

Los Angeles Newspaper Group

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February 2, 2011

Dear Fellow Employee:

For each of us and our Company, the business climate we've been operating in these past few years is as challenging as any we've ever experienced. And we are clearly not alone. Most businesses and even public sector employers have been and continue to be adversely impacted by the faltering economy. In our case, the media industry has been particularly hard hit by an unprecedented reduction in advertising spending.

In response we have developed and pursued numerous revenue initiatives, each designed and intended to reverse the declines we have thus far experienced. We have had some notable successes but the seemingly unrelenting economic pressures continue to confront us and our advertisers. As a result we have been compelled to implement various expense reduction measures to allow us to operate within our means. These have included employee furloughs, permanent reductions in force, plant closures, the consolidation of some operations as well as the outsourcing of some work. With each action, we were hopeful that such measures would be sufficient. Unfortunately, they have not proven to be enough, and we are now compelled to reduce our expenses even further.

Beginning February 13, 2011, the wages and salaries of most employees will be reduced. This is not good news for any of us but we have forestalled this type of action for as long as possible. Here follows some details.

The salaries of all senior management will be reduced by 10% and will be effective immediately.

The wage and salary rates of most other employees will be reduced by 5.5%, but to no less than \$10.00 per hour or its salaried pay equivalent. The change will first appear on an employee's March 4th pay check. The wage reduction will be delayed until May 15, 2011 for employees whose employment commenced within the past ninety (90) days.

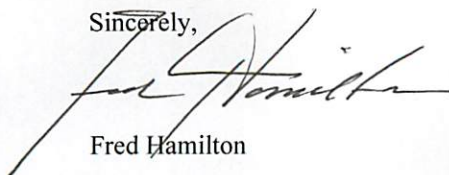
Only a very limited number of non-executive employees will be exempt from a wage/salary reduction. Those employees include: a) employees with a current wage rate at or under \$10.00 per hour; and, b) all employees who have already been notified that their employment will be terminated as a result of a transfer of work and/or a reduction in force.

Unlike furloughs and vacation accrual freezes, the wage and salary reductions will not be temporary.

The Los Angeles Newspaper Group has long resisted wage reductions such as those implemented over the past few years at many of its affiliated companies. We have endeavored to sustain our employee benefits and levels of compensation as best we could and for as long as has been practical. To reduce wages was not an easy decision to reach but it is the only measurable action available to us at this time... short of our forcing further and more disruptive reductions-in-force than already announced and/or taken to date. Nonetheless, I am confident that today's action will be sufficient toward our effort to manage our expenses within our means.

I appreciate the loyalty of our people and all the hard work our people continue to put forth. I remain absolutely convinced that our company will grow and thrive in the coming years. It will require sacrifices and continued dedication on all our parts for that to occur. I am up to the challenge and look to you for the same. Thank you so much for your support.

Sincerely,



Fred Hamilton