any Person, in each case in order to enable such Person primarily to maintain working capital, net worth or any other balance sheet condition or to pay debt, dividends or expenses; $_____

(vi) obligations under any contract for the purchase of materials, supplies or other property from any Person if such contract (or any related document) requires that payment for such materials, supplies or other property shall be made regardless of whether or not delivery of such materials, supplies or other property is ever made or tendered; $_____

(vii) obligations under any contract to rent or lease (as lessee) any real or personal property if such contract (or any related document) provides that the obligation to make payments thereunder is absolute and unconditional under conditions not customarily found in commercial leases then in general use or requires that the lessee purchase or otherwise acquire securities or obligations of the lessor; $_____

(viii) obligations under any contract for the sale or use of materials, supplies or other property, or the rendering of services, if such contract (or any related document) requires that payment for such materials, supplies or other property, or the use thereof, or payment for such services, shall be subordinated to any indebtedness (of the purchaser or user of such materials, supplies or other property or the Person entitled to the benefit of such services) owed or to be owed to any Person; $_____

(ix) obligations under any other contract which, in economic effect, is substantially equivalent to a guarantee; $_____

SUBTOTAL [(i)+(ii)+(iii)+(iv)+(v)+(vi)+(vii)+(viii)+(ix)] $_____

(x) But excluding (a) loans, advances and capital contributions by the Guarantor to any Subsidiary or by any Subsidiary to the Guarantor or another Subsidiary or a guarantee of the obligations of a Subsidiary under an executory contract to purchase or sell a business and (b) any amounts which may be due in connection with the "Gross-Up Transactions" described in Note 15 of the audited consolidated financial statements of the Guarantor and its Subsidiaries for the fiscal year ended December 31, 1999, as incorporated in the Guarantor's annual report on Form 10-K filed with the Securities and Exchange Commission

CONSOLIDATED DEBT [SUBTOTAL above - (x)] $

2. EBITDA

(i) Consolidated Net Earnings (determined as set forth in Item 2.1 below), $_____

(ii) plus, to the extent deducted in the determination of Consolidated Net Earnings,

(a) all provisions for federal, state and other income tax	$_____
(b) Consolidated Interest Expense (determined as set forth in Item 2.2 below) and	$_____
(c) provisions for depreciation and amortization	$_____
Subtotal of (a), (b) and (c)	$_____
EBITDA [(i) + (ii)]	$

Note: Any acquisition or disposition by the Guarantor or any Subsidiary during any period of all of the capital stock of (or other equity interests in) any Person, or of all or substantially all of the assets of any Person, shall in each case be reflected and given effect in EBITDA as if such acquisition or disposition occurred on the first day of such period, so long as, in the case of any such acquisition, the Guarantor shall have delivered or caused to be delivered to each holder of Notes financial information, set forth within audited financial statements regarding such Person, disclosing the prior operating results of such Person, and provided further, that for purposes of calculating EBITDA, the consummation of the Formation/Consummation Transactions will be taken into account by including, on a pro forma basis, Herald's share of EBITDA for periods prior to the Date of Closing, as derived from the "St. Louis Agency adjustment" reflected in prior consolidated financial statements.

2.1 Consolidated Net Earnings

(i) Consolidated gross revenues of the Guarantor and its Subsidiaries determined in accordance with generally accepted accounting principles	$_____
(ii) less all operating and non-operating expenses of the Guarantor and its Subsidiaries determined in accordance with generally accepted less accounting principles	$_____
CONSOLIDATED NET EARNINGS [(i) - (ii)]	$

Note: The above include all charges of a property character (including current and deferred taxes on income, provision for taxes on unremitted foreign earnings which are included in gross revenues, and current additions to reserves), but do not include in gross revenues any gains — — (net of expenses and taxes applicable thereto) in excess of losses resulting from the sale, conversion or other disposition of capital assets (i.e., assets other than current assets) in excess of an aggregate amount of $5,000,000 in any one year, any gains resulting from the write-up of assets, any equity of the Guarantor or any Subsidiary in the unremitted earnings of any corporation which is not a Subsidiary or any earnings of any Person acquired by the Guarantor or any Subsidiary through purchase, merger or consolidation or otherwise for any year prior to the year of acquisition, or any deferred credit representing the excess of equity in any Subsidiary at the date of acquisition over the cost of investment in such Subsidiary.

2.2 Consolidated Interest Expense

The sum (without duplication) of the following (in each case, eliminating all offsetting debits and credits between the Guarantor and its Subsidiaries and all other items required to be eliminated in the course of the preparation of consolidated financial statements of the Guarantor and its Subsidiaries in accordance with generally accepted accounting principles) for the period covered by this Compliance Certificate for the Guarantor and its Subsidiaries:

(i) all interest and prepayment charges in respect of Debt of the Guarantor and its Subsidiaries (including imputed interest in respect of Capitalized Lease obligations and net costs of any interest rate or currency hedging or similar arrangements) deducted in determining consolidated net income for such period, together with all interest capitalized or deferred during

such period and not deducted in determining consolidated net income for such period plus $_____

(ii) all debt discount and expense amortized or required to be amortized in the determination of consolidated net income for such period $_____

CONSOLIDATED INTEREST EXPENSE [(i) + (ii)] $

3. CONSOLIDATED NET WORTH

(i) Total amount of total assets of the Guarantor and its Subsidiaries as of the last day of the fiscal quarter most recently then ended, determined on a consolidated basis in accordance with generally accepted accounting principles less $_____

(ii) Total liabilities of the Guarantor and its Subsidiaries as of the last day of the fiscal quarter most recently then ended, determined on a consolidated basis in accordance with generally accepted accounting principles. $_____

CONSOLIDATED NET WORTH [(i) - (ii)] $

4. PRIORITY DEBT $

(i) Aggregate amount of all Debt of the Guarantor secured by a Lien plus $_____

(ii) All secured and unsecured Debt of all Subsidiaries (excluding Debt represented by the Notes) $

PRIORITY DEBT [(i) + (ii)] $_____

5. CAPITALIZATION

(i) Consolidated Net Worth plus $_____

(ii) Consolidated Debt $_____

CAPITALIZATION [(i) + (ii)] $

Table of Contents

AMENDMENT NO. 1 TO GUARANTY AGREEMENT

THIS AMENDMENT NO. 1 TO GUARANTY AGREEMENT, dated as of August 7, 2000 (this "**Amendment**"), is entered into by PULITZER INC., a Delaware corporation (the "**Guarantor**"), in favor of the holders from time to time of the Notes issued under the below-described Note Agreement.

Recitals

A. St. Louis Post-Dispatch LLC, a Delaware limited liability company (the "**Company**"), entered into that certain Note Agreement dated as of May 1, 2000 (as the same may be amended, restated, supplemented or otherwise modified from time to time, the "**Note Agreement**") with the several Purchasers listed in the Purchaser Schedule attached thereto, pursuant to which the Company issued and sold to such Purchasers $306,000,000 aggregate principal amount of the Company's 8.05% Senior Notes due April 28, 2009 (together with any other notes issued in substitution or exchange therefor pursuant to the terms of the Note Agreement, the "**Notes**").

B. In connection with the Note Agreement, the Guarantor executed and delivered that certain Guaranty Agreement dated as of May 1, 2000 (as the same may be amended, restated, supplemented or otherwise modified from time to time, the "**Guaranty**").

C. The Guarantor desires to make certain amendments and modifications to the Guaranty, as set forth in this Amendment, and the undersigned holders of Notes desire to consent to such amendments and modifications.

NOW, THEREFORE, in order to accomplish the matters contemplated by the preceding Recitals and in consideration of the premises and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the Guaranty is hereby amended as follows:

1. Definitions. Capitalized terms used and not otherwise defined herein shall have the respective meanings ascribed to them in the Guaranty.

2. Amendments.

(a) Amendment to Definitions. Section 1.1 of the Guaranty is amended by adding the following definition in the appropriate alphabetical location:

" "**Stock Repurchase Plan**" shall mean any plan announced from time to time by the Guarantor to repurchase its own capital stock, including from Affiliates, in either open market or privately negotiated transactions."

(b) Amendment to Loans, Advances and Investments Covenant. Section 5.4 of the Guaranty is amended by inserting the word "other" immediately prior to the word "Person" in the fourth line thereof.

(c) Amendment to Transactions With Affiliates Covenant. Section 5.8 of the Guaranty is amended by deleting therefrom the clause beginning "except transactions in the ordinary course of ..." and inserting in place thereof the following:

> "except (i) transactions in the ordinary course of and pursuant to the reasonable requirements of the Guarantor's and each Subsidiary's business, as the case may be, and (ii) in the case of the Guarantor, transactions with Affiliates consisting of the repurchase of capital stock of the Guarantor from such Affiliates pursuant to any Stock Repurchase Plan; provided that, in the case of any transaction described in either clause (i) or (ii) above, such transaction is upon fair and reasonable terms that are no less favorable to the Guarantor and/or any of its Subsidiaries, as the case may be, than those which might be obtained in an arm's length transaction with a Person not an Affiliate; and provided further that, in the case of any transaction described in clause (ii) above, any such repurchase of capital stock of the Guarantor from an Affiliate may be made only if no Default or Event of Default exists, either before or immediately after giving effect to such repurchase."

3. Representations and Warranties. The Guarantor represents and warrants as follows:

(a) Organization; Power and Authority; Enforceability. The Guarantor is a corporation duly organized and validly existing in good standing under the laws of the State of Delaware, and has all requisite corporate power to execute and deliver this Amendment and to perform its obligations under the Guaranty as amended hereby. The execution and delivery by the Guarantor of this Amendment and the performance by the Guarantor of its obligations under the Guaranty as amended hereby have been duly authorized by all requisite corporate action on the part of the Guarantor. The Guarantor has duly executed and delivered this Amendment, and the Guaranty as amended hereby constitutes the legal, valid and binding obligation of the Guarantor, enforceable against the Guarantor in accordance with its terms.

(b) No Default or Event of Default. No Default or Event of Default exists, either before or immediately after giving effect to this Amendment.

(c) No Material Adverse Change. Since May 1, 2000, there has been no material adverse change in (i) the business, condition or operations (financial or otherwise) of the Guarantor and its Subsidiaries, (ii) the ability of the Guarantor to perform its obligations under the Guaranty as amended hereby or the ability of the Company to perform its obligations under the Note Agreement or the Notes or (iii) the validity or enforceability of this Guaranty, the Note Agreement or the Notes.

The effectiveness of this Amendment is conditioned upon (i) the written consent of the Required Holder(s) (as defined in the Note Agreement), as evidenced by such holder(s)' execution of this Amendment where indicated below, and (ii) the accuracy of each of the foregoing representations and warranties of the Guarantor.

Section 4. Miscellaneous.

(a) References to Guaranty. Upon and after the date of this Amendment, each reference to the Guaranty in the Guaranty, the Note Agreement or any other instrument or agreement entered into in connection therewith or otherwise related thereto shall mean and be a reference to the Guaranty as amended by this Amendment.

(b) Ratification and Confirmation. Except as specifically amended herein, the Guaranty shall remain in full force and effect, and is hereby ratified and confirmed.

(c) No Waiver. The execution, delivery and effectiveness of this Amendment shall not operate as a waiver of any right, power or remedy of any holder of Notes, nor constitute a waiver of any provision of the Guaranty, the Note Agreement or any other instrument or agreement entered into in connection therewith or otherwise related thereto.

(d) Expenses. The Guarantor agrees to pay promptly, or to cause the Company to pay promptly, all expenses of the holders of Notes related to this Amendment and all matters contemplated hereby, including, without limitation, all fees and expenses of the holders' special counsel.

(e) GOVERNING LAW. THIS AMENDMENT SHALL BE CONSTRUED AND ENFORCED IN ACCORDANCE WITH, AND THE RIGHTS OF THE PARTIES SHALL BE GOVERNED BY, THE LAW OF THE STATE OF NEW YORK.

(f) Counterparts. This Amendment may be executed in counterparts (including those transmitted by facsimile), each of which shall be deemed an original and all of which taken together shall constitute one and the same document. Delivery of this Amendment may be made by facsimile transmission of a duly executed counterpart copy hereof.

[Remainder of page intentionally left blank; signature pages follow]

IN WITNESS WHEREOF, the undersigned have caused this Amendment to be executed and delivered by their duly authorized officers as of the date first above written to become effective (subject to the last sentence of Section 3 hereof) as of such date.

GUARANTOR:

PULITZER INC.

By: /s/ JON H. HOLT
Name: **Jon H. Holt**
Title: **Treasurer**

NOTE HOLDERS (To evidence consent to the amendment hereby of the Guaranty):

THE PRUDENTIAL INSURANCE COMPANY OF AMERICA

By: /s/ RIC E. ABEL
Name: **Ric E. Abel**
Title: **Vice President**

AMERICAN GENERAL ANNUITY INSURANCE COMPANY

AMERICAN GENERAL LIFE INSURANCE COMPANY

By: _____
Name:
Title:

GE EDISON LIFE INSURANCE COMPANY

By: _____
Name:
Title:

FIRST COLONY LIFE INSURANCE COMPANY

By: _____
Name:
Title:

THE NORTHWESTERN MUTUAL LIFE INSURANCE COMPANY

By: /S/ A. KIPP KOESTER
Name: **A. Kipp Koester**
Its **Authorized Representative**

THE NORTHWESTERN MUTUAL LIFE INSURANCE COMPANY
for its Group Annuity Separate Account

By: Northwestern Investment Management Company
By: /s/ A. KIPP KOESTER
Name: **A. Kipp Koester**
Its **Managing Director**

PACIFIC LIFE INSURANCE COMPANY

By: /S/ DIANE W. DALES
Name: **Diane W. Dales**
Title: **Assistant Vice President**

By: /S/ PETER S. FIEK
Name: **Peter S. Fiek**
Title: **Assistant Secretary**

Table of Contents

EXECUTION VERSION

AMENDMENT NO. 2 TO GUARANTY AGREEMENT

THIS AMENDMENT NO. 2 TO GUARANTY AGREEMENT, dated as of November 23, 2004 (this "**Amendment**"), is entered into by PULITZER INC., a Delaware corporation (the "**Guarantor**"), in favor of the holders from time to time of the Notes issued under the below-described Note Agreement.

Recitals

A. St. Louis Post-Dispatch LLC, a Delaware limited liability company (the "**Company**"), entered into that certain Note Agreement dated as of May 1, 2000 (as the same may be amended, restated, supplemented or otherwise modified from time to time, the "**Note Agreement**") with the several Purchasers listed in the Purchaser Schedule attached thereto, pursuant to which the Company issued and sold to such Purchasers $306,000,000 aggregate principal amount of the Company's 8.05% Senior Notes due April 28, 2009 (together with any other notes issued in substitution or exchange therefor pursuant to the terms of the Note Agreement, the "**Notes**").

B. In connection with the Note Agreement, the Guarantor executed and delivered that certain Guaranty Agreement dated as of May 1, 2000, as amended by Amendment No. 1 to Guaranty Agreement, dated as of August 7, 2000 (as so amended and as the same may be further amended, restated, supplemented or otherwise modified from time to time, the "**Guaranty**").

C. As of the date first above written, the undersigned holders of Notes together hold at least 51% of the aggregate outstanding principal amount of the Notes, and therefore constitute the Required Holder(s) (as defined in the Note Agreement) for purposes of this Amendment.

D. The Guarantor desires to make certain amendments and modifications to the Guaranty, as set forth in this Amendment, and the undersigned holders of Notes, subject to the terms and conditions set forth herein, are willing to agree to such amendments and modifications.

NOW, THEREFORE, in consideration of the foregoing and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties hereto agree as follows:

1. Definitions. Capitalized terms used and not otherwise defined herein shall have the respective meanings ascribed to them in the Guaranty.

2. Amendments to Section 5.4 (Loans, Advances and Investments).

(a) Section 5.4 of the Guaranty is amended by deleting clause (xiii) thereof in its entirety and replacing it with the following:

"(xiii) own, purchase or acquire investments in money market funds that are classified as current assets in accordance with generally accepted accounting principles, and that are rated "AAAm" or the equivalent by Standard & Poor's Ratings Group, or Moody's Investors Service, Inc. or Fitch Investors Service, Inc., which funds are managed by either (a) Persons having capital and surplus, or net worth, in excess of $500,000,000 or (b) any Person that is a direct or indirect subsidiary of a Person described in the foregoing clause (a);"

(b) Section 5.4 of the Guaranty is further amended by (i) deleting the word "and" from the end of clause (xx) thereof, (ii) renumbering clause (xxi) thereof as clause (xxii) and (iii) adding a new clause (xxi) thereto, such new clause (xxi) to read as follows:

"(xxi) own, purchase or acquire investments in commingled funds/portfolios that invest primarily in U.S. dollar denominated obligations, with a weighted average portfolio maturity of 120 days or less, and rated "AAA" or the equivalent, by at least two of Standard & Poor's Ratings Group, Moody's Investors Service, Inc. and Fitch Investors Service, Inc., which funds are managed by either (a) Persons having capital and surplus, or net worth, in excess of $500,000,000 or (b) any Person that is a direct or indirect subsidiary of a Person described in the foregoing clause (a); and"

3. Representations and Warranties. The Guarantor represents and warrants as follows:

(a) Organization; Power and Authority; Enforceability. The Guarantor is a corporation duly organized and validly existing in good standing under the laws of the State of Delaware, and has all requisite corporate power to execute and deliver this Amendment and to perform its obligations under this Amendment and the Guaranty as amended hereby. The execution and delivery by the Guarantor of this Amendment and the performance by the Guarantor of its obligations under this Amendment and the Guaranty as amended hereby have been duly authorized by all requisite corporate action on the part of the Guarantor. The Guarantor has duly executed and delivered this Amendment, and this Amendment and the Guaranty as amended hereby constitute the legal, valid and binding obligations of the Guarantor, enforceable against the Guarantor in accordance with their terms.

(b) No Default or Event of Default. No Default or Event of Default exists, either before or immediately after giving effect to this Amendment.

(c) No Material Adverse Change. Since December 31, 2003, there has been no material adverse change in (i) the business, condition or operations (financial or otherwise) of the Guarantor and its Subsidiaries, (ii) the ability of the Guarantor to perform its obligations under the Guaranty as amended hereby or the ability of the Company to perform its obligations under the Note Agreement or the Notes or (iii) the validity or enforceability of the Guaranty, the Note Agreement or the Notes.

The effectiveness of this Amendment is conditioned upon (i) the written consent of the Required Holder(s), as evidenced by such holders' execution of this Amendment where indicated below, and (ii) the accuracy of each of the foregoing representations and warranties of the Guarantor.

Section 4. Miscellaneous.

(a) References to Guaranty. Upon and after the date of this Amendment, each reference to the Guaranty in the Guaranty, the Note Agreement, the Notes or any other instrument or agreement entered into in connection therewith or otherwise related thereto shall mean and be a reference to the Guaranty as amended by this Amendment.

(b) Ratification and Confirmation. Except as specifically amended herein, the Guaranty shall remain in full force and effect, and is hereby ratified and confirmed.

(c) No Waiver. The execution, delivery and effectiveness of this Amendment shall not operate as a waiver of any right, power or remedy of any holder of Notes, nor constitute a waiver of any provision of the Guaranty, the Note Agreement, any Note or any other instrument or agreement entered into in connection therewith or otherwise related thereto.

(d) Expenses. The Guarantor agrees to pay promptly, or to cause the Company to pay promptly, all expenses of the holders of Notes related to this Amendment and all matters contemplated hereby, including, without limitation, all fees and expenses of the holders' special counsel.

(e) GOVERNING LAW. THIS AMENDMENT SHALL BE CONSTRUED AND ENFORCED IN ACCORDANCE WITH, AND THE RIGHTS OF THE PARTIES SHALL BE GOVERNED BY, THE LAW OF THE STATE OF NEW YORK.

(f) Counterparts. This Amendment may be executed in counterparts (including those transmitted by facsimile), each of which shall be deemed an original and all of which taken together shall constitute one and the same document. Delivery of this Amendment may be made by facsimile transmission of a duly executed counterpart copy hereof.

[Remainder of page intentionally left blank; signature pages follow]

IN WITNESS WHEREOF, the undersigned have caused this Amendment to be executed and delivered by their duly authorized officers as of the date first above written to become effective (subject to the last sentence of Section 3 hereof) as of such date.

GUARANTOR:

PULITZER INC.

By: /s/ JON H. HOLT
Name: **Jon H. Holt**
Title: **Treasurer**

NOTE HOLDERS (To evidence consent to the amendment hereby of the Guaranty):

THE PRUDENTIAL INSURANCE COMPANY OF AMERICA

By: /s/ BRIAN LEMONS
Vice-President

AMERICAN GENERAL LIFE INSURANCE COMPANY
AIG ANNUITY INSURANCE COMPANY
AIG EDISON LIFE INSURANCE COMPANY

By: AIG Global Investment Corp., investment advisor

By: /s/ PETER DEFAZIO
Name: **Peter DeFazio**
Title: **Vice President**

FIRST COLONY LIFE INSURANCE COMPANY

By: /s/ JOHN R. ENDRES
Name: **John R. Endres**
Title: **Investment Officer**

THE NORTHWESTERN MUTUAL LIFE INSURANCE COMPANY

By: /s/ MARK E. KISHLER
Name: **Mark E. Kishler**
Its Authorized Representative

THE NORTHWESTERN MUTUAL LIFE INSURANCE COMPANY
for its Group Annuity Separate Account

By: Northwestern Investment Management Company

By: /s/ MARK E. KISHLER
Name: **Mark E. Kishler**
Its **Managing Director**

PACIFIC LIFE INSURANCE COMPANY

By: /s/ DIANE W. DALES
Name: **Diane W. Dales**
Title: **Assistant Vice President**

By: /s/ DAVID C. PATCH
Name: **David C. Patch**
Title: **Assistant Secretary**

Table of Contents

AMENDMENT NO. 3 TO GUARANTY AGREEMENT

THIS AMENDMENT NO. 3 TO GUARANTY AGREEMENT, dated as of June 3, 2005 (this "**Amendment**"), is entered into by PULITZER INC., a Delaware corporation (the "**Guarantor**"), in favor of the holders from time to time of the Notes issued under the below-described Note Agreement.

Recitals

A. St. Louis Post-Dispatch LLC, a Delaware limited liability company (the "**Company**"), entered into that certain Note Agreement dated as of May 1, 2000 (as the same may be amended, restated, supplemented or otherwise modified from time to time, the "**Note Agreement**") with the several Purchasers listed in the Purchaser Schedule attached thereto, pursuant to which the Company issued and sold to such Purchasers $306,000,000 aggregate principal amount of the Company's 8.05% Senior Notes due April 28, 2009 (together with any other notes issued in substitution or exchange therefor pursuant to the terms of the Note Agreement, the "**Notes**").

B. In connection with the Note Agreement, the Guarantor executed and delivered that certain Guaranty Agreement dated as of May 1, 2000, as amended by Amendment No. 1 to Guaranty Agreement dated as of August 7, 2000 and Amendment No. 2 to Guaranty Agreement dated as of November 23, 2004 (as so amended and as the same may be further amended, restated, supplemented or otherwise modified from time to time, the "**Guaranty**").

C. As of the date first above written, the undersigned holders of Notes together hold at least 51% of the aggregate outstanding principal amount of the Notes, and therefore constitute the Required Holder(s) (as defined in the Note Agreement) for purposes of this Amendment.

D. The Guarantor desires to make certain amendments and modifications to the Guaranty, as set forth in this Amendment, and the undersigned holders of Notes, subject to the terms and conditions set forth herein, are willing to agree to such amendments and modifications.

NOW, THEREFORE, in consideration of the foregoing and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties hereto agree as follows:

1. Definitions. Capitalized terms used and not otherwise defined herein shall have the respective meanings ascribed to them in the Guaranty.

2. Amendments to Section 1.1 (Defined Terms).

(a) Section 1.1 of the Guaranty is amended by adding the following new definition in the appropriate alphabetical position:

"**Lee Transaction**" means the merger of LP Acquisition Corp., an indirect wholly-owned subsidiary of Lee Enterprises, Incorporated, with and into the Guarantor, with the Guarantor as the surviving corporation, pursuant to the terms and conditions of an Agreement and Plan of Merger dated as of January 29, 2005 by and among the Guarantor, Lee Enterprises, Incorporated and LP Acquisition Corp.

(b) Section 1.1 of the Guaranty is further amended by adding the following immediately before the period at the end of the definition of "EBITDA" set forth therein:

", and provided, further, that solely for purposes of clause (i) of Section 5.1 hereof, extraordinary and nonrecurring expenses incurred by the Guarantor directly in connection with the Lee Transaction (including, without limitation, fees of advisors, attorneys, success bonuses and out-of-pocket expenses), in an aggregate amount not to exceed $40,000,000, shall, to the extent deducted in the determination of Consolidated Net Earnings, be added to EBITDA"

3. Representations and Warranties. The Guarantor represents and warrants as follows:

(a) Organization; Power and Authority; Enforceability. The Guarantor is a corporation duly organized and validly existing in good standing under the laws of the State of Delaware, and has all requisite corporate power to execute and deliver this Amendment and to perform its obligations under this Amendment and the Guaranty as amended hereby. The execution and delivery by the Guarantor of this Amendment and the performance by the Guarantor of its obligations under this Amendment and the Guaranty as amended hereby have been duly authorized by all requisite corporate action on the part of the Guarantor. The Guarantor has duly executed and delivered this Amendment, and this Amendment and the Guaranty as amended hereby constitute the legal, valid and binding obligations of the Guarantor, enforceable against the Guarantor in accordance with their terms.

(b) No Default or Event of Default. No Default or Event of Default exists, either before or immediately after giving effect to this Amendment.

(c) No Material Adverse Change. Since December 26, 2004, there has been no material adverse change in (i) the business, condition or operations (financial or otherwise) of the Guarantor and its Subsidiaries, (ii) the ability of the Guarantor to perform its obligations under the Guaranty as amended hereby or the ability of the Company to perform its obligations under the Note Agreement or the Notes or (iii) the validity or enforceability of the Guaranty, the Note Agreement or the Notes.

The effectiveness of this Amendment is conditioned upon (i) the written consent of the Required Holder(s), as evidenced by such holders' execution of this Amendment where indicated below, and (ii) the accuracy of each of the foregoing representations and warranties of the Guarantor.

Section 4. Miscellaneous.

(a) References to Guaranty. Upon and after the date of this Amendment, each reference to the Guaranty in the Guaranty, the Note Agreement, the Notes or any other instrument or agreement entered into in connection therewith or otherwise related thereto shall mean and be a reference to the Guaranty as amended by this Amendment.

(b) Ratification and Confirmation. Except as specifically amended herein, the Guaranty shall remain in full force and effect, and is hereby ratified and confirmed.

(c) No Waiver. The execution, delivery and effectiveness of this Amendment shall not operate as a waiver of any right, power or remedy of any holder of Notes, nor constitute a waiver of any provision of the Guaranty, the Note Agreement, any Note or any other instrument or agreement entered into in connection therewith or otherwise related thereto.

(d) Expenses. The Guarantor agrees to pay promptly, or to cause the Company to pay promptly, all expenses of the holders of Notes related to this Amendment and all matters contemplated hereby, including, without limitation, all fees and expenses of the holders' special counsel.

(e) GOVERNING LAW. THIS AMENDMENT SHALL BE CONSTRUED AND ENFORCED IN ACCORDANCE WITH, AND THE RIGHTS OF THE PARTIES SHALL BE GOVERNED BY, THE LAW OF THE STATE OF NEW YORK.

(f) Counterparts. This Amendment may be executed in counterparts (including those transmitted by facsimile), each of which shall be deemed an original and all of which taken together shall constitute one and the same document. Delivery of this Amendment may be made by telecopy or electronic transmission of a duly executed counterpart copy hereof; provided that any such delivery by electronic transmission shall be effective only if transmitted in .pdf format, .tif format or other format in which the text is not readily modifiable by any recipient thereof.

[Remainder of page intentionally left blank; signature pages follow]

IN WITNESS WHEREOF, the undersigned have caused this Amendment to be executed and delivered by their duly authorized officers as of the date first above written to become effective (subject to the last sentence of Section 3 hereof) as of such date.

GUARANTOR:

PULITZER INC.

By: /s/ ROBERT C. WOODWORTH
Name: **Robert C. Woodworth**
Title: **President and Chief Executive Officer**

NOTE HOLDERS (To evidence consent to the amendment hereby of the Guaranty):

THE PRUDENTIAL INSURANCE COMPANY OF AMERICA

By: /s/ BRIAN LEMONS
Vice President

AMERICAN GENERAL LIFE INSURANCE COMPANY
AIG ANNUITY INSURANCE COMPANY

By: AIG Global Investment Corp., investment advisor

By: /s/ PETER DEFAZIO
Name: **Peter DeFazio**
Title: **Vice President**

AIG EDISON LIFE INSURANCE COMPANY

By: AIG Global Investment Corp., investment sub-advisor

By: /s/ PETER DEFAZIO
Name: **Peter DeFazio**
Title: **Vice President**

Table of Contents

FIRST COLONY LIFE INSURANCE COMPANY

By: /s/ JOHN R. ENDRES
Name: **John R. Endres**
Title: **Investment Officer**

THE NORTHWESTERN MUTUAL LIFE INSURANCE COMPANY

By: /s/ MARK E. KISHLER
Name: **Mark E. Kishler**
Its Authorized Representative

THE NORTHWESTERN MUTUAL LIFE INSURANCE COMPANY
for its Group Annuity Separate Account

By: Northwestern Investment Management Company

By: /s/ MARK E. KISHLER
Name: **Mark E. Kishler**
Its Managing Director

PACIFIC LIFE INSURANCE COMPANY

By: /s/ DIANE W. DALES
Name: **Diane W. Dales**
Title: **Assistant Vice President**

By: /s/ PETER S. FIEK
Name: **Peter S. Fiek**
Title: **Assistant Secretary**

NON-CONFIDENTIALITY AGREEMENT

THIS AGREEMENT (the "Agreement"), is made as of May 1, 2000, by and among the undersigned (including their respective partners, members, officers, employees and agents) and any other persons who agree to be bound by the terms and conditions of this Agreement by signing a copy hereof (each a "Party" and collectively, the "Parties").

WHEREAS, Pulitzer Inc. and Pulitzer Technologies, Inc. (collectively, the "Pulitzer Parties") and The Herald Company, Inc.("Herald" and, together with Pulitzer Parties, the "Permittees") have investigated the possibility of entering into a transaction involving their respective interests in the assets and operations of the St. Louis Post-Dispatch and certain related businesses (the "Transaction");

WHEREAS, the other Parties to this Agreement (collectively, the "Permitters") serve as advisors to either the Pulitzer Parties or Herald in connection with, or otherwise have participated in the planning, negotiation, organization or management of the proposed Transaction;

WHEREAS, the Parties hereto desire this Agreement to be an agreement described in Section 301.6111-2T(c)(2) of the Treasury Regulations authorizing relevant persons to make certain disclosures, and

WHEREAS, all of the Parties desire to confirm their understanding regarding the right of each Party to disclose information regarding the proposed Transaction;

NOW, THEREFORE, in consideration of the mutual covenants herein contained, the Parties hereby agree as follows:

1. Authorization of Disclosure. Subject to the applicable provisions of federal, state and other securities laws which may restrict or limit the disclosure of material non-public information, and subject to Section 6.1 of the Operating Agreement of St. Louis Post-Dispatch LLC, each of the Parties hereby confirms that it has granted to each Permittee permission to disclose the structure and tax aspects of the Transaction to any and all persons, without limitation of any kind.

2. Representations and Covenants.

(a) Each Party (other than the Permittees) hereby represents that, subject to (1) the applicable provisions of federal, state and other securities laws which may restrict or limit the disclosure of material non-public information, and (2) professional canons and rules limiting the disclosure of client confidences and client secrets without client consent, (i) such Party does not have any express or implied understanding or agreement with or for the benefit of any other

person which would render the Transaction "confidential" within the meaning of Section 301.6111-2T(c) of the Treasury Regulations and (ii) prior to the date hereof, such Party was not aware of any express or implied understanding or agreement with or for the benefit of any other person which would render the Transaction "confidential" within the meaning of Section 301.6111-2T(c) of the Treasury Regulations.

(b) Each Party (other than the Permittees) covenants that, subject to (1) the applicable provisions of federal, state and other securities laws which may restrict or limit the disclosure of material non-public information, (2) any other law, or order, judgment, or decree of any court or government agency that may limit the disclosure of information, and (3) professional canons and rules limiting the disclosure of client confidences and client secrets without client consent such Party will not enter into any express or implied understanding or agreement with or for the benefit of any other person which would render the Transaction "confidential" within the meaning of Section 301.6111-2T(c) of the Treasury Regulations.

3. Additional Parties. Each Party agrees that prior to the participation (within the meaning of the Treasury Regulations under Section 6111 of the Internal Revenue Code of 1986, as amended (the "Code")) in the Transaction of any person who is not a Party, directly or indirectly, such person shall be required to execute a copy of this Agreement as a condition to such Person's participation in the Transaction.

4. Privilege. Each Permittee acknowledges that (1) certain information regarding the Transaction is "secret" information but is not a "confidential" information that is subject to the attorney-client privilege or the privilege for confidential tax advice under Section 7525(a) of the Code, (2) if such Permittee did not execute this Non-Confidentiality Agreement, such Permittee's legal advisors would be obligated by professional rules and canons not to disclose such "secret" information, and (3) by executing this Non-Confidentiality Agreement, such Permittee hereby waives its rights to limit the disclosure of such "secret information" in respect of any information for which such waiver would be required to permit this Agreement to be an agreement described in Section 301.6111-2T(c)(2) of the Treasury Regulations. Notwithstanding anything to the contrary, this Agreement does not, and is not intended to, waive any Party's rights under the attorney-client privilege or the privilege for confidential tax advice under Section 7525(a) of the Code.

5. Governing Law. This Agreement shall be governed by and construed and enforced in accordance with the laws of the State of New York without giving effect to any choice of law provision or rule.

6. Amendment. This Agreement may be amended only with the written consent of each of the Parties.

7. Counterparts; parties. This Agreement may be executed in one or more counterparts, each of which shall be deemed an original, and all of which shall constitute one and the same Agreement. The agreement shall be effective among all parties who may from time to time execute the agreement, regardless of whether (x) any other parties named herein execute this Agreement or (y) any additional parties execute this Agreement.

8. Severability. The provisions of this Agreement shall be deemed severable and the invalidity or unenforceability of any provision shall not affect the validity or enforceability of the other provisions hereof.

[The remainder of this page is intentionally left blank]

IN WITNESS WHEREOF, the Parties hereto have executed this Agreement as of the day and year first written above.

PULITZER INC.

By: /s/ RONALD H. RIDGWAY
Name: **Ronald H. Ridgway**
Title: **Senior Vice President - Finance**

THE HERALD COMPANY, INC.

By: /s/ S.I. NEWHOUSE, JR.
Name: **S.I. Newhouse, Jr.**
Title: **Vice President**

DELOITTE &TOUCHE LLP

By: /s/ DONALD B. POLING
Name: **Donald B. Poling**
Title: **Partner**

FULBRIGHT & JAWORSKI L.L.P.

By: /s/ RICHARD A. PALMER
Name: **Richard A. Palmer**
Title: **Partner**

GOLDMAN, SACHS & CO.

By: /s/ GOLDMAN, SACHS & CO.
Name: **Ivan Ross**
Title: **Managing Director**

HUNTLIEGH SECURITIES CORPORATION

By: /s/ JAMES M. SNOWDEN, JR.
Name: **James M. Snowden, Jr.**
Title: **Executive Vice President**

KING & BALLOW

By: /s/ RICHARD C. LOWE
Name: **Richard C. Lowe**
Title: **Partner**

PAUL SCHERER & COMPANY LLP

By: /s/ PAUL L. NEWMAN
Name: **Paul L. Newman**
Title: **Partner**

SABIN, BERMANT & GOULD

By: /s/ CRAIG D. HOLLEMAN
Name: **Craig D. Holleman**
Title: **Partner**

Dow Lohnes & Albertson

By: /s/ J. MICHAEL HINES
Name: **J. Michael Hines**
Title: **Member**

FRIED, FRANK, HARRIS, SHRIVER & JACOBSON

By: /s/ STUART Z. KATZ
Name: **Stuart Z. Katz**
Title: **Partner**

EMPLOYMENT AGREEMENT

Agreement, made and entered into on the 26 day of August, 1998, by and between PULITZER INC., a Delaware corporation with its principal offices in St. Louis, Missouri (the "Company"), and TERRY EGGER, a resident of the State of Missouri ("Egger").

1. Employment. The Company will employ Egger, and Egger will be employed by the Company, upon the terms and conditions set forth in this Agreement.

2. Term of Employment. Egger's employment under this Agreement will begin immediately following the closing (the "Closing") of the transactions contemplated by the Agreement and Plan of Merger dated May 25, 1998, by and among Pulitzer Publishing Company ("PPC"), the Company, and Hearst-Argyle Television Inc., if such closing occurs, and will continue for an initial term of three year. The term will automatically continue for successive one-year periods thereafter; provided, however, that either party may terminate this Agreement at the end of the initial term or the end of any subsequent one-year renewal term by giving at least 60 days' prior written notice of such termination to the other party.

3. Position, Duties and Responsibilities. Egger will serve as a Vice President of the Company and as general manager of the St. Louis Post Dispatch, or in such other executive position as the Board of Directors of the Company (the "Board") may determine. Egger will devote substantially all of his business time and attention to the performance of his duties and responsibilities under this Agreement. Egger may engage in personal, charitable, investment, professional and other activities to the extent such activities do not prevent him from properly fulfilling his obligations to the Company under this Agreement.

4. Compensation.

(a) Base Salary. The Company will pay salary to Egger at an annual rate of $240,000, in accordance with its regular payroll practices. The Board will review Egger's salary at least annually. The Board, acting in its discretion, may increase (but may not decrease) the annual rate of Egger's salary in effect at any time.

(b) Annual Incentive Awards. Egger will participate in any bonus plan that may be established by the Company on the same basis as other executives. Egger will be eligible for an annual target incentive opportunity of 30% of salary, increasing to 40% of salary effective January 1, 1999, on a basis that is consistent with the annual incentive opportunity currently afforded Egger by PPC under PPC's executive annual incentive plan. Annual incentive awards will be payable promptly after the end of the year for which they are earned, subject to deferral requirements that may be imposed by the Company in order to preserve its income tax deduction or elective deferral opportunities that may be afforded by the Company.

(c) Employee Benefit Programs. Egger will be entitled to participate in such employee retirement, pension, welfare and fringe benefit plans, arrangements and programs of the Company as are made available to the Company's employees generally. Egger will be entitled to participate in any stock option, restricted stock or other equity-based plans or programs of the Company that are made available to other executives of the Company. Subject to stockholder approval of the Company's restricted stock plan, Egger will be awarded restricted shares of Company stock with a value (determined at the close of business on the first trading day following the date of the Closing) of $240,000, subject to vesting upon completion of the stated term of this Agreement.

(d) PPC SERP. The Company will assume the obligations of PPC to Egger for benefits accrued by Egger under PPC's Supplemental Executive Benefit Pension Plan ("SERP") prior to the Closing. After the Closing, the Company will either assume and continue to maintain the SERP for the benefit of its eligible employees (including Egger) or will establish another plan or arrangement that will provide Egger with continuing future benefits and accruals that are at least as favorable as would have been provided under the terms of the SERP in effect immediately prior to the Closing.

5. Reimbursement of Business Expenses. Egger is authorized to incur reasonable expenses in carrying out his duties and responsibilities under this Agreement, and the Company will promptly reimburse him for all such expenses that are so incurred upon presentation of appropriate vouchers or receipts, subject to the Company's expense reimbursement policies in effect from time to time.

6. Termination of Employment.

(a) Death. If Egger's employment with the Company terminates before the end of the term by reason of his death, then, as soon as practicable thereafter, the Company will pay to his estate an amount equal to his "Accrued Compensation" (defined below). Egger's spouse and covered dependents will be entitled to continue to participate in the Company's group health plan(s) at the same benefit level at which they participated immediately before Egger's death for a period of at least one year after Egger's death or, if longer, for the balance remaining in the term of this Agreement at the time of his death, and, thereafter, for such additional continuation period as may be available under COBRA or under any post-retirement group health plan or arrangement in which Egger participated prior to his death. For the purposes of this Agreement, the term "Accrued Compensation" means, as of any date, the amount of any unpaid salary earned by Egger through that date, plus a pro rata amount of Egger's target annual incentive award for the year in which such date occurs, plus any additional amounts and/or benefits payable to or in respect of Egger under and in accordance with the provisions of any employee plan, program or arrangement under which Egger is covered immediately prior to his death.

(b) Disability. If the Company terminates Egger's employment by reason of Egger's "disability" (defined below), then Egger will be entitled to (1) his Accrued Compensation through his employment termination date, (2) continuing salary payments (at the rate in effect at the time his employment terminates), reduced by any amounts payable to him pursuant to a Company-sponsored long term disability program, during the one-year period following the termination of his employment, and (3) continuing participation in the Company's group health plan(s) at the same benefit level at which he and his covered dependent(s) participated immediately before the termination of his employment for a period of at least one year after such termination or, if longer, for the balance remaining in the term of this Agreement at the time of such termination of employment, and, thereafter, for such additional continuation period as may be available under COBRA or under any post-retirement group health plan or arrangement in which Egger participated prior to the termination of his employment by reason of his disability. For purposes of this Agreement, the term "disability" means the inability of Egger to substantially perform the customary duties of his employment for the Company for a period of at least 120 consecutive days by reason of a physical or mental incapacity which is expected to result in death or last indefinitely.

(c) Termination by the Company for Cause or Voluntary Termination by Egger. If the Company terminates Egger's employment for "cause" (defined below) or if Egger terminates his employment without "Good Reason" (as defined in subsection(d) below) before the end of the stated term that is then in effect, then Egger will be entitled to receive his Accrued Compensation

through the date his employment terminates, determined without regard to pro rata bonus, and nothing more. For purposes of this Agreement, the Company may terminate Egger's employment for "cause" if (1) Egger commits a felony involving moral turpitude, or (2) Egger fails to carry out the duties and responsibilities of his employment due to his willful gross neglect or willful gross misconduct which cannot be cured or which, if curable, is not cured within 30 days after receipt of written notice by the Company and a reasonable opportunity to appeal to the Board (in person or through a representative), provided that, in either case (1 or 2), Egger's conduct results in material harm to the financial condition or reputation of the Company.

(d) Termination by the Company Without Cause or by Egger for Good Reason. If Egger's employment is terminated by the Company without Cause or by Egger for "Good Reason" (defined below), then Egger will be entitled to receive (1) Accrued Compensation through the termination date, (2) continued salary for a period of six months after the termination date (or, if longer, for the balance of the then term of this Agreement) at his annual rate of salary in effect immediately prior to the termination date, (3) a single sum payment in an amount equal to 40% of the highest annual rate of salary in effect before the termination date (or, if higher, the highest annual incentive award paid or payable to Egger for any of the three preceding years (including, for this purpose, employment with PPC) multiplied by the number of years (including fractions of a year) covered by the period described in (2), (4) continued participation in the Company's group health plan(s) at the same benefit level at which he and his covered dependent(s) participated immediately before the termination of his employment for a period of at least one year after such termination or, if longer, for the balance remaining in the term of this Agreement at the time of such termination of employment, and, thereafter, for such additional continuation period as may be available under COBRA or under any post-retirement group health plan or arrangement in which Egger participated prior to the termination of his employment, (5) continued participation for at least one year or, if longer, for the then balance remaining in the term of this Agreement in the Company's life insurance plans at the same benefit level in effect immediately prior to the termination date, (6) elimination of all restrictions, other than those required by law, on any restricted or deferred stock awards previously granted to Egger and outstanding at the time of his termination of employment; and (7) immediate vesting of all stock options previously granted to Egger and outstanding at the time of his termination of employment. For the purposes of this Agreement, Egger may terminate his employment for "Good Reason" if

(A) the Company materially diminishes Egger's duties, responsibilities or employment conditions in a manner which is inconsistent with the provisions hereof or with his status as a senior executive officer of the Company or which has or reasonably can be expected to have a material adverse effect on Egger's status or authority within the Company;

(B) the Company wilfully fails or refuses to satisfy any of its compensation obligations under this Agreement; or

(C) the Company fails to perform or breaches its obligations under any other material provision of this Agreement and does not correct such failure or breach (if correctable) within 30 days following notice thereof by Egger to the Company.

8. No Mitigation; No Offset. Egger will have no obligation to seek other employment or to otherwise mitigate the Company's obligations to him arising from the termination of his employment, and no amounts paid or payable to Egger by the Company under this Agreement shall

be subject to offset for any remuneration to which Egger may become entitled from any other source after his employment with the Company terminates, whether attributable to subsequent employment, self-employment or otherwise

9. Confidential Information; Cooperation with Regard to Litigation.

(a) Nondisclosure of Confidential Information. During the term of his employment and thereafter, Egger will not, without the prior written consent of the Company, disclose to anyone (except in good faith in the ordinary course of business to a person who will be advised by Egger to keep such information confidential) or make use of any Confidential Information (as defined below) except in the performance of his duties hereunder or when required to do so by legal process, by any governmental agency having supervisory authority over the business of the Company or by any administrative or legislative body (including a committee thereof) that requires him to divulge, disclose or make accessible such information. In the event that Egger is so ordered, he will give prompt written notice to the Company in order to allow the Company the opportunity to object to or otherwise resist such order.

(b) Definition of Confidential Information. For purposes of this Agreement, the term "Confidential Information" means information concerning the business of the Company or any corporation or other entity that is controlled, directly or indirectly, by the Company relating to any of its or their products, product development, trade secrets, customers, suppliers, finances, and business plans and strategies. Excluded from the definition of Confidential Information is information (1) that is or becomes part of the public domain, other than through the breach of this Agreement by Egger or (2) regarding the Company's business or industry properly acquired by Egger in the course of his career as an executive in the Company's industry and independent of Egger's employment by the Company or PPC. For this purpose, information known or available generally within the trade or industry of the Company or any subsidiary shall be deemed to be known or available to the public.

(c) Post-Termination Assistance. Egger will cooperate with the Company, during the term of his employment and thereafter (including following Egger's termination of employment for any reason), by making himself reasonably available to testify on behalf of the Company or any subsidiary of the Company in any action, suit, or proceeding, whether civil, criminal, administrative, or investigative, and to reasonably assist the Company or any such subsidiary in any such action, suit, or proceeding by providing information and meeting and consulting with the Board or its representatives or counsel, or representatives or counsel to the Company or any such subsidiary, as reasonably requested; provided, however, that the same does not materially interfere with his then current professional activities. The Company will reimburse Egger, on an after-tax basis, for all expenses reasonably incurred by him in connection with his provision of testimony or assistance.

10. Non-solicitation. During the term of his employment and for a period of 24 months thereafter, Egger will not induce or solicit, directly or indirectly, any employee of the Company or any subsidiary of the Company to terminate his or her employment with the Company or any such subsidiary.

11. Remedies. If Egger commits a material breach of any of the provisions contained in sections 9 or 10 above, then (a) the Company will have the right to immediately terminate all payments and benefits which remain due under this Agreement, and (b) the Company will have the right to seek injunctive relief. Egger acknowledges that such a breach of sections 9 or 10 could

cause irreparable injury and that money damages may not provide an adequate remedy for the Company. Nothing contained herein will prevent Egger from contesting any such action by the Company on the ground that no violation or threatened violation of section 9 or 10 has occurred.

12. Resolution of Disputes. Any controversy or claim arising out of or relating to this Agreement or any breach or asserted breach hereof or questioning the validity and binding effect hereof arising under or in connection with this Agreement, other than seeking injunctive relief under section 11, shall be resolved by binding arbitration, to be held in St. Louis in accordance with the rules and procedures of the American Arbitration Association. Judgment upon the award rendered by the arbitrator(s) may be entered in any court having jurisdiction thereof. Pending the resolution of any arbitration or court proceeding, the Company will continue payment of all amounts and benefits due Egger under this Agreement. All costs and expenses of any arbitration or court proceeding (including fees and disbursements of counsel) shall be borne by the respective party incurring such costs and expenses, but the Company shall reimburse Egger for such reasonable costs and expenses in the event he substantially prevails in such arbitration or court proceeding.

13. Indemnification.

(a) Company Indemnity. If Egger is made a party, or is threatened to be made a party, to any action, suit or proceeding, whether civil, criminal, administrative or investigative (a "Proceeding"), by reason of the fact that he is or was a director, officer or employee of the Company, PPC or any subsidiary or affiliate thereof or was serving at the request of the Company or any subsidiary or affiliate as a director, officer, member, employee or agent of another corporation, partnership, joint venture, trust or other enterprise, including service with respect to employee benefit plans, whether or not the basis of such Proceeding is Egger's alleged action in an official capacity while serving as a director, officer, member, employee or agent, then the Company will indemnify Egger and hold him harmless to the fullest extent legally permitted or authorized by the Company's certificate of incorporation or bylaws or resolutions of the Company's Board or, if greater, by the laws of the State of Delaware, against all cost, expense, liability and loss (including, without limitation, attorney's fees, judgments, fines, ERISA excise taxes or penalties and amounts paid or to be paid in settlement) reasonably incurred or suffered by Egger in connection therewith, except to the extent attributable to Egger's gross negligence or fraud), and such indemnification shall continue as to Egger even if he has ceased to be a director, member, officer, employee or agent of the Company or other entity and shall inure to the benefit of Egger's heirs, executors and administrators. The Company will advance to Egger all reasonable costs and expenses to be incurred by him in connection with a Proceeding within 20 days after receipt by the Company of a written request for such advance. Such request shall include an undertaking by Egger to repay the amount of such advance if it shall ultimately be determined that he is not entitled to be indemnified against such costs and expenses. The provisions of this section shall not be deemed exclusive of any other rights of indemnification to which Egger may be entitled or which may be granted to him and shall be in addition to any rights of indemnification to which he may be entitled under any policy of insurance.

(b) No Presumption Regarding Standard of Conduct. Neither the failure of the Company (including its Board, independent legal counsel or stockholders) to have made a determination prior to the commencement of any proceeding concerning payment of amounts claimed by Egger under the preceding subsection (a) of this section that indemnification of Egger is proper because he has met the applicable standard of conduct, nor a determination by the Company (including its Board,

independent legal counsel or stockholders) that Egger has not met such applicable standard of conduct, shall create a presumption that Egger has not met the applicable standard of conduct.

(c) Liability Insurance. The Company will continue and maintain a directors and officers' liability insurance policy covering Egger to the extent the Company provides such coverage for its other senior Egger officers.

14. Effect of Agreement on Other Benefits. Except as specifically provided in this Agreement, the existence of this Agreement shall not be interpreted to preclude, prohibit or restrict Egger's participation in any other employee benefit or other plans or programs in which he currently participates.

15. Assignment; Binding Nature. This Agreement shall be binding upon and inure to the benefit of the parties and their respective successors, heirs (in the case of Egger) and permitted assigns. No rights or obligations of the Company under this Agreement may be assigned or transferred by the Company except that such rights or obligations may be assigned or transferred to the successor of the Company or its business if the assignee or transferee assumes the liabilities, obligations and duties of the Company, as contained in this Agreement, either contractually or as a matter of law; provided, however, that no such assignment or transfer will relieve the Company from its payment obligations hereunder in the event the transferee or assignee fails to timely discharge them. No rights or obligations of Egger under this Agreement may be assigned or transferred by him other than his rights to compensation and benefits, which may be transferred only by will or operation of law, except as otherwise specifically provided or permitted hereunder.

16. Representations. The Company represents and warrants that it is fully authorized and empowered to enter into this Agreement and that the performance of its obligations under this Agreement will not violate any Agreement between it and any other person, firm or organization. Egger represents and warrants that there is no legal or other impediment which would prohibit him from entering into this Agreement or which would prevent him from performing the duties of his employment hereunder.

17. Entire Agreement. This Agreement contains the entire understanding and agreement between the parties concerning the subject matter hereof and supersedes all prior agreements, understandings, discussions, negotiations and undertakings, whether written or oral, between the Parties with respect thereto.

18. Amendment or Waiver. No provision in this Agreement may be amended unless such amendment is agreed to in writing and signed by Egger and an authorized officer of the Company. Except as set forth herein, no delay or omission to exercise any right, power or remedy accruing to any Party shall impair any such right, power or remedy or shall be construed to be a waiver of or an acquiescence to any breach hereof. No waiver by either party of any breach by the other Party of any condition or provision contained in this Agreement to be performed by such other Party shall be deemed a waiver of a similar or dissimilar condition or provision at the same or any prior or subsequent time. Any waiver must be in writing and signed by Egger or an authorized officer of the Company, as the case may be.

19. Severability. In the event that any provision or portion of this Agreement shall be determined to be invalid or unenforceable for any reason, in whole or in part, the remaining

provisions of this Agreement shall be unaffected thereby and shall remain in full force and effect to the fullest extent permitted by law.

20. Survivorship. The respective rights and obligations of the parties hereunder shall survive any termination of Egger's employment to the extent necessary to the intended preservation of such rights and obligations.

21. Beneficiaries/References. Egger shall be entitled, to the extent permitted under any applicable law, to select and change a beneficiary or beneficiaries to receive any compensation or benefit payable hereunder following Egger's death by giving the Company written notice thereof. In the event of Egger's death or a judicial determination of his incompetence, reference in this Agreement to Egger shall be deemed, where appropriate, to refer to his beneficiary, estate or other legal representative.

22. Governing Law. This Agreement shall be governed by and construed and interpreted in accordance with the laws of Delaware without reference to principles of conflict of laws.

23. Notices. Any notice given to a party shall be in writing and shall be deemed to have been given when delivered personally or sent by certified or registered mail, postage prepaid, return receipt requested, duly addressed to the party concerned at the address indicated below or to such changed address as such party may subsequently give such notice of:

If to the Company:	Pulitzer Inc. 900 North Tucker Boulevard St. Louis, Missouri 63101 Attention: Secretary
If to Egger:	Terry Egger 822 Questover Lane St. Louis, Missouri 63141

IN WITNESS WHEREOF, the undersigned have executed this Agreement on the date first above written.

PULITZER INC.

By: /s/ MICHAEL E. PULITZER

/s/ TERRY EGGER
Terry Egger

PULITZER INC.

EXECUTIVE TRANSITION PLAN

1. Purpose. The purpose of the Plan is to establish equitable and comprehensive parameters for providing severance protection to covered executives.

2. Definitions.

(a) “Accrued Compensation” means, with respect to a Participant as of the termination of the Participant’s employment with the Company and its Affiliates, any previously earned and unpaid base salary or commissions, accrued and unpaid bonus for the preceding year, and additional entitlements under any employee plan, program or arrangement of the Company or an Affiliate (other than the Plan).

(b) “Affiliate” means any entity at least 50% of the voting, capital or profits interests of which is owned directly or indirectly by the Company.

(c) “Benefit Continuation” means continuing coverage for a Participant and, where applicable, the Participant’s covered spouse and covered eligible dependents under each of the Company’s group health and group life insurance plans for such period following the termination of the Participant’s employment with the Company and its Affiliates as is specified in Section 5 or 6 herein with respect to such termination of employment (or, if sooner, until corresponding coverage is obtained under a successor employer’s plan) at the same benefit and contribution levels in effect immediately prior to such termination of employment or, to the extent not permitted by the plan or by applicable law, cash payments sufficient to enable the Participant and/or the Participant’s covered spouse and covered eligible dependents, on an after tax basis, to obtain comparable individual coverage through the end of such period. The continuing group health plan coverage component of a Participant’s Benefit Continuation will be made available in addition to and not in lieu of COBRA continuation coverage.

(d) “Board” means the Board of Directors of the Company.

(e) “Cause” means (1) the commission of a felony involving moral turpitude, (2) the willful and repeated failure or refusal to carry out the material responsibilities of a Participant’s employment with the Company or an Affiliate, or (3) any other willful misconduct or pattern of behavior which has had or is reasonably likely to have a significant adverse effect on the Company or an Affiliate, all as determined by the Board acting in its sole discretion. Notwithstanding the preceding sentence, if there is a written employment agreement in effect between a Participant and the Company or an Affiliate that defines the term “cause” (or a term of like import) in a similar context, then, with respect to that Participant, the term Cause, as used in such context herein, shall have the meaning ascribed to such term under the Participant’s employment agreement.

(f) “Change in Control” means the occurrence of any of the following after June 30, 2001:

(i) any person (within the meaning of Section 13(d)(3) or 14(d)(2) of the Securities Exchange Act of 1934, as amended (“Exchange Act”)) becomes the beneficial owner (within the meaning of Rule 13d-3 promulgated under the Exchange Act) of 40% or more of the combined voting power of the then outstanding voting securities of the Company, other than (1) a person who is the beneficial owner of shares of Class B Common Stock of the Company, or (2) as a result of inheritance;

(ii) a consolidation, merger or reorganization involving the Company, unless (1) the stockholders of the Company immediately before such consolidation, merger or reorganization own, directly or indirectly, at least a majority of the combined voting power of the outstanding voting securities of the corporation resulting from such consolidation, merger or reorganization, (2) individuals who were members of the Board immediately prior to the execution of the agreement providing for such consolidation, merger or reorganization constitute a majority of the board of directors of the surviving corporation or of a corporation directly or indirectly beneficially owning a majority of the voting securities of the surviving corporation, and (3) no person beneficially owns more than 40% of the combined voting power of the then outstanding voting securities of the surviving corporation (other than a person who is (A) the Company or a subsidiary of the Company, (B) an employee benefit plan maintained by the Company, the surviving corporation or any subsidiary, or (C) the beneficial owner of 40% or more of the combined voting power of the outstanding voting securities of the Company immediately prior to such consolidation, merger or reorganization);

(iii) individuals who, as of July 1, 2001, constitute the entire Board (the “Incumbent Board”) cease for any reason to constitute a majority of the Board, provided that any individual becoming a director subsequent to July 1, 2001 whose election, or nomination for election by the Company’s stockholders, was approved by a vote of at least two-thirds of the directors then comprising the Incumbent Board shall be considered as though such individual were a member of the Incumbent Board;

(iv) approval by the stockholders of the Company of a complete liquidation or dissolution of the Company, or a sale or other disposition of all or substantially all of the assets

of the Company (other than to an entity described in (f)(ii) above; or

(v) any other event or transaction which the Board, acting in its discretion and with a view toward carrying out the purposes of the Plan, designates is a Change in Control.

Notwithstanding the foregoing, if there is a written employment or other agreement in effect between a Participant and the Company or an Affiliate that defines the term "change in control" or a term of like import in a similar context, then, for the purposes of applying the provisions hereof with respect to that Participant, the term Change in Control, as used in such context herein, shall have the meaning ascribed to such term under such agreement.

(g) "Code" means the Internal Revenue Code of 1986, as amended.

(h) "Committee" means the Compensation Committee of the Board.

(i) "Company" means Pulitzer Inc., a Delaware corporation, and any successor thereto.

(j) "Disability" means the inability of a Participant to substantially perform the customary duties and responsibilities of the Participant's employment with the Company or an Affiliate for a period of at least 120 consecutive days by reason of a physical or mental incapacity which is expected to result in death or last indefinitely.

(k) "ERISA" means the Employee Retirement Income Security Act of 1974, as amended.

(l) "Good Reason" means the occurrence of any of the following without the written consent of the Participant: (1) a material diminution by the Company or an Affiliate of the Participant's duties or responsibilities in a manner which is inconsistent with his or her position or which has or is reasonably likely to have a material adverse effect on the Participant's status or authority; (2) a material diminution of a Participant's working conditions (including, without limitation, relocation by more than 50 miles of the Participant's principal place of business); (3) a reduction by the Company or an Affiliate of a Participant's rate of salary or annual incentive opportunity or a breach by the Company or any of its Affiliates of a material provision of any written employment or other agreement with the Participant which is not corrected within 15 days following notice thereof by the Participant to the Company; or (4) any other event specified in the Plan Certificate as constituting Good Reason. Notwithstanding the preceding sentence, if there is a written employment agreement in effect between a Participant and the Company or an Affiliate that defines the term "good reason" (or a term of like import) in a similar context, then, for the purpose of applying the provisions hereof with respect to that Participant, the term Good Reason as used in such similar context herein, shall have the meaning ascribed to that term under such employment agreement.

(m) "Participant" means an individual who is designated as such in accordance with Section 4.

(n) “Plan” means the Pulitzer Inc. Executive Transition Plan the terms of which are set forth herein.

(o) “Plan Certificate” means a written agreement or certificate setting forth the rights of a Participant under the Plan, which rights will be fixed by the Committee or the Board in accordance with the provisions hereof.

(p) “Pro Rata Cash Bonus” means a Participant’s target annual bonus under the Company’s executive incentive compensation plan for the year in which his or her employment is terminated (or, if greater, the actual annual bonus earned by the Participant under that plan for such year) multiplied by a fraction, the numerator of which is the number of days from the beginning of the fiscal year through the termination date, and the denominator of which is the total number of days in the fiscal year.

(q) “Total Cash Compensation” means, as of the effective date of the termination of a Participant’s employment with the Company and its Affiliates, the sum of: (1) the Participant’s highest annual rate of salary at any time during the preceding 24 months, and (2) the Participant’s average annual cash incentive bonus under the Company’s executive incentive compensation plan for the preceding three fiscal years (or such lesser number of full fiscal years of the Participant’s employment with the Company and/or an Affiliate). If a Participant’s employment terminates during the same fiscal year in which it begins, then the bonus component of the Participant’s Total Cash Compensation will be the Participant’s annualized target bonus for such year.

3. Administration.

(a) The Committee. The Plan shall be administered by the Committee. Subject to the provisions of the Plan, the Committee, acting in its sole and absolute discretion, shall have full power and authority to interpret, construe and apply the provisions of the Plan and to take such actions as it deems necessary or appropriate in order to carry out the provisions of the Plan. A majority of the members of the Committee will constitute a quorum. The Committee may act by the vote of a majority of its members present at a meeting at which there is a quorum or by unanimous written consent. The decision of the Committee as to any disputed question, including questions of construction, interpretation and administration of the Plan or any Plan Certificate, shall be final and conclusive on all persons. The Committee shall keep a record of its proceedings and acts and shall keep or cause to be kept such books and records as may be necessary in connection with the proper administration of the Plan. The Committee may delegate to other persons, including, without limitation, employees of the Company or an Affiliate, such duties and functions as it deems appropriate in connection with the administration of the Plan.

(b) Indemnification. The Company shall indemnify and hold harmless each member of the Committee and any employee or director of the Company or an Affiliate to whom any duty or function relating to the administration of the Plan is delegated from and against any loss, cost, liability (including any sum paid in settlement of a claim with the approval of the Board), damage and expense (including legal and other expenses incident thereto) arising out of

or incurred in connection with the Plan, unless and except to the extent attributable to such person's fraud or willful misconduct.

4. Participation.

(a) Eligibility to Participate. Senior executive officers and other key executive or management employees of the Company or an Affiliate are eligible to become Participants in the Plan. An eligible employee will become a Participant if (and only if) he or she is designated as a Participant by the Committee.

(b) Notice of Participation. The Company will provide written notification to each eligible employee who is designated as a Participant in the Plan. Subject to the provisions of the Plan, the Committee (or, where applicable, the Board) will fix the terms and conditions of an individual's participation in the Plan, which terms and conditions need not be the same for each Participant. The terms and conditions applicable to a Participant will be set forth in a separate Plan Certificate.

5. General Severance Protection. Subject to Section 9 (relating to other agreements which may govern), the provisions of this Section 5 shall apply upon the termination of a Participant's employment with the Company and its Affiliates unless and except to the extent that Section 6 (relating to severance protection upon termination of a Participant's employment in conjunction with a Change in Control) specifically applies.

(a) Termination by the Company or an Affiliate without Cause. If a Participant's employment is terminated by the Company or an Affiliate without Cause, then, subject to Section 10 (relating to the execution and delivery of a release of claims), the Participant shall be entitled to receive the following payments and benefits:

(i) the Participant's Accrued Compensation;

(ii) the Participant's Pro Rata Cash Bonus;

(iii) an amount equal to the Participant's Total Cash Compensation multiplied by 1.0 (or such greater multiplier, not to exceed 3.0, as may be set forth in the Plan Certificate), which amount shall be payable to the Participant in equal monthly or more frequent installments over a period of years equal in number to the multiplier used to calculate such amount, or, if the Committee or the Board so determines, in a single lump sum; and

(iv) Benefit Continuation for a period of years equal in number to the multiplier under Section 5(a)(iii).

(b) Disability or Death. If a Participant's employment is terminated by the Company or an Affiliate due to the Participant's Disability or if the Participant's employment terminates by reason of death, then the Participant (or the deceased Participant's beneficiary) shall be entitled to receive the following payments and benefits:

(i) the Participant's Accrued Compensation;

(ii) the Participant's Pro-Rata Cash Bonus; and

(iii) Benefit Continuation for a period of years equal in number to the multiplier under Section 5(a)(iii) (exclusive of life insurance for a deceased Participant).

(c) Termination by Company or an Affiliate for Cause or Voluntary Termination by the Participant. If a Participant's employment is terminated by the Company or an Affiliate for Cause or is voluntarily terminated by the Participant (for any reason, including Good Reason, or no reason), the Participant shall be entitled to receive his or her Accrued Compensation, subject to set off for amounts owed by the Participant to the Company or an Affiliate, and, except as otherwise specifically provided in his or her Plan Certificate with respect to a termination by the Participant for Good Reason, the Company and its Affiliates shall have no further obligation to the Participant under the Plan.

6. Termination in Conjunction with a Change in Control. Subject to Section 9 (relating to other agreements which may govern), if a Change in Control occurs, the provisions of this Section 6 will apply with respect to the termination of a Participant's employment during the period beginning on the date of the definitive agreement pursuant to which the Change in Control is consummated and ending on the second anniversary of the Change in Control. If a Participant is entitled to receive payments and benefits under this Section 6 due to a termination of employment in conjunction with a subsequent Change in Control and if, with respect to such termination of employment, the Participant receives payments or benefits under Section 5, then the payments and benefits to which the Participant is entitled under this Section 6 will be reduced by the payments and benefits which the Participant has received under Section 5.

(a) Termination by the Company or an Affiliate without Cause or by the Participant for Good Reason. If a Participant's employment is terminated by the Company or an Affiliate without Cause or by the Participant for Good Reason (which, if so provided in his or her Plan Certificate, shall include a voluntary termination by the Participant during a specified period following the Change in Control), then, subject to Section 8 (relating to the avoidance of excise tax liability) and Section 10 (relating to the execution and delivery of a release of claims), the Participant shall be entitled to receive the following payments and benefits:

(i) the Participant's Accrued Compensation;

(ii) the Participant's Pro-Rata Cash Bonus;

(iii) an amount equal to the Participant's Total Cash Compensation multiplied by 1.5 (or such greater multiplier not to exceed 3.0 as may be set forth in the Plan Certificate), which amount shall be payable in a lump sum in cash within 10 business days following the date of the Participant's termination of employment or, if later, the date of the Change in Control;

(iv) Benefit Continuation for a period of years equal in umber to the multiplier under Section 6(a))(iii); and

(v) if and to the extent the Committee or the Board so determines, accelerated vesting and other pension enhancements under the Company's Supplemental Executive Benefit Pension Plan.

(b) Disability or Death. If a Participant's employment is terminated by the Company or an Affiliate due to the Participant's Disability, or if the Participant's employment terminates by reason of death, then the Participant (or the deceased Participant's beneficiary) shall be entitled to receive the following payments and benefits:

(i) the Participant's Accrued Compensation;

(ii) the Participant's Pro-Rata Cash Bonus;

(iii) Benefit Continuation for a period of years equal in number to the multiplier under Section 6(a)(iii) (exclusive of life insurance for a deceased Participant);

(iv) if and to the extent the Committee or the Board so determines, accelerated vesting and other benefit enhancements under the Company's Supplemental Executive Benefit Pension Plan.

(c) Termination by the Company or an Affiliate for Cause or Termination by the Participant without Good Reason. If a Participant's employment is terminated by the Company or an Affiliate for Cause or is voluntarily terminated by the Participant without Good Reason (as modified by Section 6(a) above), the Participant shall be entitled to receive his or her Accrued Compensation through the date of termination, subject to set off for amounts owed by the Participant to the Company or an Affiliate, and neither the Company nor any Affiliate shall have any further obligation to the Participant under the Plan.

7. Effect of a Change in Control on Options and Other Equity-Based Awards. All outstanding Company stock options and other Company equity-based awards held by a Participant shall become fully vested immediately before the occurrence of a Change in Control if (a) the Participant is then still employed by the Company or an Affiliate; or (b) the Participant is entitled to payments and benefits under Section 6(a) as a result of the termination of his or her employment during the pre-Change in Control severance protection period described in Section 6. If a Participant becomes vested in a stock option or other equity-based award pursuant to part (b) of the preceding sentence, then, before the Change in Control, the Company will either reinstate the option or award to the extent it would otherwise not be vested, or make a cash payment to the Participant equal to the intrinsic value of the non-vested portion of the option or award based upon the then value per share of the Company's Common Stock. The vesting and other terms and conditions of a Participant's stock options and other equity-based awards will continue to govern except as otherwise specifically provided by this Section 7.

8. 280G Limitation. If a Participant is entitled to receive payments and benefits under the Plan and if, when combined with the payments and benefits the Participant is entitled to receive under any other plan, program or arrangement of the Company or an Affiliate, the Participant would be subject to excise tax under Section 4999 of the Code, then, unless and except to the extent the Board approves a gross-up or other remedial provision set forth in the

Participant's Plan Certificate, the severance amounts otherwise payable to the Participant under Section 6 of the Plan will be reduced by the minimum amount necessary to ensure that the Participant will not be subject to such excise tax.

9. Effect of Other Agreements. Notwithstanding the provisions hereof or of any Plan Certificate issued hereunder, the post-termination payment and benefit provisions of a Participant's written employment or other agreement with the Company or an Affiliate (if any) will govern (in lieu of the provisions hereof or of such award) if and to the extent that, with respect to the Participant's termination of employment, the provisions of such employment agreement would provide greater payments or benefits to the Participant (or to the Participant's covered dependents or beneficiaries). If any termination or severance payments or benefits are made or provided to a Participant by the Company or any or its Affiliates pursuant to a written employment or other agreement with the Company or an Affiliate, such payments and benefits shall reduce the amount of the comparable payments and benefits payable hereunder.

10. Release of Claims. Notwithstanding anything herein to the contrary, the Committee or the Board may condition severance payments or benefits otherwise payable under the Plan to a Participant (or beneficiary of a deceased Participant) on the Participant's (or beneficiary's) execution and delivery of a general release in favor of the Company, its Affiliates and their officers, directors and employees, in such form as the Board or the Committee may specify. Any payment or benefit that is so conditioned may be deferred until the expiration of the seven day revocation period prescribed by the Age Discrimination in Employment Act of 1967, as amended, or any similar revocation period in effect on the effective date of the termination of the Participant's employment.

11. No Duty to Mitigate/Set Off. Except as otherwise provided in the Participant's employment or other agreement or in the Plan Certificate, a Participant entitled to receive any payment or benefits hereunder shall not be required to seek other employment or to attempt in any way to reduce any amounts payable to him or her pursuant to the Plan and the payments and benefits payable hereunder shall not be reduced by any compensation earned by the Participant as a result of employment or consultancy with another person.

12. Funding. The Plan shall be funded out of the general assets of the Company as and when benefits are payable under the Plan. All Participants shall be general unsecured creditors of the Company. If the Company decides in its sole discretion to establish any advance accrued reserve on its books against the future expense of benefits payable hereunder, or if the Company decides in its sole discretion to fund a trust under the Plan, such reserve or trust shall not under any circumstances be deemed to be an asset of the Plan.

13. Amendment and Termination. The Board may amend or terminate the Plan and, pursuant to its authority hereunder, the Board or the Committee may amend a Participant's Plan Certificate, provided, however, that, any such action which would have the effect of reducing or diminishing a Participant's entitlements under the Plan or the Participant's Plan Certificate, as the case may be, shall not be effective with respect to the Participant (a) if his or her employment terminates before or within six months after the date such action is taken and written notice thereof is furnished to the Participant, and/or (b) prior to the second anniversary of a Change in Control if such action is taken (1) on the day of or subsequent to the Change in Control, (2) prior

to the Change in Control, but at the request of a third party participating directly or indirectly in the Change in Control, or (3) otherwise in connection with or in anticipation of the Change in Control.

14. Successors and Beneficiaries.

(a) Successors and Assigns of Company. The Company shall require any successor or assignee, whether direct or indirect, by purchase, merger, consolidation or otherwise, to all or substantially all the business or assets of the Company, expressly and unconditionally to assume and agree to perform or cause to be performed the Company's obligations under the Plan and each Plan Certificate in the same manner and to the same extent that the Company would be required to perform if no such succession or assignment had taken place. In any such event, the term "Company," as used in the Plan and each Plan Certificate, shall mean the Company, as defined above and any such successor or assignee.

(b) Beneficiary of Deceased Participant. For the purposes hereof, a deceased Participant's beneficiary will be the person or persons designated as such in a written Plan beneficiary designation filed with the Committee, which may be revoked or revised in the same manner at any time prior to the Participant's death. In the absence of a properly filed written Plan beneficiary designation or if no designated beneficiary survives the Participant, the deceased Participant's estate will be deemed to be the Participant's beneficiary hereunder.

15. Miscellaneous.

(a) Nonassignability. With the exception of a Participant's beneficiary designation, no Participant or beneficiary may pledge, transfer or assign in any way his or her right to receive payments under the Plan, and any attempted pledge, transfer or assignment shall be void and of no force or effect.

(b) Legal Fees to Enforce Rights after a Change in Control. If, following a Change in Control, the Company fails to comply with any of its obligations under the Plan or any Plan Certificate or the Company takes any action to declare the Plan or any Plan Certificate void or unenforceable or institutes any litigation or other legal action designed to deny, diminish or to recover from any Participant (or a deceased Participant's beneficiary) the payments and benefits intended to be provided, then such Participant (or beneficiary, as the case may be) shall be entitled to retain counsel of his or her choice at the expense of the Company to represent such Participant (or beneficiary, as the case may be) in connection with the good faith initiation or defense of any litigation or other legal action, whether by or against the Company or any director, officer, stockholder or other person affiliated with the Company or any successor thereto in any jurisdiction.

(c) Not a Contract of Employment. The terms and conditions of the Plan shall not be deemed to constitute a contract of employment between any Participant and the Company or any of its Affiliates. Nothing in the Plan shall be deemed to give any employee the right to be retained in the employ or other service of the Company or any of its Affiliates or to interfere with the right of the Company or any of its Affiliates to terminate his or her employment at any time.

(d) Governing Law. Subject to the applicable provisions of ERISA, the Plan shall be governed by the laws of the State of Delaware, excluding its conflict of law rules.

(e) Withholding. The Company and its Affiliates may withhold from any and all amounts payable under the Plan such federal, state and local taxes as may be required to be withheld pursuant to any applicable law or regulation.

PULITZER INC.

PULITZER INC.
EXECUTIVE TRANSITION AGREEMENT
WITH TERRANCE C.Z. EGGER

AGREEMENT made as of the 1st day of January, 2002, by and between PULITZER INC. ("Company") and TERRANCE C.Z. EGGER ("Executive").

1. Background. Company maintains a transition/severance program for eligible executive employees. The program is administered by the Compensation Committee of Company's Board of Directors ("Committee"). The Committee has designated Executive as eligible to participate in the program, subject to the terms and conditions of this Agreement.

2. Certain Defined Terms. The following terms shall have the following meanings when used in this Agreement.

(a) "Accrued Compensation" means, as of any date, (1) the unpaid amount, if any, of Executive's previously earned base salary or commissions, (2) the unpaid amount, if any, of Executive's accrued bonus for the preceding year, and (3) additional entitlements of Executive, if any, under the terms of any employee plan, program or arrangement of Company or an Affiliate (other than this Agreement).

(b) "Affiliate" means an entity at least 50% of the voting, capital or profits interests of which are owned directly or indirectly by Company.

(c) "Benefit Continuation Coverage" means continuing group health and group life insurance coverage for Executive and, where applicable, Executive's covered spouse and covered eligible dependents for a specified period following the termination of Executive's employment with Company and its Affiliates at the same benefit and contribution levels in effect immediately prior to such termination of employment. If such continued coverage is not permitted by the applicable plan or by applicable law, the Executive will be entitled to cash payments sufficient to reimburse Executive and/or Executive's covered spouse and covered eligible dependents, on an after tax basis, for the reasonable cost of comparable individual or other replacement coverage through the end of such period. The period of Benefit Continuation Coverage will be subject to early termination if and when the Executive becomes entitled to comparable coverage from another employer. The group health part of Benefit Continuation Coverage will be in addition to and not in lieu of COBRA continuation coverage.

(d) "Board" means the Board of Directors of Company.

(e) "Cause" means (1) the commission of a felony involving moral turpitude, (2) the willful and repeated failure or refusal to carry out the material responsibilities of Executive's employment with Company or an Affiliate, or (3) any other willful misconduct or pattern of behavior which has had or is reasonably likely to have a significant adverse effect on Company or an Affiliate, all as determined by the Board acting in its sole discretion. Notwithstanding the preceding sentence, if there is a written employment agreement then in effect between Executive and Company or an Affiliate that defines the term "cause" (or a term of like import) in a similar context, then the term Cause, as used in such context herein, shall have the meaning ascribed to such term under Executive's employment agreement.

(f) “Change in Control” means the occurrence of any of the following after January 1, 2002:

(i) any person (within the meaning of Section 13(d)(3) or 14(d)(2) of the Securities Exchange Act of 1934, as amended (“Exchange Act”)) becomes the beneficial owner (within the meaning of Rule 13d-3 promulgated under the Exchange Act) of 40% or more of the combined voting power of the then outstanding voting securities of Company, other than (1) a person who is the beneficial owner of shares of Class B Common Stock of Company, or (2) as a result of inheritance;

(ii) a consolidation, merger or reorganization involving Company, unless (1) the stockholders of Company immediately before such consolidation, merger or reorganization own, directly or indirectly, at least a majority of the combined voting power of the outstanding voting securities of the corporation resulting from such consolidation, merger or reorganization, (2) individuals who were members of the Board immediately prior to the execution of the agreement providing for such consolidation, merger or reorganization constitute a majority of the board of directors of the surviving corporation or of a corporation directly or indirectly beneficially owning a majority of the voting securities of the surviving corporation, and (3) no person beneficially owns more than 40% of the combined voting power of the then outstanding voting securities of the surviving corporation (other than a person who is (A) Company or a subsidiary of Company, (B) an employee benefit plan maintained by Company, the surviving corporation or any subsidiary, or (C) the beneficial owner of 40% or more of the combined voting power of the outstanding voting securities of Company immediately prior to such consolidation, merger or reorganization);

(iii) individuals who, as of January 1, 2002, constitute the entire Board (the “Incumbent Board”) cease for any reason to constitute a majority of the Board, provided that any individual becoming a director subsequent to January 1, 2002 whose election, or nomination for election by Company’s stockholders, was approved by a vote of at least two-thirds of the directors then comprising the Incumbent Board shall be considered as though such individual were a member of the Incumbent Board;

(iv) approval by the stockholders of Company of a complete liquidation or dissolution of Company, or a sale or other disposition of all or substantially all of the assets of Company (other than to an entity described in (f)(ii) above; or

(v) any other event or transaction which the Board, acting in its discretion and with a view toward carrying out the purposes of the Plan, designates is a Change in Control.

Notwithstanding the foregoing, if there is a written employment or other agreement then in effect between Executive and Company or an Affiliate that defines the term “change in control” or a

term of like import in a similar context, then, for the purposes of applying the provisions hereof, the term Change in Control, as used in such context herein, shall have the meaning ascribed to such term under such agreement.

(g) “Code” means the Internal Revenue Code of 1986, as amended.

(h) “Committee” means the Compensation Committee of the Board.

(i) “Company” means Pulitzer Inc., a Delaware corporation, and any successor thereto.

(j) “Disability” means the inability of Executive to substantially perform the customary duties and responsibilities of Executive’s employment with Company or an Affiliate for a period of at least 120 consecutive days by reason of a physical or mental incapacity which is expected to result in death or last indefinitely.

(k) “Good Reason” means the occurrence of any of the following without the written consent of Executive: (1) a material diminution by Company or an Affiliate of Executive’s duties or responsibilities in a manner which is inconsistent with Executive’s position or which has or is reasonably likely to have a material adverse effect on Executive’s status or authority; (2) a material diminution of Executive’s working conditions (including, without limitation, relocation by more than 50 miles of Executive’s principal place of business); or (3) a reduction by Company or an Affiliate of Executive’s rate of salary or annual incentive opportunity or a breach by Company or any of its Affiliates of a material provision of any written employment or other agreement with Executive which is not corrected within 15 days following notice thereof by Executive to Company. Notwithstanding the preceding sentence, if there is a written employment agreement then in effect between Executive and Company or an Affiliate that defines the term “good reason” (or a term of like import) in a similar context, then, for the purpose of applying the provisions hereof, the term Good Reason as used in such similar context herein, shall have the meaning ascribed to that term under such employment agreement.

(l) “Pro Rata Bonus” means Executive’s target bonus under Company’s executive incentive compensation plan for the fiscal year of the Company in which Executive’s employment is terminated (or, if greater, the actual bonus earned by Executive under that plan for the preceding year) multiplied by a fraction, the numerator of which is the number of days from the beginning of the fiscal year through the termination date, and the denominator of which is the total number of days in the fiscal year.

(m) “Salary & Bonus” means, as of the effective date of the termination of Executive’s employment with Company and its Affiliates, the sum of: (1) Executive’s highest annual rate of salary at any time during the preceding 24 months, and (2) Executive’s average annual bonus under Company’s executive incentive compensation plan for the preceding three fiscal years (or such lesser number of full fiscal years of Executive’s employment with Company and/or an Affiliate). If Executive’s employment terminates during the same fiscal year of Company in which such employment begins, then the bonus component of Executive’s Salary & Bonus will be Executive’s annualized target bonus for such year.

3. General Severance Protection - No Change in Control. Subject to the provisions hereof, including, without limitation, Section 7 (relating to non-duplication of payments and benefits provided under other agreements and arrangements) and Section 8 (relating to the execution and delivery of a release as a condition of Executive's (or a beneficiary's) entitlement to payments and benefits hereunder), upon the termination of Executive's employment with Company and its Affiliates, other than a termination of employment in conjunction with a Change in Control to which Section 4 applies, Executive (or Executive's beneficiary, as the case may be) will be entitled to receive the applicable severance payments and benefits set forth in this Section.

(a) Termination by Company without Cause or by Executive for Good Reason. If Executive's employment is terminated by Company or an Affiliate without Cause or by the Executive for Good Reason, then Executive shall be entitled to receive the following payments and benefits:

(i) Accrued Compensation;

(ii) Pro Rata Bonus;

(iii) 1.5 times Salary & Bonus, which amount shall be payable to Executive in equal monthly (or, at the option of the Committee, more frequent) installments;

(iv) Benefit Continuation Coverage for 18 months; and

(v) Accelerated vesting of outstanding Company stock options.

(b) Disability or Death. If Executive's employment is terminated by Company or an Affiliate due to Executive's Disability or if Executive's employment terminates by reason of death, then Executive (or Executive's beneficiary) shall be entitled to receive the following payments and benefits:

(i) Accrued Compensation;

(ii) Pro Rata Bonus;

(iii) Benefit Continuation Coverage for 18 months (exclusive of life insurance if Executive is deceased); and

(iv) Accelerated vesting of outstanding Company stock options.

(c) Termination by Company for Cause or by Executive without Good Reason. If Company or an Affiliate terminates Executive's employment for Cause or if Executive terminates such employment for any reason (other than death), then Executive shall be entitled to receive any Accrued Compensation, subject to set off for amounts owed by Executive to Company or an Affiliate, and nothing more.

4. Termination in Conjunction with a Change in Control. Subject to the provisions hereof, including, without limitation, Section 7 (relating to non-duplication of payments and benefits provided under other agreements and arrangements), and Section 8 (relating to execution and delivery of a general release as a condition of Executive's entitlement to payments and benefits hereunder), upon the termination of Executive's employment with Company and its Affiliates in conjunction with a Change in Control, Executive (or Executive's beneficiary, as the case may be) will be entitled to receive the applicable severance payments and benefits set forth in this Section. For the purposes hereof, a termination of employment is in conjunction with a Change in Control if (and only if) it occurs during the period beginning on the date of the definitive agreement pursuant to which the Change in Control is consummated and ending on the second anniversary of the date of the Change in Control. If Executive is entitled to receive payments and benefits under Section 3 (due to a termination of employment not in conjunction with a Change in Control) and if, by reason of a subsequent Change in Control, Executive's termination of employment is deemed to be in conjunction with the Change in Control, then, in order to avoid duplication, the payments and benefits to which Executive is entitled under this Section upon and following the Change in Control will be reduced by the payments and benefits which Executive received under Section 3, and no further payments will be made under Section 3.

(a) Termination by Company or an Affiliate without Cause or by Executive for Good Reason. If Executive's employment is terminated by Company or an Affiliate without Cause or by Executive for Good Reason, then Executive shall be entitled to receive the following payments and benefits:

(i) Accrued Compensation;

(ii) Pro Rata Bonus;

(iii) an amount equal to 2 times Salary & Bonus, which amount shall be payable in a lump sum in cash within 10 business days following the date of Executive's termination of employment or, if later, the date of the Change in Control;

(iv) Benefit Continuation Coverage for a period of 24 months; and

(v) Credit for two additional years of service under Company's Supplemental Executive Benefit Pension Plan (SERP).

(b) Disability or Death. If Executive's employment is terminated by Company or an Affiliate due to Executive's Disability, or if Executive's employment terminates by reason of death, then Executive (or Executive's beneficiary) shall be entitled to receive the following payments and benefits:

(i) Accrued Compensation;

(ii) Pro Rata Cash Bonus; and

(iii) Benefit Continuation Coverage for 24 months (exclusive of life insurance if Executive is deceased).

(c) Termination by Company or an Affiliate for Cause or by Executive without Good Reason. If Executive's employment is terminated by Company or an Affiliate for Cause or, subject to Section 4(d) below, if Executive terminates his employment for any reason (other than death or Good Reason), then Executive shall be entitled to receive Accrued Compensation through the date of termination, subject to set off for amounts owed by Executive to Company or an Affiliate, and nothing more.

(d) Voluntary Termination Window. Executive may voluntarily terminate his employment with Company and its Affiliates at any time during the 13th month following a Change in Control. If Executive does so, he will be entitled to the following payments and benefits:

(i) Accrued Compensation;

(ii) Pro Rata Bonus; and

(iii) an amount equal to one year's Salary & Bonus, payable in a lump sum cash payment within 10 business days following the date of Executive's termination of employment. This subsection (d) will not apply if, under the circumstances, any other subsection of this Section 4 applies to the termination of Executive's employment during the voluntary termination window period afforded by this subsection.

5. Effect of a Change in Control on Options and Other Equity-Based Awards. All outstanding Company stock options and other Company equity-based awards held by Executive shall become fully vested immediately before the occurrence of a Change in Control if (a) Executive is then still employed by Company or an Affiliate; or (b) Executive is entitled to payments and benefits under Section 4(a) as a result of the termination of employment during the pre-Change in Control severance protection period described in Section 4. If Executive becomes vested in a stock option or other equity-based award pursuant to part (b) of the preceding sentence, then, before the Change in Control, Company will either reinstate the option or other award to the extent it would otherwise not be vested, or make a cash payment to Executive equal to the intrinsic value of the non-vested portion of the option or other award based upon the then value per share of Company's Common Stock. The vesting and other terms and conditions of Executive's stock options and other equity-based awards will continue to govern except as otherwise specifically provided by this Section 5.

6. Excise Tax Gross-up Payment. If Executive is entitled to receive payments and benefits under this Agreement pursuant to Section 4 and/or Section 5, and if, when combined with the payments and benefits Executive is entitled to receive under any other plan, program or arrangement of Company or an Affiliate, Executive would be subject to excise tax under Section 4999 of the Code, then Company shall make additional payments to Executive so that, on an after-tax basis, Executive is placed in the same economic position in which he would have been

if no excise tax were payable by him and no payments were required to be made to him under this Section 6.

7. Effect of Other Agreements. Notwithstanding the provisions hereof, the post-termination payment and benefit provisions of Executive's written employment or other agreement with Company or an Affiliate in force at the termination of Executive's employment (if any) will apply in lieu of the provisions hereof if and to the extent that, with respect to Executive's termination of employment, the provisions of such employment or other agreement would provide greater payments or benefits to Executive (or to Executive's covered dependents or beneficiaries). If any termination or severance payments or benefits are made or provided to Executive by Company or any or its Affiliates pursuant to a written employment or other agreement with Company or an Affiliate, such payments and benefits shall reduce the amount of the comparable payments and benefits payable hereunder. This Section is intended to provide Executive with the most favorable treatment and, at the same time, avoid duplication of payments or benefits, and it will be construed and interpreted accordingly.

8. Release of Claims. Notwithstanding anything herein to the contrary, the Committee or the Board may condition severance payments or benefits otherwise payable under this Agreement upon the execution and delivery by Executive (or Executive's beneficiary) of a general release in favor of Company, its Affiliates and their officers, directors and employees, in such form as the Board or the Committee may specify; provided, however, that no such release will be required as a condition of Executive's (or the beneficiary's) entitlement to Accrued Compensation. Any payment or benefit that is so conditioned may be deferred until the expiration of the seven day revocation period prescribed by the Age Discrimination in Employment Act of 1967, as amended, or any similar revocation period in effect on the effective date of the termination of Executive's employment.

9. No Duty to Mitigate. Except as otherwise specifically provided herein, Executive's entitlement to payments or benefits hereunder is not subject to mitigation or a duty to mitigate by Executive.

10. Amendment and Termination. The Board may terminate or amend this Agreement and the Committee may amend this Agreement, provided, however, that, no such action which would have the effect of reducing or diminishing Executive's entitlements under this Agreement shall be effective (a) if Executive's employment terminates before or within six months after the date Executive is furnished with written notice that such action has been taken, and/or (b) prior to the second anniversary of a Change in Control if such action is taken (1) on the day of or subsequent to the Change in Control, (2) prior to the Change in Control, at the request of a third party participating directly or indirectly in the Change in Control, or (3) otherwise in connection with or in anticipation of the Change in Control (as determined by the Committee, in its discretion).

11. Interpretation and Administration. This Agreement shall be administered by the Committee, acting in its sole and absolute discretion. The Committee shall have full power and authority to interpret, construe and apply, and to take such actions as it deems necessary or appropriate in order to carry out, the provisions of this Agreement. The decision of the

Committee as to any disputed question relating to this Agreement shall be final and conclusive on all persons.

12. Successors and Beneficiaries.

(a) Successors and Assigns of Company. Company shall require any successor or assignee, whether direct or indirect, by purchase, merger, consolidation or otherwise, to all or substantially all the business or assets of Company, expressly and unconditionally to assume and agree to perform or cause to be performed Company's obligations under this Agreement. In any such event, the term "Company," as used herein shall mean Company, as defined in Section 1 hereof, and any such successor or assignee.

(b) Executive's Beneficiary. For the purposes hereof, Executive's beneficiary will be the person or persons designated as such in a written beneficiary designation filed with the Committee, which may be revoked or revised in the same manner at any time prior to Executive's death. In the absence of a properly filed written beneficiary designation or if no designated beneficiary survives Executive, Executive's estate will be deemed to be the beneficiary hereunder.

13. Nonassignability. With the exception of Executive's beneficiary designation, neither Executive nor Executive's beneficiary may pledge, transfer or assign in any way the right to receive payments or benefits hereunder, and any attempted pledge, transfer or assignment shall be void and of no force or effect.

14. Legal Fees to Enforce Rights after a Change in Control. If, following a Change in Control, Company fails to comply with any of its obligations under this Agreement or Company takes any action to declare this Agreement void or unenforceable or institutes any litigation or other legal action designed to deny, diminish or to recover from Executive (or Executive's beneficiary) the payments and benefits intended to be provided, then Executive (or Executive's beneficiary, as the case may be) shall be entitled to select and retain counsel at the expense of Company to represent Executive (or Executive's beneficiary) in connection with the good faith initiation or defense of any litigation or other legal action, whether by or against Company or any director, officer, stockholder or other person affiliated with Company or any successor thereto in any jurisdiction.

15. Not a Contract of Employment. This Agreement shall not be deemed to constitute a contract of employment between Executive and Company or any of its Affiliates. Nothing contained herein shall be deemed to give Executive a right to be retained in the employ or other service of Company or any of its Affiliates or to interfere with the right of Company or any of its Affiliates to terminate Executive's employment at any time.

16. Governing Law. This Agreement shall be governed by the laws of the State of Delaware, excluding its conflict of law rules.

17. Withholding. Company and its Affiliates may withhold from any and all amounts payable under this Agreement such federal, state and local taxes as may be required to be withheld pursuant to applicable.

IN WITNESS WHEREOF, the parties have executed this Agreement as of the date first above written.

PULITZER INC.

By: /s/ ROBERT C. WOODWORTH

Name: **Robert C. Woodworth**

Title: **Chief Executive Officer**

/s/ TERRANCE C.Z. EGGER

Terrance C.Z. Egger

SUMMARY OF SEVERANCE PROTECTIONS
FOR TERRANCE C.Z. EGGER
UNDER EXECUTIVE TRANSITION AGREEMENT*

NATURE OF TERMINATION	TERMINATION NOT IN CONJUNCTION WITH A CHANGE IN CONTROL	TERMINATION IN CONJUNCTION WITH A CHANGE IN CONTROL
Termination by Pulitzer WITHOUT CAUSE or by Executive for GOOD REASON	• ACCRUED COMPENSATION • PRO RATA BONUS for year of termination • 1.5 x SALARY & BONUS, payable monthly • BENEFIT CONTINUATION COVERAGE for 18 months • Accelerated vesting of Company stock options	• ACCRUED COMPENSATION • PRO RATA BONUS for year of termination • 2 x SALARY & BONUS, paid in a lump • BENEFIT CONTINUATION COVERAGE for 2 years • 2 additional years of service credit under SERP • Accelerated vesting of Company stock options • Full 280G golden parachute excise tax gross-up
Voluntary termination by Executive during 13th month following a CHANGE IN CONTROL	N/A	• ACCRUED COMPENSATION • PRO RATA BONUS • One year's SALARY & BONUS, payable in a lump sum
DISABILITY or Death	• ACCRUED COMPENSATION • PRO RATA BONUS for year of termination/death • BENEFIT CONTINUATION COVERAGE for 18 months • Accelerated vesting of Company stock options	• ACCRUED COMPENSATION • PRO RATA BONUS for year of termination/death • BENEFIT CONTINUATION COVERAGE for 2 years • Accelerated vesting of Company stock options
Termination by Pulitzer for CAUSE or voluntary termination by Executive (other than during permitted window period)	ACCRUED COMPENSATION only	ACCRUED COMPENSATION only

* This chart is based upon the provisions of an Executive Transition Agreement ("Agreement") between the above-named Executive and Pulitzer Inc. dated as of January 1, 2002. This chart is only a summary of the basic severance components contained in the Agreement and is not part of the Agreement itself. Executive's rights under the Agreement will be determined solely by its terms and conditions and without regard to the contents of this chart. The capitalized terms in this chart appearing in bold and italics are defined terms under and shall have the meanings set forth in the Agreement.

PEARL MEYER & PARTNERS

PULITZER INC.

Incentive Opportunities for TERRY EGGER

This term sheet outlines certain incentive opportunities that will be offered to you if the current strategic review process leads to a sale of the Company (a "Transaction") that takes place before September 1, 2005.

A. TRANSACTION INCENTIVE OPPORTUNITY

To encourage you to continue with the Company and share in the value realized by our stockholders, you will be eligible to receive the following amounts UPON THE TRANSACTION CONSUMMATION IF YOU ARE THEN STILL EMPLOYED BY THE COMPANY:

DEAL PARTICIPATION BONUS

$75,000	This Bonus is being offered to you in recognition of your efforts up until the date of the Transaction consummation.

BONUS IN LIEU OF 2004 STOCK OPTION GRANT

$195,000	This Bonus is being offered in lieu of a 2004 stock option grant.
$270,000	TOTAL TRANSACTION INCENTIVE OPPORTUNITY

B. RETENTION INCENTIVE OPPORTUNITY

To encourage you to continue with the Company following the transaction, you will be eligible to receive the following amount on the date that is THREE MONTHS FOLLOWING THE TRANSACTION CONSUMMATION IF YOU ARE THEN EMPLOYED BY THE COMPANY (OR ITS SUCCESSOR):

RETENTION BONUS

$648,657	You would also be entitled to the Retention Bonus if your employment is terminated during the period of three months following the Transaction other than by the Company for "Cause" or by you without "Good Reason" (as those terms are defined in your Executive Transition Agreement).

PULITZER INC.

Incentive Opportunities for TERRY EGGER

C. STOCK OPTIONS

All of your unvested options to purchase common stock of Pulitzer Inc. will vest immediately before consummation of the Transaction, assuming your employment continues until that time. Your vested options are, of course, currently exercisable, subject to compliance with federal securities laws and Company policies.

D. EXECUTIVE TRANSITION PLAN

The above incentive opportunities will be in addition to any rights or entitlements you have under your Executive Transition Agreement.

PULITZER INC. SUPPLEMENTAL
EXECUTIVE BENEFIT PENSION PLAN
(RESTATED AS OF MAY 1, 2005)

1. Background. The Pulitzer Inc. Supplemental Executive Benefit Pension Plan (the "Plan") was originally established by Pulitzer Publishing Company, effective January 1, 1986. Pulitzer Inc. (the "Company") assumed sponsorship of the Plan as of March 18, 1999. The Company hereby amends and restates the Plan in its entirety, effective as of May 1, 2005 (the "Restatement Date"), subject to completion of the merger of the Company and LP Acquisition Corp. (the "Lee Merger") pursuant to the Agreement and Plan of Merger dated as of January 29, 2005, among the Company, Lee Enterprises, Incorporated and LP Acquisition Corp. (the "Merger Agreement").

2. Plan Termination. No individual may become a participant in the Plan after December 31, 2004. Benefits under the Plan will cease to accrue as of January 1, 2005. All active participants will be fully vested in their accrued Plan benefits as of the Restatement Date, regardless of the period of their service with the Company and its affiliates.

3. Conversion to Individual Account Plan. Effective as of the Restatement Date, the Plan will be converted into an individual account plan. A bookkeeping account will be established in the name of each participant (including, for the purposes hereof, active participants, retired participants and beneficiaries who are receiving Plan pension payments, and deferred vested participants). As of the Restatement Date, each participant's account will be credited with an opening balance equal to the amount listed opposite such participant's name on Schedule A.

4. Credits to Participants' Accounts. The participants' accounts will earn monthly interest at an annual rate of 5.75%. Interest for each month will be credited to each participant's account as of the last day of the month. If the full and final distribution of a participant's account occurs on a date other than the last day of a calendar month, then, prior to the distribution, the account will credited with the interest earned for the partial calendar month ending on the date preceding the date of such distribution. The account of a participant who is covered by the Company's Executive Transition Plan will be credited with the amount set forth opposite the participant's name on Schedule B as of the date of the participant's termination of employment with the Company and its affiliates (together with interest from January 1, 2005) if and to the extent the participant becomes entitled to a "SERP enhancement" under his or her Executive Transition Plan agreement.

5. Payment of Account Balances.

(a) Periodic Payments. The Company shall make (or cause to be made) monthly payments (commencing May 2005) to the participants in the amounts set forth on Schedule C (relating to participants in pay status under the Plan before the Restatement Date). If a deferred vested participant reaches age 65 after the Restatement Date and before the payment in full of such participant's account balance, then the Company will make monthly payments to such participant equal to the monthly payments that would have begun at such time under the terms of the Plan in effect immediately prior to the Restatement Date, based upon a single life annuity form of payment.

(b) Final Distribution of Participant Accounts. The Company will pay (or cause to be paid) to each participant (or the beneficiary of a deceased participant) a single sum cash payment equal to the balance of the participant's account on the first to occur of:

(1) May 1, 2008;

(2) the date of the participant's death; or

(3) the date on which occurs a "change in control" (as defined in Schedule D).

(c) Beneficiary Designation. The beneficiary of a participant who is listed on Schedule C will be the person(s) who would be entitled to receive payments following the participant's death under the applicable form of payment being made, or, if no such person survives the deceased participant, the participant's surviving spouse or, if none, the deceased participant's estate. Any other participant may designate a beneficiary by written notice filed with the Committee or its designee, and a participant may change his or her beneficiary at any time by designating a new beneficiary in the same manner, and no notice need be given to any prior designated beneficiary. If no designated beneficiary shall survive a deceased participant, then payment of the participant's account will be made to the deceased participant's surviving spouse, if any, or, if none, to his estate.

(d) Payments Charged Against Accounts. Each participant's account will be charged with the amount of any distribution made to the participant after the Restatement Date in partial or full payment of the participant's account balance. Any such charge will be made as of the end of the month in which the distribution is made or, in the case of a final distribution of the balance of a participant's account, the date of the distribution.

6. Non-Competition Condition. The non-competition, non-disclosure and forfeiture provisions of ARTICLE VI of the Plan ("Forfeiture Conditions"), as in effect immediately prior

to the Restatement Date, shall continue to apply to the rights of Plan participants to receive their account balances, except: (a) effective as of May 1, 2005, the Forfeiture Conditions will cease to apply and be of no further force or effect with respect to the account balances of retired participants who began receiving their Plan benefit before the Restatement Date and to deferred vested participants whose employment terminated before the Restatement Date; (b) effective May 1, 2008, the Forfeiture Conditions will cease to apply and be of no further force or effect with respect to participants who, on the Restatement Date, were still employed with the Company or any of its subsidiaries ("covered participants"); (c) effective May 1, 2005, the Company shall no longer have a right to recover payments previously made to a participant who violates the Forfeiture Conditions; (d) the scope of "competitive employment" shall be limited to print media within the designated market area of any of the St. Louis, Tucson and Bloomington operations of the Company and its subsidiaries ("restricted areas"); and (e) if a competitor conducts print operations in a restricted area as well as non-restricted areas, employment or other affiliation with such competitor shall not be considered competitive employment if such employment or affiliation is limited exclusively to the operations of the competitor in a non-restricted area.

7. Administration and Claim Procedures.

(a) Committee. The Plan will be administered by a committee (the "Committee") which, prior to date on which the Lee Merger is effective, will be the Compensation Committee of the Board of Directors of Pulitzer Inc. and, thereafter, will be the Lee Retirement Account Plan Committee. Subject to the provisions of the Plan, the Committee, acting in its discretion, will have full power and authority to interpret, construe and apply the provisions of the Plan and

to take such actions as it deems necessary or appropriate in order to carry out the provisions of the Plan, provided, however, that the Plan provisions shall be applied in a uniform and nondiscriminatory manner. A majority of the members of the Committee will constitute a quorum. The Committee may act by the vote of a majority of its members present at a meeting at which there is a quorum or by unanimous written consent. The good faith decision of the Committee as to any disputed question, including questions of construction, interpretation and administration, will be final and conclusive on all persons. The Committee may from time to time employ agents and delegate to them such administrative duties as it deems appropriate. The Company will pay the costs and expenses incurred in the administration of the Plan.

(b) Records and Reports. The Committee will keep a record of its proceedings and acts and will keep or cause to be kept such books and records as may be necessary in connection with the proper administration of the Plan. Within thirty days after the end of each calendar year, the Committee will provide participants with annual written statements of their account balances, showing credits and charges made since the date of the last statement (or, in the case of the statement for 2005, since the Restatement Date), and listing contact information for the person or persons who can respond to questions relating to participants' accounts.

(c) Indemnification. The Company shall indemnify and hold harmless each member of the Committee and any employee or director of the Company or an affiliate to whom any duty or power relating to the administration or interpretation of the Plan is delegated from and against any loss, cost, liability (including any sum paid in settlement of a claim with the approval of the Board), damage and expense (including legal and other expenses incident thereto) arising out of or incurred in connection with the Plan, unless and except to the extent attributable to such person's fraud or willful misconduct.

(d) Claim for Payment. A participant or beneficiary may submit to the Committee or its designee a written claim for payment of amounts due under the Plan. A decision will be made and communicated to the claimant within 90 days after the claim is filed. Upon advance notice to the claimant, the Committee may extend the 90-day period by up to 90 additional days. If a claim is denied, the Committee will furnish written notice of the denial to the claimant, setting forth a description of the specific reasons for the denial, the Plan provisions upon which the denial is based, and a description of the Plan's claim review procedure. If no action is taken during the 90- or 180-day response period, as the case may be, then the claim will be deemed to be denied on the last day of the period for the purpose of proceeding to the claim review stage.

(e) Review of Denied Claims. If a claim for payment is denied or deemed denied and if the claimant wants a review of the denied claim, then he or she must file a written request for review with the Committee or its designee within 60 days after receiving notice of the denial of the claim or, if the claim is deemed denied, after the end of the 90- or 180-day response period, as the case may be. If a request for review of a denied claim is not timely filed, then the denial of the claim becomes final and binding. If a request for review is timely filed, then the claimant and, if applicable, his or her representative may inspect all documents pertaining to the claim and its denial. The Committee may schedule a meeting with the claimant and/or claimant's representative if it deems such a meeting is necessary or appropriate to complete its review. The Committee will make its decision within 60 days after receiving timely notice of the request for review. Upon advance notice to the claimant, the Committee may extend the initial 60-day review period by up to 60 additional days. If the Committee affirms the original denial of the claim, then it will furnish written notice of its decision to the claimant, setting forth the specific reasons for its decision and describing the Plan provisions on which its decision is based. If a

decision is not communicated to the claimant within the applicable review period, then the Committee will be deemed to have affirmed the original denial of the claim and the claimant will be deemed to have exhausted his or her administrative remedies with respect to the claim.

8. Amendment. The Board of Directors of the Company, acting in its discretion, may amend the Plan; provided, however, that no amendment may be made without the prior written consent of a participant if such amendment impairs or could be reasonably expected to impair or adversely affect the participant's rights to receive payments, the value of the participant's interest under the Plan, or the income tax deferral of amounts credited to participants' accounts.

9. No Trust or Segregation of Assets. The Company will not be required to establish a trust or otherwise provide for the segregation of assets for the payment of participants' account balances. If the Company does set aside funds for the payment of its obligations under the Plan, then such funds shall remain the asset of the Company and no participant will have any special claim thereto or right or interest therein. The Company's obligation to pay a participant's account under the Plan is an unfunded and unsecured promise to pay money in the future. Each participant will be and will have the rights of a general unsecured creditor of the Company with respect to the payment obligations of the Company to such participant under the Plan.

10. No Rights Conferred. Nothing herein will be deemed to give any individual any right to be retained in the employ of the Company or any affiliate or any other rights in the future other than as herein specifically set forth.

11. Spendthrift Provision. Except to the extent required by law, no benefit under the Plan shall be subject in any manner to anticipation, alienation, sale, transfer, assignment, pledge,

encumbrance or charge, and any attempt to anticipate, alienate, sell, transfer, assign, encumber or charge the same shall be void. No such benefit shall be in any way liable for or subject to the debts, contracts, liabilities, engagements or torts of any person entitled to those benefits.

12. Rules of Construction.

(a) General. The Plan is intended to be an unfunded plan maintained "primarily for the purpose of providing deferred compensation for a select group of management or highly compensated employees" within the meaning of Sections 201(2), 301(a)(3) and 401(a)(1) of the Employee Retirement Income Security Act of 1974 ("ERISA"). The Plan, as amended and restated, is also intended to satisfy the conditions of Section 409A of the Internal Revenue Code of 1986. The Plan will be construed, administered and, if necessary, amended accordingly.

(b) Severability. If any provision of the Plan or the application of such provision to any person or circumstance is held invalid, the remainder of the Plan (and the application of such provision to any person or circumstance other than the person or circumstance to which it is held invalid) will not be affected thereby.

(c) Governing Law. The provisions of the Plan will be construed, regulated and administered according to the provisions of ERISA, the Code and to the extent not inconsistent therewith or preempted thereby, in accordance with the laws of the state of Missouri.

PULITZER INC.

By: /s/ ROBERT C. WOODWORTH

Dated: 6/3/05

SCHEDULE D

(Unless specifically defined otherwise in this Schedule D, capitalized terms shall have the meanings ascribed thereto in the Agreement and Plan of Merger dated as of January 29, 2005, among the Company, Lee Enterprises, Incorporated and LP Acquisition Corp.)

The term "change in control" means the occurrence, in a single transaction or in a series of related transactions, of any one or more of the following events:

(a) The sale, exchange, lease or other disposition, in one or a series of related transactions, of all or substantially all, of the assets of Parent or the Surviving Corporation (as constituted prior to the Effective Time) to any "person" or "group" (as such terms are defined in Sections 13(d)(3) or 14(d)(2) of the Securities Exchange Act of 1934, as amended ("Exchange Act")); or

(b) Any person or group is or becomes the "Beneficial Owner" (as such term is defined in Rule 13d-3 and Rule 13d-5 under the Exchange Act (or any successor rules thereto)), directly or indirectly, of more than 50% of the total voting power of the voting stock of Parent or the Surviving Corporation (or any entity which controls Parent or the Surviving Corporation, or which is a successor to all or substantially all of the assets of Parent or the Surviving Corporation), including by way of merger, consolidation, tender or exchange offer or otherwise; or

(c) Individuals who, on the day after the Effective Time, constitute the entire board of directors of Parent or the Surviving Corporation (the "Incumbent Board") cease for any reason to constitute a majority of such board, provided that any individual becoming a director subsequent to the Effective Time whose election, or nomination for election by Company's stockholders, was approved by a vote of at least two-thirds of the directors then comprising the Incumbent Board shall be considered as though such individual were a member of the Incumbent Board; or

(d) Approval by the holders of the capital stock of Parent or the Surviving Corporation of any plan or proposal for complete liquidation or dissolution of Parent or the Surviving Corporation.

For the avoidance of doubt, (1) under no event shall the acquisition of Pulitzer Inc. by Lee Enterprises Incorporated pursuant to the above-referenced Lee Merger Agreement be considered a "change in control"; and (2) in the event the transactions contemplated by the Lee Merger Agreement are not consummated, the occurrence of a "change in control," as defined above, shall be determined solely with reference to Pulitzer Inc.

EXHIBIT INDEX

Number	Description
10.1	Amended and Restated Agreement and Plan of Merger by and among Pulitzer Publishing Company, Pulitzer Inc. and Hearst-Argyle Television, Inc. dated as of May 25, 1998.
10.2	Amended and Restated Joint Operating Agreement, dated December 22, 1988, between Star Publishing Company and Citizen Publishing Company.
10.3	Partnership Agreement, dated December 22, 1988, between Star Publishing Company and Citizen Publishing Company.
10.4	Joint Venture Agreement, dated as of May 1, 2000, among Pulitzer Inc., Pulitzer Technologies, Inc., The Herald Company, Inc. and St. Louis Post-Dispatch LLC.
10.5	Operating Agreement of St. Louis Post-Dispatch LLC, dated as of May 1, 2000, as amended on June 1, 2001.
10.6	Indemnity Agreement, dated as of May 1, 2000, between The Herald Company, Inc. and Pulitzer Inc.
10.7	License Agreement, dated as of May 1, 2000, by and between Pulitzer Inc. and St. Louis Post-Dispatch LLC.
10.8	St. Louis Post-Dispatch LLC Note Agreement, dated as of May 1, 2000, as amended on November 23, 2004.
10.9	Pulitzer Inc. Guaranty Agreement, dated as of May 1, 2000 as amended on August 7, 2000, November 23, 2004 and June 3, 2005.
10.10	Non-Confidentiality Agreement, dated as of May 1, 2000.
10.11	Employment Agreement, dated August 26, 1998 between Pulitzer Inc. and Terrance C.Z. Egger.
10.12	Pulitzer Inc. Executive Transition Plan.
10.13	Pulitzer Inc. Executive Transition Agreement, by and between Pulitzer Inc. and Terrance C.Z. Egger, dated as of January 1, 2002.
10.14	Incentive Opportunities Term Sheet for Terrance C.Z. Egger.
10.15	Amended and Restated Pulitzer Inc. Supplemental Executive Benefit Pension Plan (restated as of June 3, 2005)
Exhibit 31	Rule 13a-14(a)/15d-14(a) Certifications
Exhibit 32	Section 1350 Certification

Exhibit 31

CERTIFICATION OF CHIEF EXECUTIVE OFFICER

I, Mary E. Junck, certify that:

1. I have reviewed this quarterly report on Form 10-Q (Quarterly Report) of Lee Enterprises, Incorporated (Registrant);

2. Based on my knowledge, this Quarterly Report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this Quarterly Report;

3. Based on my knowledge, the Consolidated Financial Statements, and other financial information included in this Quarterly Report, fairly present in all material respects the financial condition, results of operations and cash flows of the Registrant as of, and for, the periods presented in this Quarterly Report;

4. The Registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) for the Registrant and have:

    a) designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the Registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this Quarterly Report is being prepared;

    b) evaluated the effectiveness of the Registrant's disclosure controls and procedures and presented in this Quarterly Report our conclusions about the effectiveness of the disclosure controls and procedures as of the end of the period covered by this Quarterly Report based on such evaluation; and

    c) disclosed in this Quarterly Report any change in the Registrant's internal control over financial reporting that occurred during the Registrant's most recent fiscal quarter (the Registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the Registrant's internal control over financial reporting;

5. The Registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the Registrant's auditors and the Audit Committee of Registrant's Board of Directors (or persons performing the equivalent function):

    a) all significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to affect the Registrant's ability to record, process, summarize and report financial information; and

    b) any fraud, whether or not material, that involves management or other employees who have a significant role in the Registrant's internal control over financial reporting.

Date: August 9, 2005

/s/ Mary E. Junck
Mary E. Junck
Chairman, President and Chief Executive Officer

Exhibit 31

CERTIFICATION OF CHIEF FINANCIAL OFFICER

I, Carl G. Schmidt, certify that:

1. I have reviewed this quarterly report on Form 10-Q (Quarterly Report) of Lee Enterprises, Incorporated (Registrant);

2. Based on my knowledge, this Quarterly Report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this Quarterly Report;

3. Based on my knowledge, the Consolidated Financial Statements, and other financial information included in this Quarterly Report, fairly present in all material respects the financial condition, results of operations and cash flows of the Registrant as of, and for, the periods presented in this Quarterly Report;

4. The Registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) for the Registrant and have:

    a) designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the Registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this Quarterly Report is being prepared;

    b) evaluated the effectiveness of the Registrant's disclosure controls and procedures and presented in this Quarterly Report our conclusions about the effectiveness of the disclosure controls and procedures as of the end of the period covered by this Quarterly Report based on such evaluation; and

    c) disclosed in this Quarterly Report any change in the Registrant's internal control over financial reporting that occurred during the Registrant's most recent fiscal quarter (the Registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the Registrant's internal control over financial reporting;

5. The Registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the Registrant's auditors and the Audit Committee of Registrant's Board of Directors (or persons performing the equivalent function):

    a) all significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to affect the Registrant's ability to record, process, summarize and report financial information; and

    b) any fraud, whether or not material, that involves management or other employees who have a significant role in the Registrant's internal controls over financial reporting.

Date: August 9, 2005

/s/ Carl G. Schmidt
Carl G. Schmidt
Vice President, Chief Financial Officer and Treasurer

Exhibit 32

The following statement is being furnished to the Securities and Exchange Commission solely for purposes of Section 906 of the Sarbanes-Oxley Act of 2002 (18 U.S.C. 1350), which carries with it certain criminal penalties in the event of a knowing or willful misrepresentation.

Securities and Exchange Commission
450 Fifth Street, NW
Washington, DC 20549

Re: Lee Enterprises, Incorporated

Ladies and Gentlemen:

In accordance with the requirements of Section 906 of the Sarbanes-Oxley Act of 2002 (18 U.S.C. 1350), each of the undersigned hereby certifies that to our knowledge:

(i) this quarterly report on Form 10-Q for the period ended June 30, 2005 (Quarterly Report), fully complies with the requirements of section 13(a) or 15(d) of the Securities Exchange Act of 1934 (15 U.S.C. 78m or 78o(d)); and

(ii) the information contained in this Quarterly Report fairly presents, in all material respects, the financial condition and results of operations of Lee Enterprises, Incorporated for the periods presented in the Quarterly Report.

Dated as of this 9th day of August, 2005

/s/ Mary E. Junck
Mary E. Junck
Chairman, President and
Chief Executive Officer

/s/ Carl G. Schmidt
Carl G. Schmidt
Vice President, Chief Financial Officer
and Treasurer

A signed original of this written statement required by Section 906 has been provided to Lee Enterprises, Incorporated and will be retained by Lee Enterprises, Incorporated and furnished to the Securities and Exchange Commission upon request.