THE McCLATCHY COMPANY
Since 1857

Special Life and Disability Plans Open Enrollment Overview

Brief descriptions of the new plans and open enrollment details.

Life Insurance

The new basic life insurance coverage is equal to 1x salary up to $300,000 and applies to benefits-eligible full-time employees except where such changes need to be negotiated as part of a collective bargaining agreement. Salary includes base pay plus direct sales commissions. Accidental Death and Personal Loss (ADPL) coverage automatically is provided in the same amount as the basic life insurance coverage. An age reduction schedule will apply to employees starting at age of 65, and employees will see any benefit reduction in the life insurance amounts shown for open enrollment.

In accordance with IRS regulations, the value of company-paid life insurance in excess of $50,000 must be included as imputed income for an employee and taxed accordingly.

<u>Optional Life Insurance</u>

Employees have the option to purchase additional life insurance coverage for themselves, spouses, domestic partners and eligible children. ADPL coverage is not available under optional life insurance. Optional employee life insurance can be purchased in $50,000 increments up to $500,000. Optional life insurance for a spouse or domestic partner can be purchased in the following amounts: $10,000, $20,000, $30,000, $50,000, $100,000, $150,000 or $250,000. Optional life insurance for children can be purchased in the following amounts: $2,000, $10,000 or $20,000.

If an employee's existing basic life insurance plan *plus* optional coverage (or "grandfathered benefit") exceeds the new basic life insurance limits, the employee will have the opportunity to purchase the additional amount as optional life insurance without providing medical evidence of insurability (or "EOI"). Employees must select this optional coverage during open enrollment in order to qualify for this grandfathered benefit.

> Example 1: Joe's salary is $60,000. He currently has basic life insurance equal to 1.5x salary (or $90,000), plus $50,000 optional life insurance for a total grandfathered benefit of $140,000. As of July 1, Joe will have $60,000 in basic life, and can obtain $100,000 (2 increments of $50,000) in optional life insurance without EOI.

> Example 2: Pete's spouse currently has $40,000 in optional life insurance. As of July 1, she can obtain $50,000 in optional life insurance without EOI.

<u>Beneficiaries</u>

Employees must designate beneficiaries for basic life and any employee optional life insurance coverage during this open enrollment period. After open enrollment, employees can change beneficiary designations at any time by using the online Employee Self-Service system on the corporate intranet. Employees automatically are designated as beneficiaries for any optional life insurance purchased for a spouse, domestic partner or any children.

<u>Evidence of Insurability (EOI) Requirements</u>

Employees seeking optional life insurance coverage in excess of grandfathered benefits must provide EOI. Any optional spousal or domestic partner life insurance coverage in excess of current coverage also will require EOI. No EOI is required for optional life insurance for children. Aetna will send EOI forms to affected employees after open enrollment is closed.

Payroll deductions for the 2008 optional life insurance coverage will be taken on an after-tax basis and will begin on the first payroll following July 1, 2008. Payroll deductions are taken twice a month or 24 pay periods per year.

Long-Term Disability (LTD)

For eligible full-time employees, and where allowed by collective bargaining agreements, McClatchy will provide LTD insurance equal to 50 percent of salary, which includes base salary plus direct sales commissions, up to a maximum benefit of $15,000 per month. Employees may purchase an additional 10 percent of LTD coverage for a total of 60 percent of salary up to the maximum benefit of $15,000 per month. LTD benefits will be reduced by other sources of income such as social security disability benefits.

Payroll deductions for the 2008 LTD buy-up coverage also will be taken on an after-tax basis and will begin on the first payroll following July 1, 2008.

<u>Evidence of Insurability (EOI)</u>

Employees with existing LTD coverage that equals or exceeds 60 percent of salary will be grandfathered into the new LTD buy-up plan without having to provide EOI provided they choose the buy-up option during the special open enrollment period. If an employee does not elect this benefit during open enrollment, they will default to the basic benefit.

Employees who do not have a total of 60 percent LTD coverage but wish to buy this option under the new plan will have to provide EOI.

Short-Term Disability (STD)

The new STD program is not part of the open enrollment process. Not all McClatchy papers offer this benefit. The STD benefit is available to benefits-eligible, full-time employees except where such changes need to be negotiated as part of a collective bargaining agreement. If an employee's first day of disability occurs on or after July 1, he/she will be covered under these benefits. If the first day of disability occurs before July 1, the disability will be covered under the benefit designs currently in place.

The new STD plan will pay 60 percent of salary, which include base salary plus direct sales commissions, to the maximum benefit of $2,500 per week. There is a seven-day waiting period, and the benefit will pay a maximum of 25 weeks. Employees must use any available sick leave, PTO or vacation time during the seven-day waiting period, and can use these banks to supplement STD payments up to 100 percent of pay. Employees on workers compensation leave are not eligible for STD benefits.

Aetna will administer STD eligibility, and employees should report a claim directly to Aetna either through their website or by phone, after they have notified their human resources department of their need for leave. STD checks will be issued by the employee's payroll department on a bi-weekly basis. Taxes and appropriate deductions (e.g., health care deductions) will be withheld from STD checks.

Enrollment is automatic for eligible employees who work at papers offering this benefit. Generally, new employees at these papers become eligible for the benefit on the first of the month following 30 days of employment. However, in some non-daily papers, the eligibility period is one year.

Open Enrollment

The special life and long-term disability open enrollment will take place June 11-20.

Full-time, benefits-eligible McClatchy employees automatically will be enrolled in basic life insurance and base LTD coverage. This special open enrollment period is being offered so employees can purchase optional life insurance coverage and/or LTD buy-up coverage.

Once the open enrollment window has closed, employees will not be allowed to change elections until the annual open enrollment in the fall for 2009. In the future, life insurance and LTD coverage will be part of the annual fall open enrollment period.

Open enrollment must be completed online at the McClatchy HealthWorks website, which can be accessed directly at www.mcclatchy.com/healthworks or through the employee links at the corporate internet and intranet sites.

Please note the following about this special open enrollment period:

- Employees who want to retain any grandfathered optional life insurance coverage must participate in open enrollment. Those who do not will lose this additional coverage and may have to provide EOI should they elect this coverage at a later time.

- Employees who want to retain any grandfathered LTD buy-up coverage must participate in this special open enrollment process. Those who do not will lose this optional coverage and will have to provide EOI should they elect this coverage at a later time.

- Employees must participate in open enrollment to designate beneficiaries for basic and optional life insurance coverage.

- Enrollment for employees who do not participate in open enrollment will default to the following coverage:

    - Basic life insurance of 1x salary
    - Base LTD coverage at 50 percent of earnings.