

Second Amendment and Restatement of Agreement

This Agreement is executed this 15th day of April, 2007, by and between SEATTLE TIMES COMPANY ("Times"), a Delaware corporation, and HEARST NEWSPAPERS PARTNERSHIP, L.P. ("Hearst"), a Delaware limited partnership, for the purpose of amending and restating in its entirety that certain agreement, establishing a joint newspaper operating arrangement, between Times and The Hearst Corporation, dated January 13, 1981, as it was amended pursuant to an Amendment and Restatement of Agreement dated as of February 1, 1999, and further amended in 2006 pursuant to an Agreement to Arbitrate, to read as follows:

RECITALS

WHEREAS, Times owns and publishes in Seattle, Washington a newspaper of general circulation, known as "The Seattle Times" (the "Seattle Times"); and Hearst owns and publishes in Seattle, Washington a newspaper of general circulation, known as "Seattle Post-Intelligencer" (the "P-I") (both of the above newspapers hereinafter collectively referred to as the "Newspapers");

WHEREAS, pursuant to a reorganization, The Hearst Corporation assigned its interest in the original agreement to Hearst, effective as of December 31, 1997;

WHEREAS, the general partners of Hearst are Hearst Communications, Inc. and Texas Newspaper, Inc., both subsidiaries of The Hearst Corporation;

WHEREAS, the parties (or in Hearst's case, its predecessor) entered into the original agreement for the purpose of preserving two newspapers of general circulation, editorially and reportorially separate and independent, at a time when the P-I was in probable danger of financial failure, and have been operating under the original agreement since its Effective Date as defined therein;

WHEREAS, the parties have agreed that certain modifications to the original agreement are appropriate to assure the continued viability of the joint newspaper operating arrangement;

WHEREAS, Times will continue to own and/or operate all of the production facilities and equipment used for the publication and distribution of the Newspapers;

WHEREAS, it is the firm belief of the parties that the continued publication of at least two newspapers of general circulation, editorially and reportorially separate and independent under a joint newspaper operating arrangement, is of paramount importance to the citizens of Seattle and its environs; the parties further believe that the publication of the P-I can be carried on profitably, and its continued editorial existence and independence thereby assured, if its production, distribution and advertising functions and related non-news and non-editorial activities are conducted and performed by Times through a single staff of Times employees utilizing Times' plants and equipment, under a joint newspaper operating arrangement (hereinafter referred to as "Agency" or "Agreement"), under which Times will act on its own behalf with respect to the Seattle Times, and on behalf of Hearst with respect to the P-I;

NOW, THEREFORE, in consideration of the premises and of the mutual covenants and agreements hereinafter set forth, the parties hereto agree as follows:

ARTICLE 1

TERM

1.1 Effective Date. This amended and restated Agreement shall become effective as of _____ (the "Effective Date"). Upon execution hereof, each party shall furnish to the other a written opinion of its counsel that all necessary corporate or partnership action has been taken to authorize this Agreement and that this Agreement shall constitute the valid and binding obligation of the respective party. Each party shall

pay its own costs and professional fees in connection with the formulation and drafting of this Agreement.

- 1.2 Duration. Subject to the termination provisions set forth in Article 7 and in Section 8.9 hereof, this Agreement shall continue for an initial period ending at the close of business on December 31, 2083.

ARTICLE 2
NEWS AND EDITORIAL COPY, FEATURES AND SERVICES

- 2.1 Maintenance of News and Editorial Staff: Feature Materials. Times and Hearst each shall maintain a staff of news and editorial employees, and shall license such feature materials (including, but not limited to, news and editorial services supplied by third parties), adequate to provide its respective newspaper with all of the news and editorial copy and related services deemed necessary by each of them as to its respective newspaper.
- 2.2 Furnishing News and Editorial Copy and Services. In furnishing features, news and editorial copy, and like materials to Times for publication in the P-I or the P-I portion of the Sunday newspaper as provided in Section 2.3, and in providing layout for such material, Hearst shall provide all such material in a form appropriate for the production of its newspaper hereunder, in conformity with the mechanical standards, deadlines and production requirements which prevail in the Times plant from time to time, including page sizes, column widths, and cutoffs established by Times, upon reasonable notice to Hearst. As to Times production requirements, Hearst shall acquire and maintain at its sole expense such newsroom equipment (including but not limited to typewriters, video terminals and news editing systems) as is required to interface with Times production facilities at all times during the term of the Agreement.

2.3 Furnishing Copy, Features and Services for Sunday Newspaper. Hearst shall furnish editorial copy and features including but not limited to printed comics and services (and not to include hard news), in a form appropriate for production or for distribution purposes, to permit Times to include them within the Sunday newspaper. Subject to the provisions of Section 5.2.2, below, as to Parade Magazine, it is agreed that the P-I portion of the Sunday newspaper shall be up to six pages of editorial copy without advertising, up to eight pages of comics, and Parade Magazine. All components of the Sunday newspaper (except the respective editorial and comic sections of the Times and P-I) shall continue to have a joint masthead and/or joint folio reading "The Seattle Times and Seattle Post-Intelligencer," and the wraparound page of the Sunday newspaper shall have such joint masthead. Times agrees that it shall provide all of the hard news for inclusion in the Sunday newspaper and that its Sunday editorial content shall not exceed six pages. Either party may exceed the six-page limit on Sunday editorial copy, provided that Times receives adequate notice of the size, format and content of the planned additional pages for production purposes, and that such addition is reasonably within Times' production capabilities; Hearst shall pay Times, monthly, the direct cost to Times of any such excess utilized by Hearst, and Times shall credit Agency Revenues monthly with the direct cost to Times of any such excess utilized by Times, and such payments and credits shall be Agency Revenues and shall not be Agency Expense. Times reserves the right to print conspicuous notices in the Sunday newspaper to the effect that the news content of the newspaper, including locally produced supplements, is produced by Times' personnel.

ARTICLE 3

CONTINUING PUBLICATION AND NEWS AND EDITORIAL AUTONOMY

3.1 Production and Promotion of the Newspapers. Subject to the terms of this Agreement, Hearst agrees to own and publish the P-I for the term of this Agreement. So long as Hearst furnishes news and editorial copy, features and services to Times in accordance with Article 2 of this Agreement, Times agrees to produce the P-I as a morning newspaper as provided herein, to include the P-I copy and features in the Sunday newspaper as specified in Article 2.3 above, and to sell all advertising for, promote and circulate such newspapers as provided herein. Times agrees that the morning P-I and the P-I portion of the Sunday newspaper shall contain no news or editorial content other than that furnished by Hearst. Also subject to the terms of this Agreement, Times further agrees to own, publish and produce for the term of this Agreement the Seattle Times newspaper daily and Saturday as provided herein, and to produce the Sunday newspaper as provided herein. The daily and Saturday P-I and the P-I portion of the Sunday newspaper, and the daily and Saturday Seattle Times and the balance of the Sunday newspaper are hereinbefore and hereinafter referred to as "the Newspapers."

Times shall print the Newspapers on equipment owned or leased by the Times in the Times' plant or plants located at such place or places as Times may determine, and all operations under this Agreement, except the operation of the P-I's news and editorial department, shall be carried on and performed by the Times with Times' employees and equipment and in Times' said plant or plants or by independent contractors selected by the Times. Times agrees to treat the Newspapers equally with regard to production quality and color pages.

Times shall control, supervise, manage and perform all operations involved in managing and operating under this Agreement, including printing, selling and distributing the Newspapers, shall determine page sizes, number of columns per page, cut-offs, page makeup of non-news and non-editorial content (subject to the newshole formula attached to Section A.2), and all other mechanical and technical functions of the Newspapers, shall purchase newsprint, materials and supplies as required (subject to Hearst's obligations under the following paragraph of this Section 3.1), shall determine the rates for, solicit and sell all advertising space in the Newspapers, shall determine circulation rates, distribute and collect the Newspapers' circulation and advertising accounts receivable, and shall make all determinations and decisions and do any and all acts and things related to the foregoing activities. Times will use its best efforts to sell combination advertising in the Newspapers and shall maintain the current relationship between weekday combination rates and the separate weekday rates of the Seattle Times or P-I, unless the parties otherwise agree. Times may not change the format of the P-I to a tabloid format or to any size different from that of the Seattle Times without approval of Hearst. Hearst, however, may in its discretion choose to move the P-I to a tabloid format. In such event, Times and Hearst shall agree upon such production, marketing, circulation, and advertising accommodations and adjustments as shall be reasonably necessary or appropriate to effectuate the P-I's change in format.

In the event a newsprint shortage necessitates reduction in number of pages of the Newspapers, they shall be reduced ratably in number. In the event of any inability of Times to procure an adequate supply of newsprint to produce the Newspapers, Hearst agrees to use its best efforts to assist Times in securing additional newsprint.

The edition times for both The Seattle Times and the P-I shall be between 8:00 p.m. and 8:00 a.m. The parties may agree to a regular edition of either Newspaper outside of these prescribed edition times. In addition, the parties may approve special "breaking news" editions of either Newspaper outside of these prescribed edition times to permit coverage of extraordinary news events. Hearst shall retain control over the content of advertising to be published in the P-I as specified in Section 3.4.

Times agrees that it will use its best efforts, using the same degree of diligence, to sell advertising space in the P-I and the Seattle Times and to promote and circulate the P-I and the Seattle Times. Times shall appoint an employee reporting to the Vice President of Circulation or equivalent position who is dedicated primarily to P-I circulation. Times shall notify Hearst of the identity of such individual and shall make provisions for regular communication between such individual and the Publisher of the P-I or his/her designee. The Times shall establish by December 15 of each calendar year a promotional budget identifying the circulation, advertising and company promotional activities (including column inches of in-paper advertising) for the next calendar year. The dollars spent on promotional activities and programs (excluding news and editorial promotional activities as defined below) for the P-I and the Seattle Times shall be equal. Circulation promotion shall include radio and television, other print media, outdoor advertising, rack cards, point-of-purchase displays and in-paper advertisements. Subject to the requirements of Section 3.1.4, direct circulation sales expenses shall not be included in the promotional budget and shall be allocated by Times among the Newspapers so as to maximize the maintenance and enhancement of circulation of the Newspapers to the extent economically feasible. Such sales expenses shall include items

such as carrier premiums and the expenses of order generation. All promotion and circulation sales expenditures shall be Agency Expense except news and editorial promotion activities. If either the P-I or the Times determines that it wishes to engage in news and editorial promotion (i.e., promotion not directed toward increasing circulation or advertising but instead primarily directed toward increasing the prestige of either newspaper), it may do so at its own expense.

Times' full management discretion specified in this Section 3.1 shall be limited as follows:

- 3.1.1 Times shall not change the rates charged for advertising run solely in the P-I in relation to those charged for comparable advertising run solely in the Times unless such change is justified by the then relative circulation of the P-I or other factors considered relevant in the industry.
- 3.1.2 Times shall not change the single copy or subscription prices of either the daily P-I or the combined P-I daily and the Sunday newspaper to an amount different from the comparable rate for the Times without Hearst's consent.
- 3.1.3 To the extent economically feasible, Times will use its best efforts to substantially maintain the historical area and extent of distribution of the P-I.
- 3.1.4 Without limiting the general requirements of Section 3.1, Times will allocate circulation sales resources so that no less than 40% of all home delivery starts other than voluntary starts ("Sales Starts") in the Newspaper Designated Market for the Newspapers ("NDM") are for the P-I for 18 months from the Effective Date (the "Special Adjustment Period") and will use reasonable best efforts to achieve Sales Starts in that range over time from each of the types of Sales Starts.

Thereafter, the rate of new Sales Starts for the P-I, adjusted annually on April 1 of each year, will be no less than 3 percentage points above the P-I's average share of total Times/P-I home delivered circulation in the NDM for the previous twelve-month period, in accordance with results audited by the Audit Bureau of Circulation; provided that for the period between the end of the Special Adjustment Period and April 1, 2009, the rate of new Sales Starts for the P-I shall be 3 percentage points above the P-I's average share of total Times/P-I home delivered circulation in the NDM for the twelve-month period ending March 31, 2008. If the P-I's average share of home delivered circulation within the NDM for a given year is between 47% and 50%, new Sales Starts for the P-I for the succeeding year will be no less than 50%. If after the Special Adjustment Period the P-I's share of home delivered circulation for a given year exceeds 50%, new Sales Starts for the succeeding year will be set at no less than the P-I's share of home delivered circulation in the NDM for the previous year. (Accordingly, and as an example only, if after the Special Adjustment Period the P-I's share of home delivered circulation in the NDM for a given year is 42%, the rate of new Sales Starts for the P-I for the succeeding year will be no less than 45%; if the P-I's share of home delivered circulation in the NDM is 47%, 48% 49% or 50%, the rate of new Sales Starts for the P-I will be no less than 50%; and if the P-I's share of home delivered circulation in the NDM is 55%, the rate of new Sales Starts for the P-I will be no less than 55%.)

- 3.1.5 Times will, at its expense, equally co-brand the trucks, vans and other branded vehicles owned or leased by it as of the date of this Agreement that are used in

Agency operations with the logos of both the Seattle Times and the P-I as promptly as practicable and the logos shall be the same size. Trucks, vans and other branded vehicles purchased or leased after the date of this Agreement that will be used in Agency operations shall be co-branded at Agency expense.

3.2 News and Editorial Autonomy. Preservation of the news and editorial independence and autonomy of both the Times and the P-I is of the essence of this Agreement. Hearst shall have exclusive and complete control, authority and direction over the news and editorial content, features and services to be furnished to Times, including without limitation the right of selection of all its news and editorial employees, and the exclusive right to hire and discharge such employees. Times shall have exclusive and complete control, authority and direction over the news and editorial content, features and services in its newspapers, except as set forth in Section 2.3 above, and without limitation the right of selection of all its news and editorial employees, including the exclusive right to hire and discharge such employees. The Times and Hearst each hereby agrees to preserve high standards of newspaper quality throughout the term of this Agreement. All news and editorial expense of the P-I shall be borne by Hearst and all news and editorial expense of the Times shall be borne by Times.

3.3 Performance and Cooperation. Hearst and Times agree to take all corporate action necessary to carry out and effectuate the intent, purposes and provisions of this Agreement, and to cooperate with the other party in every reasonable way that will promote successful and lawful operation under this Agreement for both parties.

3.4 P-I Advertising Content. Hearst has delivered to Times a specific statement of its policies for accepting or rejecting advertising, and shall continue to give reasonable

written notice to Times of any amendments or additions to same. Times shall solicit advertising for publication in the P-I of the type which is acceptable under such policies, whether or not such advertising may be acceptable to Times under its policies. Times shall use its best efforts to determine whether any advertising submitted for publication in the P-I may be inconsistent with such policies. Should Times determine that any of such advertising may be thus inconsistent, it shall afford a Hearst representative (to be designated in writing by Hearst from time to time) a reasonable opportunity to review same, and to provide notice to Times that some or all of such advertising is inconsistent with such policies and is not to be published in the P-I, or is acceptable for publication in the P-I. Such review shall be conducted so as not to interfere with production schedules established by Times. If Times is given timely notice of the decision of Hearst's representative, it shall exclude from the P-I all advertising rejected by Hearst consistent with such Hearst policies and shall include in the P-I all advertising accepted by Hearst.

3.5 Transactions With Affiliates. Times agrees that any transactions with Times Affiliates (as defined below) that result in the generation of Agency Revenues or the incurrence of Agency Expense shall be disclosed to Hearst. Such transactions shall be at fair market value and at terms no less favorable to the Agency than could be obtained in an arms-length transaction with an unaffiliated party. In addition, Times agrees to disclose any transactions with any third party which involve use of Times personnel that are charged as Agency Expense or Times assets used in Agency operations. For purposes of this Agreement, the term "Times Affiliate" shall mean any person or entity controlled by, controlling, or under common control with Times, but shall not include Times in its capacity as a party to this Agreement.

ARTICLE 4

DISTRIBUTION OF REVENUES; OTHER FINANCIAL PROVISIONS

- 4.1 Payment Formula. Times shall record Agency Revenues (as defined in Appendix A hereto) and shall apply such revenues to Agency Expenses (as defined in Appendix B hereto). If, for any calendar year, the Agency Revenues exceed the Agency Expense, the remainder (herein called the "Remainder") shall be paid no later than ninety (90) days following the close thereof forty percent (40%) to Hearst and sixty percent (60%) to Times; provided that the payment to Hearst shall be reduced by advances made to Hearst in regard to the year under Section 4.2. The percentage of the Remainder allocable to the parties at any time pursuant to this Section 4.1 shall be the "Hearst Share" and the "Times Share," respectively.
- 4.2 Advances to Hearst. In respect of each month during the term hereof, Times shall advance to Hearst against its anticipated annual distribution under Section 4.1, the Hearst share of the Remainder computed for the month, such distribution to be made by the 20th day of the following month. In the event that Agency Revenues shall not be sufficient to pay all Agency Expense for any month, Hearst shall advance to Times the Hearst Share of the deficiency. Hearst shall reimburse Times no later than the ninetieth (90th) day following the year-end if aggregate advances by Times under this subparagraph are greater than the Hearst distribution as finally computed under Section 4.1.

Subject to the foregoing paragraph, Times may freely utilize Agency Revenues during each year, including but not limited to use for payment of the cost (as defined under the guidelines in Appendix C) of its news and editorial operation; provided, that no part of such cost shall be considered to be Agency Expense.

