

April 2, 2009

Dear Colleague,

Economic challenges persist in our businesses as we enter the second quarter.

Advertising expenditures continue to be weak without significant signs of improvement. There is a high probability that this environment will continue for at least the balance of 2009. As we manage for the long-term success of the company, we must identify constructive ways to continue to reduce costs.

While all of you are working hard driving revenue initiatives, creating solid products and finding expense savings, the current environment dictates that we take additional steps to manage our expenses proactively in order to maintain financial flexibility.

We have already taken significant action to cut costs including the suspension of the 401(k) match and the recently-announced 18 month suspension of the Pension and Annual Employer Contribution benefits. We've also announced wage freezes and rolled back or canceled bonus opportunities for a number of our employees. I recognize that these actions have been difficult to hear about but it is in our best long-term interest to be realistic about business conditions right now.

Today we announce an additional company-wide cost saving effort—An Employee - Wage Reduction Program. Here is how it will work:

- Beginning with our first pay period in the second quarter, full-time employees will take a 6% base pay reduction for the balance of 2009.
- These full-time employees will receive 10 personal days off to be used between April 7, 2009 and December 31, 2009. The personal days off will not be paid out upon separation from the company, will not be accrued, and can not be carried over into 2010.
- Our current intention is to restore employee compensation in 2010. Of course the decision depends upon the business conditions at that time.

Our goal is to achieve a meaningful reduction in payroll expense while providing time off for those employees whose pay is reduced. Many of you have told us that you would be willing to make this sacrifice and would value the flexibility of days off.

The program will be implemented at Journal Communications, Journal Broadcast Group, Journal Sentinel and Journal Community Publishing Group. IPC and Prime Net have already implemented their cost saving plans.

All executives, managers, market managers, supervisors, exempt and some non-exempt personnel whom we designate, as well as corporate staff will participate. We are asking contracted on-air talent and most union employees to join us and participate in this program.

Staff who require coverage if absent may request to be included in this program, but it will be subject to management approval. If management does not approve your participation in the program, you will not have your pay reduced. Your department managers will inform you if your position or your work team is one where days off are not available. They will also have more information about the program.

I remain very grateful for your positive approach and solid resolve to weather this challenging time together. We have made a number of difficult moves in order to address the current economic circumstances. This is yet another opportunity where we can all participate in an effort to fight through difficult challenges.

Your dedication to the success and prosperity of Journal Communications is very much appreciated.

Sincerely,

A handwritten signature in black ink, appearing to read "S. Smith", written in a cursive style.

Steven J. Smith