



Domestic Partners and Same Sex Spouses Benefit Coverage Policy

(Revised July 1, 2008)

Introduction

This revised policy became effective July 1, 2008. The McClatchy Company reaffirms its continued commitment to diversity and equal employment by extending health plans and life plan coverage to domestic partners, same sex spouses, and their legal dependents on the same basis as they are made available to the spouses and dependents of other married employees.

Eligibility

This policy applies to all McClatchy employees eligible for benefits. All eligibility requirements with regard to hours, age, relationship and domestic partner/spousal eligibility for employees, spouses, domestic partners and dependents must be met before coverage is offered.

This benefit is subject to the collective bargaining process. For members of a collective bargaining unit, eligibility for this benefit is subject to agreement between the Company and the union.

Definition of Same Sex Spouses

Same sex spouses are defined as two adults of the same sex who are legally married in a state that recognizes such marriages.

Documentation of Same Sex Marriages

If a same sex couple is married in a state that recognizes such marriages, they may submit a copy of their legal marriage certificate in lieu of domestic partner documentation. If documentation is provided within thirty (30) days of the marriage, coverage for the same sex spouse will begin on the first of the month following receipt of the documentation. If documentation is provided beyond thirty (30) days after the marriage, the eligible same sex spouse can enroll in McClatchy's health care plans during the next open enrollment period.

Definition of Domestic Partners

Domestic Partners are defined as "two adults of the same or opposite sex who have chosen to share their lives in an intimate and committed relationship, reside together, and share a mutual obligation of support for the basic necessities of life."

Domestic Partner Criteria

To qualify as a domestic partner, the domestic partners must either have a domestic partner or civil union certification from a state or municipal authority or must certify to the following:

- both be at least 18 years of age;
- not be related by blood to a degree that would otherwise prohibit marriage;
- not be married to another person;
- be mentally competent to enter into a contract;
- have lived together at the same regular residence for at least twelve (12) months and intend to do so indefinitely;
- be engaged in a committed, mutually exclusive relationship for at least twelve (12) months;
- be financially interdependent and responsible for each other's debts; and
- be responsible for each other's common welfare.

To qualify as a dependent child under the domestic partner policy, the dependent must:

- be a biological dependent of the domestic partner, or must have a court-appointed legal relationship with the domestic partner or employee;
- be less than 19 years of age, or
- be less than 24 years of age and a full-time student;
- be unmarried;
- be primarily dependent upon the domestic partner or employee for financial support;
- not be enlisted in the military service;
- reside regularly with the employee and domestic partner, or
- qualify as the domestic partner's dependent for tax purposes, or
- be covered by a court order requiring the domestic partner to provide coverage for the child.

Domestic partners do not include roommates, siblings, parents, or other similar relationships.

Documentation of Domestic Partnership

All employees requesting domestic partner coverage will be required to complete a "Declaration of Domestic Partnership". In addition to this Declaration, the employee must submit two (2) of the following items which documents that the domestic partners have been in the committed relationship for at least twelve (12) months:

- a) A joint mortgage or lease.
- b) Designation of domestic partner as beneficiary for life insurance.
- c) Designation of domestic partner as primary beneficiary in the employee's will.
- d) Assignment of durable property or health care power of attorney to domestic partner.
- e) Joint ownership of a motor vehicle, joint bank account, or joint credit account(s).

If an employee resides in a state or municipality where registration of domestic partnership is applicable, he/she must register with the appropriate government agency and provide proof of such registration in lieu of the "Declaration of Domestic Partnership".

Enrollment

Employees will be permitted to enroll their same sex spouses, domestic partners and legal dependent(s) of their same sex spouse/domestic partner annually at each open enrollment.

If a same sex spouse or domestic partner qualifies for coverage under The McClatchy Company's health care plans, but elects coverage elsewhere or to waive coverage, the employee is encouraged to still submit the "Waiver of Insurance" form and the "Declaration of Domestic Partnership" or legal marriage certificate. This will allow the employee and same sex spouse/domestic partner to be eligible for the benefits listed under "Other Benefits".

New hires eligible for benefits, and current employees who become eligible for benefits due to a status change, will be permitted to enroll their same sex spouses/domestic partners and legal dependent(s) of their same sex spouses/domestic partners during the initial enrollment period if 1) they have met the domestic partner criteria and they have submitted the required domestic partner documentation, or 2) they have submitted a copy of a legal marriage certificate.

If a same sex spouse/domestic partner is eligible for medical and/or dental coverage with his/her employer, he/she must enroll in that coverage first and complete a "Domestic Partners/Spousal Eligibility" form, in order to be eligible for secondary medical or dental coverage with our Company.

If both members of the same sex marriage or domestic partner relationship are employed at the same location, both cannot be covered as dependents of each other.

Health Plans

The medical, dental, vision and employee assistance program will be administered under the existing provisions found in the corresponding Evidence of Coverage/Summary Plan Description or employee handbook for all enrollees. Health plans and existing coverage are subject to change.

Life Plans

The employee's same sex spouse/domestic partner and eligible dependent(s) may elect coverage through the optional life program. The optional life program will be administered under the provisions found in the insurance brochure. Life plans and existing coverage are subject to change.

Contribution Schedules

The Company will pay the same percentage share of the premium costs for the coverage of an employee with a same sex spouse/domestic partner, or same sex spouse/domestic partner with dependent(s), as it pays toward the cost of coverage of an employee with an opposite sex spouse or opposite sex spouse with dependent(s).

The employee will be subject to the annual schedule of premium contributions for employee, employee plus child(ren), employee plus spouse, and employee plus family coverage. The scheduled premium contribution for the same sex spouse/domestic partner's and/or same sex spouse/domestic partner's dependent child(ren)'s benefits will be deducted from the employee's payroll checks on an after-tax basis.

Imputed Income

The Internal Revenue Service (IRS) has ruled that if an employee receives health and/or life insurance benefits for a same sex spouse/domestic partner or the same sex spouse/domestic partner's legally dependent child(ren), the employee must pay FICA, federal income, and state income (unless otherwise permitted by state law) taxes on the value of that benefit. The IRS defines this as the fair market value of the same sex spouse/domestic partner's health or life insurance coverage over the amount paid for the employee's own coverage. This amount may be added to gross income and taxed accordingly. If the same sex spouse/domestic partner is a legal tax dependent under IRC Section 152, imputed income may not apply. Imputed income will not count as income for purposes of the pension plan, 401(k) plan, Employee Stock Purchase Plan, short-term disability, long-term disability, life insurance, AD& PL, or any other benefit plan which calculates benefits on the basis of compensation.

Employees on an approved leave of absence, who pay their portion of the employee contribution schedule by check rather than payroll deduction, will be obligated to pay the amounts due for FICA tax and income tax withholding on imputed income. Income withholding tax rates will be calculated in accordance with the employee's specific W-4.

Termination of Same Sex Marriage

Legal documentation of dissolution of marriage must be provided to the Human Resources Department within thirty (30) days of the divorce.

Termination of Domestic Partnership

The employee will be required to notify the Human Resources Department in writing within thirty (30) days of the termination of a domestic partnership by completing the "Declaration of Termination of Domestic Partnership". This would occur when the employee's relationship with the domestic partner no longer satisfies the domestic partner criteria.

If the domestic partnership is terminated, active coverage for the domestic partner's child(ren) will be terminated unless there is a court order requiring the employee to provide benefit coverage. Coverage will terminate on the last day of the month when the eligibility terminates regardless of the date the employee notifies Human Resources. The employee will be reimbursed the domestic partner's and the domestic partner's dependent(s)' premium payments for any noncovered months already paid.

If an employee resides in a state or municipality where termination of domestic partnership is applicable, he/she must terminate the domestic partnership with the appropriate government agency and provide proof of such termination in lieu of the "Declaration of Termination of Domestic Partnership".

COBRA Continuation of Coverage Rights

Although there is no legal obligation to offer continued coverage to same sex spouses/domestic partners and legal dependent(s) of the same sex spouse/domestic partner, the company has chosen to extend COBRA coverage to same sex spouses/domestic partners and their eligible legal dependent(s).

This means that it is the employee's responsibility to inform the Human Resources Department if he/she has divorced his/her same sex spouse or, as noted above, terminated a domestic partner relationship. Notification must be made within 30 days of the event.

COBRA coverage will be extended on the same basis as is currently available to employees, opposite sex spouses and dependents. Periods of COBRA coverage for loss of health care coverage will be as follows:

- Termination of coverage due to termination of employment: 18 months
- Termination of coverage due to reduction in hours: 18 months
- Termination of coverage due to retirement of employee: 18 months
- Termination of coverage due to termination of domestic partnership: 36 months
- Termination of coverage due to lose of dependent status: 36 months
- Termination of coverage due to death of employee: 36 months
- Termination of coverage due to Medicare eligibility: 36 months

All provisions of COBRA as outlined in the COBRA notification will apply. Same sex spouses or domestic partners electing COBRA may not add a new same sex spouse/domestic partner to their continuation of coverage.

Enrolling a New Domestic Partner

Following termination of a domestic partnership, and proper notification of termination of domestic partnership, there will be a waiting period of twelve (12) months after termination of coverage of the prior domestic partner or domestic partner's dependent child(ren) before the employee is allowed to enroll a new domestic partner or a domestic partner's dependent child(ren).

Other Benefits

Bereavement Leave, if offered, will be extended to include same sex spouses/domestic partners as immediate family members.

Sick Leave will be extended to include care for the same sex spouse/domestic partner or the same sex spouse/domestic partner's dependent child(ren).

Family Medical Leave Act (FMLA) will be extended to include same sex spouses/domestic partners and the same sex spouses/domestic partners' legal dependent child(ren).

In the event of an employee's death, the same sex spouse/domestic partner and any dependent child(ren) currently covered under the company's health and life plans, will be extended the current month's coverage plus two additional months of coverage, and then offered COBRA benefits.

Survivor benefits for long-term disability will be extended to include same sex spouses/domestic partners. In the event of an employee's death, IRS regulations will not allow payment of the final pay check to the same sex spouse or domestic partner. Final pay will be issued to the employee's estate.

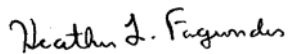
Same sex spouse/domestic partner benefits will **not** be extended to The McClatchy Company Retirement Plan (which includes the Knight Ridder Pension Plan), McClatchy Money Shelter 401(k) plan, Knight Ridder 401(k) Plan, Premium Pass-through Plan or Flexible Spending Account Plans. Due to IRS regulations, the Health Care Reimbursement Plan and the Dependent Care Assistance Plan will **not** reimburse expenses for care of same sex spouses, domestic partners and their dependents, except those who meet the applicable IRS tax law definition of "dependent". Also, we **cannot** treat an employee with a same sex spouse or domestic partner as "married" for purposes of determining the employee's maximum allowable contribution to the Dependent Care Assistance Plan.

Beneficiary Designation

Employees may designate a same sex spouse or domestic partner as their beneficiary for life insurance or the Money Shelter 401(k) plan.

Approval

This policy has been approved by:



Heather Fagundes
Vice President, Human Resources

July 1, 2008

Date

The McClatchy Company reserves the right to change, modify or discontinue the same sex spouse/domestic partner benefits at any time. Nothing in this document should be interpreted as a contractual obligation, either implied or expressed.