

GEORGE R. HEARST III
PUBLISHER/CEO

June 16, 2009

Mr. Tim O'Brien
President
The Newspaper Guild of Albany, Local 31034
890 Third Street
Albany, NY 12206

Dear Tim:

I write in response to your letter of June 15, 2009.

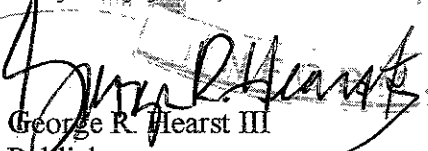
We believe that these negotiations have reached an impasse. Specifically, the parties have been deadlocked over fundamental differences concerning the Company's proposals with respect to layoffs (Section 3.D of the contract) and subcontracting (Section 1.D). We have negotiated for eleven months and there was no prospect of agreement on these two matters before this week's vote, and the results of the Guild vote provide further evidence of the deadlock. Your letter does nothing to change this fact. Instead, as you have in the past, you propose further meetings to discuss proposals which would require the Company to compromise on these two essential issues. We are not willing to entertain any further compromise on these issues.

Given the above, and as we stated repeatedly during negotiations, we will implement the majority of the terms of our final proposal to you, dated May 15, 2009. The following terms will not be implemented:

1. Section 10 – Arbitration will not be restored.
2. Section 13 – Dues Checkoff will not be restored.
3. Section 19 – The \$500 bonuses will not be implemented. Wage scales will remain at the 8/1/07 level.

We will implement these terms effective June 24, 2009. If you have any questions, or wish to meet with us to discuss the implementation, we are available to meet with you any day next week.

Very truly yours,


George R. Hearst III
Publisher