

PREAMBLE

This Agreement is made this first day of January, 2007 between McClatchy Newspapers, a corporation, Publisher of THE SACRAMENTO BEE, hereinafter referred to as "Publisher" or "Company", and the NORTHERN CALIFORNIA MEDIA WORKERS GUILD/TYPOGRAPHICAL UNION, LOCAL 39521, CWA, hereinafter referred to as the "Guild," for itself and on behalf of all the employees represented by the Guild in the editorial and advertising departments and central art room.

SECTION 1 RECOGNITION

1.1 (a) The Guild's jurisdiction is recognized as applying to the kind of work presently performed or by established practice performed by the employees in the unit covered by this Agreement, and any work which may supplant or substitute for such work presently performed. Any work or equipment that supplants the foregoing shall be assigned to employees covered by this Agreement. Work now within the Guild's jurisdiction shall be assigned to employees covered by this Agreement.

(b) The Guild's jurisdiction shall be expanded to include the following work:

1. The creation by bargaining unit employees of original, journalistic (i.e. news) content for the SacBee.com website; and
2. The posting of stories to the SacBee.com website by bargaining unit copy editors; and
3. The designing of a web page for the SacBee.com website by bargaining unit artists; and
4. The use (including use for editing) by bargaining unit photographers and bargaining unit reporters of video and audio recording devices to produce video and/or audio to accompany stories on the SacBee.com website.

(c) Section 3.1 of the current labor contract shall apply to the work detailed above in paragraph 1.1(b)

(d) The Guild shall not utilize the performance by bargaining unit employees of the work detailed above in paragraph 1.1(b) in support of an argument that employees of the Interactive Media Division should be included in the bargaining unit.

(e) No Interactive Media Division employee shall be covered by the labor agreement between the Company and the Guild.

1.2(a) This Agreement covers all employees in the Editorial Department, the Retail Advertising, Classified Advertising, National/Local General Advertising, Co-op Advertising and Ad Creation Departments (excluding those Ad Creation employees listed in Side Letter 2).

1.2(b) Interactive Media Content Developers

This shall apply to those employees employed by the Company's Interactive Division as of January 1, 2007:

A) Supervision

All Interactive Content Developers will be transferred into the Newsroom effective January 1, 2007. They will continue to perform the news-related duties which they performed while they were Interactive Media division employees. These duties shall be within the jurisdiction of the Guild.

B) Base Salaries

All Content Developers covered by this agreement shall be assigned to the corresponding newsroom content developer salary range.

C) Performance

Pursuant to section 13.3, these transfers will be considered "new hires" within the newsroom and will be subject to a six-month probationary period.

D) Advertising Positions

The Interactive Media sales and sales support staff will be managed by the Advertising Division. These positions are not within the bargaining unit and the duties performed by these individuals are not within the jurisdiction of the Guild

1.3 a. The following are excluded from the application of this Agreement: Executive Editor/Senior Vice President, Managing Editor, Deputy Managing Editor, Asst. Managing Editor (5), Asst. Art Director, Art Director-Design, Asst. Graphic Arts Director, Graphic Arts Director, Asst. Sports Editor (3), Deputy Sports Editor, Sports Copy Desk Chief, Sports Editor, Asst. Business Editor, Deputy Business Editor, Business Editor, Associate Business Editor, Deputy City Editor, City Editor, Night City Editor, Asst. City Editor (7), News Copy Desk Chief, Asst. Copy Desk Chief (3), Asst. Features Editor (2), Deputy Features Editor (2), Features Editor (2), Features Copy Desk Chief, Deputy Regional Editor, Bureau Chief (3), Regional Editor, Political Editor/Capitol Bureau,

Deputy Capitol Bureau Chief, Deputy Director of Photography, Director of Photography, Asst. Photo Director (2), Office Manager, Newsroom Services Supervisor, Multi-Media Editor, National Editor, News Editor, Projects Editor, Weekend Editor, Research Manager, Asst. Director Editorial Research, Associate Editor, Retail Territory Manager, Administrative Assistant (7), Advertising Director, Classified Advertising Director, Asst. Classified Manager, National Advertising Coach, Recruitment Sales Coach, Ad Central Coach, Ad Central Supervisor, Advertising Production Coordinator, Advertising Project Manager, Asst. Auto Coach, Automotive Coach, Database Shared Mail Coach, Group Supervisors (3), Majors Coach, Real Estate Coach, Regional Coach, Retail Sales Coach (3), Systems Manager, Special Sections staff, Direct Marketing staff, Front Counter Administrators and any other supervisor as defined by the National Labor Relations Act.

b. Due to the evolving nature of the online transition in the newsroom, it is understood that the Company will be changing some of the newsroom managerial titles in Section 1.3 of the agreement, and provide that the Guild will be informed of any changes to managerial titles within 10 days of the change. It is agreed that this will not result in an increase in the number of excluded positions in the newsroom.

1.4 Employees covered by this Agreement shall have the right to belong or to not belong to the Guild and the right to pay or to not pay dues and/or fees to the Guild if they are not members.

1.5 Any employee who is, or voluntarily becomes, a Guild member during the term of this Agreement shall remain a member thereafter during the term of this Agreement except as provided in the following sentence. All employees covered by this Agreement shall have the option to withdraw from the Guild without penalty or recourse and cease paying any dues and/or fees during the first full month after signing this Agreement and during the month of December of each year thereafter starting with December of 2007.

1.6 At the time of hire and during each window period, employees covered by this Agreement shall receive a form letter which is attached hereto as Side Letter 1 explaining the resignation option. Employees covered by this Agreement who are on the Publisher's payroll at the time of the signing of this Agreement shall receive the same letter within thirty (30) days after signing of this Agreement.

1.7 For the purpose of this Agreement, resignation from Guild membership shall be defined to mean written notification advising the Guild that the employee is resigning from Guild membership. Failure to do so shall mean continuation of membership.

SECTION 2 PART-TIME AND TEMPORARY EMPLOYEES

2.1 Part-time and temporary employees shall not be hired where the result is the layoff of any full-time employee who was employed on the signing date of this agreement.

2.2 Part-time employees:

(a) A part-time employee is one who is employed and scheduled to work less than the normal work week (37.5 hours) provided for in Section 5. Experience credit for all part-time employees shall be determined on a pro-rata basis.

(b) Part-time employees shall be placed in the following classifications: A regular part-time employee is one who works the equivalent of 22.5 or more hours a week and shall be eligible to qualify to participate in the Publisher's health insurance plan in accordance with the requirements of Section 22.4 (b). An occasional part-time employee is one who works less than 22.5 hours per week and shall not be eligible to participate in the Publisher's health insurance plan.

(c) There shall be a review of hours worked by every part-time employee every six calendar months. A report of such review shall be sent to the Guild. Any occasional part-time employee who has averaged 22.5 or more hours a week during the preceding six-month period shall be reclassified as a regular part-time employee. Any regular part-time employee who has averaged less than 22.5 hours per week during the preceding six-month period may be reclassified as an occasional part-time employee.

(d) All part-time employees shall be covered by all provisions of this Agreement except as expressly provided here or elsewhere in this Agreement. Among the provisions which shall not apply to regular and occasional part-time employees hired before the date of signing this Agreement are the following: Sections 5.3, 5.11, 5.14, 7, and 14.2. Among the provisions which shall not apply to regular part-time employees hired after the date of signing this Agreement are the following: Sections 5.3, 5.11, 5.14, 6, 7, 8, 13.4, 13.5, 13.7, 13.8, 14.2 and 19. Among the provisions which shall not apply to occasional part-time employees hired after the date of signing of this Agreement are the following: Sections 5.3, 5.11, 5.14, 6, 7, 8, 13.3, 13.4, 13.5, 13.7, 13.8, 14.2, 17.

(e) All part-time employees shall be paid on an hourly basis equivalent to the salary provided for their classification and experience.

2.3 Temporary Employees

(a) A temporary employee is one employed for a special project or for a specified time, or hired to substitute for one or more employees on vacation, such employment not to exceed six months (which time limit may be extended by mutual agreement) or an employee who is hired to substitute for a particular employee absent on leave hereunder, in which case the employment may continue for the duration of the leave.

(b) Temporary employees are covered by all provisions of this Agreement, except as otherwise expressly provided in this Agreement. Full-time temporary employees also shall receive credit for time worked for the purpose of determining experience under Section 4.7. However, temporary employees shall not be entitled to severance pay other than as provided in Section 12.7. Full-time temporary employees are eligible for holiday benefits. In addition, full-time temporary employees are eligible to earn vacation after six months of employment and sick leave after three months of employment. Part-time temporary employees are not eligible for holidays, vacations or sick leave.

2.4 This section, and other provisions of this Agreement, shall not apply to part-time or temporary employees such as election workers, or employees doing work not done regularly by staff members, nor shall this section and other provisions of this Agreement apply to space writers, outside correspondents, or other contractors.

2.5 For all part-time and temporary employees, the number of hours and/or shifts worked each week is at the sole discretion of the Publisher.

SECTION 3 GENERAL

3.1 The Publisher may assign bargaining unit work to individuals holding the excluded positions set forth in 1.2 and to other non-bargaining unit individuals, providing that the assignment of such work does not result in the layoff of any full-time employee who was employed on the signing date of this Agreement.

3.2 (a) As soon as possible, and in any event within ten (10) working days after the employee begins work at The Sacramento Bee, the Publisher shall furnish the Guild in writing the following information for each new employee:

1. Name, address, birth date, gender, race and employee number
2. Date of hire or transfer
3. Contract classification, status (p.t., temporary or on-call)
4. Job title and experience rating (if applicable)
5. Job performance evaluation date
6. Salary
7. Place of work in not in main plant (if available)

(b) The Publisher shall notify the Guild in each case of the termination of an employee covered by this Agreement as soon as possible and in any event within one week of the date of termination.

(c) The Publisher shall notify the Guild monthly in writing of changes in classification other than changes resulting from operation of this Agreement.

(d) The Publisher shall supply the Guild on request, but no more than twice a year, with a list containing the following information for employees covered by this Agreement:

1. Name, address, birth date, gender, race and employee number
2. Date of hire or transfer
3. Contract classification, status (p.t., temporary or on-call)
4. Job title and experience rate (if applicable)
5. Job performance evaluation date
6. Salary
7. Place of work in not in main plant (if available)

3.3 Before new full-time employees are hired for positions covered by this Agreement, the Publisher agrees to give consideration to present employees who possess the necessary qualifications for the position to be filled. An employee may refuse a promotion without penalty. Employees promoted shall be given a trial period of six (6) months. During such trial period, the Publisher will appraise the employee's performance and determine if the employee passes or fails the trial period. The parties by mutual consent may extend this trial period. The Publisher shall determine the appropriate pay classification and experience rating to establish the employee's pay rate. Said pay rate shall not be less than the employee was paid during the trial period. If, at any time during the trial period, the Publisher determines the employee is failing the trial, the Publisher will attempt to return the employee to his/her original classification. If the employee is returned to a lower classification, the Publisher will determine the experience rating, and the employee's pay rate will be red-circled at the rate he/she was making before he/she was originally promoted.

3.4 Should the Publisher create a new job classification, it shall establish a salary for the classification and furnish the Guild with a job description. No later than ninety (90) days thereafter, the Guild may request that the parties meet for the purpose of negotiating a new salary for said classification, and in the event of disagreement, the Guild may submit the controversy regarding the appropriate salary to final and binding arbitration under Section 9. However, the arbitrator shall have jurisdiction to decide the appropriate salary only, and his/her ruling is limited to selection of either the Company's last offer or the Guild's last offer.

3.5 Notification to the Guild as required under this Agreement shall be satisfied by first class mail to Post Office Box

5303, Galt, CA 95632, unless otherwise agreed to between the parties.

3.6 The Publisher agrees to post all job openings, for no less than seven (7) days, and shall give first consideration to present employees who possess the necessary qualifications, for such openings. The date of the posting will be included on the posting.

SECTION 4 SALARIES

4.1 Employees covered by this Agreement who have completed the equivalent of one year of continuous full time employment with the Publisher shall receive annual job performance reviews on their job performance review date.

(a) Performance will be rated and employees will receive at least the following minimum merit increase based upon comp ratio and job performance reviews:

**Merit Increase Guide Chart for 2007
Comp-Ratio**

Rating	60% - 79%	80% - 94%	95% - 105%	106% - 125%	126+%
Consistently Exceeds	5%	4%	3%	2.5%	Lump Sum
Frequently Exceeds	3.5%	3%	2%	2%	Lump Sum
Meets Standards	2%	2%	1.5%	1.5%	0%
Fails to Meet Standards	0%	0%	0%	0%	0%

(b) The merit increase pool will be the following for the period from January 1, 2007 through December 31, 2007, 2%. It is agreed that there is no requirement that there be money put in the merit increase pool in any year beyond 2007.

(c) Unpaid leaves of absence of more than thirty (30) days will extend the annual performance review date by the number of days on leave. Paid leaves of absence of more than sixty (60) days will extend the annual performance review date by the number of days beyond sixty days, except in accordance with FMLA.

(d) If there are monies put in the merit increase pool in a given year, the average percentage increase of those employees eligible to be considered for a merit pay increase in that year shall be at least 85% of the merit increase pool percentage for that year.

(e) The following provisions of Section 4 shall not be subject to the provisions of Section 9 (Grievance and Arbitration) of this Agreement: 4.2, 4.3, 4.4, 4.8, 4.11, 4.12.

4.2 Merit increases shall be granted based upon job performance and comp ratio, and shall go into effect on or before the effective date of the performance review.

4.3 Any employee who receives a Job Performance Review may, within four weeks, appeal his/her performance review and/or salary increase determination.

(a) The employee shall first take his/her appeal in writing to his/her immediate supervisor.

(b) Should the immediate supervisor fail to resolve the issue to the satisfaction of the employee within one week thereafter, the employee, depending on the department in which he/she works, may appeal to the Executive Editor or his/her designee or to the Vice President or his/her designee. The decision of the Executive Editor or the Vice President shall be final.

(c) Upon the request of the employee, the Guild may participate with the employee in the appeal process.

4.4 Any employee who does not receive a salary increase as a result of his/her annual Job Performance Review shall be re-evaluated within three (3) months of his/her annual review or resolution of the appeal, whichever occurs later. This interim review shall be subject to the appeal process of Section 4.3 and its delivery date, including salary increase, if any, shall become the employee's new Job Performance Review date.

4.5 (a) Salary increases granted pursuant to this Section 4 shall be in addition to the employee's base weekly or

hourly rate, except when a lump sum payment is authorized pursuant to section 4.1(a).

(b) The term “base weekly salary” is understood to mean straight-time salary paid and does not include any overtime, differentials, allowances, or other pay provided elsewhere.

(c) Notwithstanding 4.5 (a) above, the Publisher may elect to pay merit increases, if any, in a lump sum to an employee whose comp ratio is above 125%. Said “red circled” employee will be eligible for his/her merit increase, if any, to be added to his/her base pay, when his/her weekly base salary falls below 125% of their salary range’s midpoint.

(d) Employees eligible for a lump sum merit increase, as defined in section 4.1(a), shall receive a 2% lump sum in 2007. If employee continues to be eligible each year, these merit increases shall be given as follows: year (1) applicable lump sum, year (2) applicable lump sum, year (3) applicable increase to base salary, based on comp ratio of 124%.

4.6 There shall be no reduction in the base weekly salary of any employee covered by this Agreement except as provided in this Section and in Section 3.

(a) It is understood that the application of this provision shall provide that upon the request of the Publisher and with the consent of the employee, an employee may be transferred to any lower paying job as specified in this Agreement. Under such circumstances the employee shall retain his/her salary at the time of transfer. If an employee requests to be transferred to a lower paying job or his/her previously held job, and the Publisher agrees, the employee’s salary at the time of transfer may be retained at the Publisher’s option.

(b) In the event the Publisher demotes an employee to a lower paying job for disciplinary reasons, the employee’s salary shall be reduced to no less than the established minimum for the lower rated job. Such demotions must be for just cause only.

(c) During a trial period covered in Section 3.3, the employee shall receive at least the minimum salary for the higher classification.

4.7 Employees covered by this Agreement shall be assigned to the following classifications and shall be paid no less than the minimum base salary established herein for their classifications:

(a)

2007 Ranges - Newsroom

<u>Title</u>	<u>Min</u>	<u>Mid</u>	<u>Max</u>
Artist I	\$20.50	\$27.00	\$33.75
Artist II	\$25.00	\$33.00	\$41.25
Copy Editor I	20.50	\$27.00	\$33.75
Copy Editor II	\$25.50	\$34.00	\$42.50
Editorial Assistant I	\$11.70	\$15.60	\$19.50
Editorial Assistant II	\$15.00	\$18.00	\$22.50
Editorial Secretary	\$14.00	\$17.46	\$21.85
Librarian	\$18.75	\$25.00	\$31.25

Library Clerk	\$11.70	\$15.60	\$19.50
Newsroom Aide I	\$9.85	\$13.15	\$16.45
Newsroom Aide II	\$11.70	\$15.60	\$19.50
Lab Technician	\$16.00	\$20.00	\$25.00
Photographer I	\$20.50	\$27.00	\$33.75
Photographer II	\$25.00	\$33.00	\$41.25
Senior Photographer	\$1237.50/wk	\$1668.75/wk	\$2086.88/wk
Sports Clerk	\$9.85	\$13.15	\$16.45
Sidetracks Intern	\$11.70	\$15.60	\$19.50
Reporter I	\$20.50	\$27.00	\$33.75
Reporter II	\$25.00	\$33.00	\$41.25
Senior Writer I	\$28.50	\$35.60	\$44.50
Senior Writer II	\$1237.50/wk	\$1668.75/wk	\$2086.88/wk
Newsroom Technology Assistant	\$20.00	\$26.50	\$33.15

Content Developer	\$20.00	\$26.50	\$33.15
Video/Photographer	\$25.00	\$33.00	\$41.25

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2007 Ranges – Advertising

Title	Min	Mid	Max
Telephone Salesperson	\$15.00	\$19.50	\$24.00
Telephone Salesperson - Contract	\$16.00	\$21.00	\$26.00
Telephone Salesperson - Paginator	\$15.50	\$20.50	\$25.50
Regional Account Manager	\$562.50/wk	\$750.00/wk	\$937.50/wk
Outside Advertising Assistant	\$10.15	\$13.50	\$16.85
National Account Manager	\$825.00/wk	\$1087.50/wk	\$1350.00/wk
Graphic Designer II	\$19.75	\$26.35	\$33.00
Graphic Designer	\$17.25	\$23.00	\$28.75
Customer Service Coordinator	\$17.25	\$23.00	\$28.75
Clerk	\$13.15	\$17.50	\$21.85
Receptionist	\$10.70	\$14.25	\$17.85
Advertising Sales Assistant II	\$15.50	\$20.75	\$25.75

Advertising Sales Assistant	\$13.50	\$17.75	\$21.85
Lead Ad Text Processor	\$15.00	\$20.00	\$25.00
Ad Text Processor	\$10.70	\$14.25	\$17.80
Account Manager Inside Sales	\$17.00	\$22.50	\$28.00

Account Manager - Retail	\$665.63/wk	\$890.63/wk	\$1106.25/wk
Account Manager - Majors/Key Accounts	\$825.00/wk	\$1087.50/wk	\$1350.00/wk
Account Manager - Classified II	\$746.25/wk	\$993.75/wk	\$1243.13/wk
Account Manager - Classified	\$690.00/wk	\$918.75/wk	\$1149.38/wk
Vacation Relief - Outside Sales	\$690.00/wk	\$918.75/wk	\$1149.38/wk

(b) The Company shall have the right to designate an employee’s classification. In the event that the employee disagrees with the company’s decision on his or her classification, the employee may appeal that decision in the same manner as the procedure to appeal an experience level decision as set out in section 4.8(d). Advertising employees may appeal the company’s decision on their classification to the Sr. V.P. of Advertising or his/her designee.

4.8 Newspaper, news or feature syndicate, press association, or recognized news magazines, and experience in other related fields shall be given first consideration in establishing starting pay levels for employees covered by this Agreement who write or edit news. In respect to establishing the starting pay level for photographers and artists, first consideration will be given to all regular employment on a newspaper, recognized news magazine or corresponding experience in comparable business or in another business in which they perform work similar in character to that required by the Publisher.

(a) Experience level for employees in Classification No. 1 shall be determined by the Publisher at the time of hire. Full credit will be given for daily newspaper publications and half credit for weekly paid circulation newspaper publications.

(b) Experience levels for applicable employees who are covered by this Agreement who are on the payroll as of the effective date of this Agreement shall be determined by the Executive Editor based on total regular hours worked in Classification No. 1 and information provided on the employee’s employment application.

(c) Subsequent credit for experience shall be based upon total regular hours worked in Classification No. 1.

(d) Employees described in 4.8(b) may appeal their experience level rating in writing to the Executive Editor. The decision of the Executive Editor shall be final.

4.9 Nothing in this Agreement shall prevent employees from bargaining individually for salary increases. Any salary increases granted pursuant to this provision may, at the Publisher’s option, be paid either in a lump sum or as an addition to the employee’s then current base salary. Such raises shall not delay or extend the employee’s annual performance review date.

4.10 Nothing in this Agreement shall prevent the Publisher from conducting job performance reviews and granting merit increases on a more frequent basis than is outlined in this Agreement. Any salary increases granted pursuant to this provision may, at the Publisher’s option, be paid either in a lump sum or as an addition to the employee’s then current base salary. Such raises shall not delay or extend the employee’s annual performance review date.

4.11 It is understood that the wages of employees covered by this Agreement may be subject to freezes, delays or reduction of planned increases if the non-bargaining unit employees and Management of The Sacramento Bee also experience any of these wage control actions due to economic reasons. It is understood that these wage actions will be at no greater magnitude than those experienced by non-bargaining unit employees and Management of The Sacramento Bee. The Publisher agrees to give the Guild at least thirty (30) days notice of the wage action to allow Guild and Publisher representatives to meet to discuss alternative solutions. The Publisher will make the final decision and has the sole authority to determine whether or not economic reasons exist.

4.12 The Guild shall have the right to verify any freeze, delay or reduction of planned increases through a mutually agreed upon independent auditor who will be allowed access to payroll records. It is understood that the independent auditor will only have access to Sacramento Bee payroll records.

4.13 Within ten (10) working days of payment of a merit increase, the Publisher will furnish the Guild with the name, classification, job title, previous salary, merit increase, merit increase percentage and new salary of the eligible bargaining unit employee.

4.14 The Company shall offer direct deposit of employee’s earnings on a voluntary basis.

SECTION 5 HOURS

5.1 (a) The five-day thirty-seven and one-half (37 1/2) hour week shall obtain for all employees.

(b) Telecommuting - By mutual agreement between the Publisher and the employee, regular full-time employees may work a 37.5-hour workweek from locations other than the Publisher's Sacramento facility. The Publisher will notify the Guild of any employee who enters into an arrangement of this type. Upon four weeks (28 calendar days) prior notification to the Publisher, the employee working under this arrangement may return to the normal work location arrangement. Upon four weeks (28 calendar days) prior notification to the Guild and employee working under this arrangement, the Publisher may end the arrangement and return the employee to the normal work location arrangement. The granting or denial of a telecommuting request by the Publisher shall not constitute a precedent for any other such requests and the Publisher shall have the complete discretion to decide whether or not to grant any such request.

(c) All outside sales people are exempt from the overtime pay requirements of this Agreement.

5.2 Seven and one-half (7 1/2) hours within eight and one-half (8 1/2) consecutive hours shall constitute a day's straight time worked.

5.3 If an employee is allowed time off during a regular workday to handle personal matters, the Publisher may require that this time be made up within the same week, but not on the employee's day off, except by mutual consent. If an employee requests and receives a day off other than his/her regular day off to handle personal matters, the employee shall make up the time by working a day as assigned by the Publisher, provided the employee is given at least 24 hours advance notice of the date on which the time is to be made up. Agreement to any change for personal reasons is at the option of the Publisher, who shall not be penalized in terms of overtime, differentials, premiums or in any other form for such agreement. If the Publisher gives its permission, the employee may deduct the day off from his/her vacation time up to a maximum of five (5) vacation days in a calendar year.

5.4 (a) The Publisher shall compensate for all overtime at the rate of time and one-half. Overtime shall be defined as work beyond the unit of hours in the workday or workweek.

(b) In lieu of overtime, the Publisher may offer compensatory time off provided that the affected employee opts for the compensatory time off. Compensatory time off shall be at the applicable overtime rate and must be taken during the same work week as the hours worked..

5.5 Any employee required to return to work after his/her regular working day shall be paid for the time worked, but not less than two (2) hours plus time traveled to and from work, all at the overtime rate. Except as modified by other parts of this Section 5, full-time employees who are called in to work a sixth day (fifth day in a holiday week) or seventh day (sixth day in a holiday week) shall be paid a minimum of five (5) hours at the overtime rate. Working a seventh day shall be by mutual consent.

5.6 Employees hired prior to June 30, 1975, who work Sunday as one day of the straight time work week shall be paid in full shift for two-thirds (2/3) of a shift worked.

5.7 The Publisher shall cause a record of all overtime to be kept and employees shall report all overtime worked within each payroll period. Such record shall be made available to the Guild in case of a dispute. An employee must receive prior authorization for working overtime from the appropriate management representative.

5.8 (a) Work schedules for full-time employees shall be posted one week in advance of the week for which they apply. Except as modified elsewhere by this Agreement, any work performed at hours not scheduled shall be considered overtime. It is understood that in the case of illness, unanticipated jury duty, failure to report, or dismissal of an employee, the Publisher has the following among its options without incurring any overtime or other penalty:

- (1) Changing the days off and/or starting times of other employees to cover the absence.
- (2) Requiring part-time employees to work additional days and/or hours up to a limit of 7.5 hours in a day, 37.5 hours in a week at the regular rate of pay.

(b) In the Editorial Department, the Publisher may change the starting times of employees for any shift in a workweek for the purpose of ensuring the coverage of major breaking news or the changed schedules of events to be covered, provided that the affected employees are given notice prior to the conclusion of their current shift.

(c) The Publisher also may adjust the starting times and/or days off for employees on overnight out-of-town assignments, provided the affected employees are notified of such starting time or schedule change prior to the conclusion of their current shift.

5.9 Any reviewer/critic may be assigned a split shift with no turnaround or night differential payable. In case of such assignment, the reviewer/critic shall receive \$11.00 (effective on the date of signing) for each such split shift worked. With the consent of the employee and the assent of the Guild, any other employee may be assigned split shifts as provided in this section.

5.10 (a) The Publisher may designate senior writers II and up to a maximum of eight (8) senior photographers who will be exempt from Sections 5.1, 5.2, 5.3, 5.4, 5.5, 5.6, 5.7, 5.9, 5.11, 5.12, 5.13 and 5.15 but shall be covered by other provisions of

this Agreement.

(b) The Guild shall be notified within ten working days of all such designations and the withdrawal of any such designations.

(c) Employees shall have the right to refuse such designation as senior writer II or senior photographer.

(d) In the event the designation of an employee to senior writer II or senior photographer is subsequently withdrawn by the Publisher, the affected employee and the Guild shall be given forty-five (45) days notice. In the event of such withdrawal there shall be no reduction in pay (such salary shall be red-circled and absorbed by subsequent pay increases). If the employee requests to be removed from this designation, and the Publisher agrees in writing, the employee's pay may be red-circled at the Publisher's option. Any employee red-circled pursuant to this paragraph will be eligible for a merit increase, if any, when his/her weekly base salary falls below one hundred twenty percent (125%) of the salary range midpoint within the applicable classification.

5.11 Except in an emergency or as modified elsewhere by this Agreement, the Publisher will provide full-time employees with consecutive days off insofar as practicable. Full-time employees regularly scheduled to work on Sunday shall receive two consecutive days off unless otherwise mutually agreed to by the Guild and the Publisher, or the employee shall have the option to split days off, one of which shall be Saturday.

5.12 That part of a shift worked within any period less than twelve (12) hours after the completion of the preceding shift shall be paid for at the rate of time and one-half. By mutual consent, this section may be waived up to twice a week per employee.

5.13 Any employee working straight time shifts beginning or ending between 8:00 p.m. and 6:00 a.m. shall receive a differential of \$5.50 per shift.

5.14 (a) The following holidays, or the days observed as such, shall be granted to all employees with full pay: New Year's Day, Diversity Day, President's Day, Memorial Day, Independence Day, Labor Day, Thanksgiving Day and Christmas. In addition to the above eight (8) holidays there shall be an additional holiday, which shall be on the employee's birthday (or another mutually agreeable holiday including Martin Luther King Jr. Day and Caesar Chavez's Birthday) in accordance with the present practice.

(b) Diversity Day will be celebrated to coincide with Martin Luther King Day. If an employee wishes to select an alternate day, they must do so in writing during open enrollment. Selection of an alternate day is subject to supervisor approval. If an employee selects an alternative date and the company is unable to grant that request for the employee, that alternative date and corresponding work week will be treated per section 5.14(c). Diversity Day is not a floating holiday and it may not be used as an extension of vacation, sick leave, another holiday or any other form of paid time off. The Company reserves the right to deny a paid day off for a requested Diversity Day if business needs necessitate or if the selected day does not coincide with a religious, ethnic or diversity event. If an employee is hired after Martin Luther King Day has occurred, he or she will not be eligible for Diversity Day until the following calendar year. If an employee leaves employment prior to celebrating his or her Diversity Day, the employee will not be paid for the holiday.

(c) If an employee wants time off for a religious holiday not listed above, the employee, with reasonable advance notice, may request time off for such a holiday. The Company, as in the past, shall make a good-faith effort to grant the request with some arrangement that is consistent with business necessity. There is no requirement either that the Company grant the request, or that if it does grant the request, the time off be with pay. The granting of any request shall not constitute a precedent for the granting of any other request.

(d) The work week for any employee in which any of these holidays falls shall consist of four (4) days or three (3) days pursuant to Section 5.1(b) totaling the number of hours applicable to him/her as specified in Section 5.1, excluding the holiday. Any employee required to work on the holiday shall receive a paid day off during that same work week. If an employee is required to work longer than two-thirds (2/3) of his/her full shift on any such holiday, he/she shall be paid for all time in excess thereof at the rate of time and one-half the regular rate, in addition to all other pay to which he/she is entitled under this Agreement.

5.15 Calculation of weekly overtime (hours worked in excess of 37.5) shall be based on actual hours worked, except that paid time off for vacation or compensatory time off shall be considered as time worked, for purposes of the calculation of weekly overtime.

5.16 Notwithstanding any other provision of this agreement, the calculation of overtime (including double time) shall be in accordance with all applicable laws.

SECTION 6 SEVERANCE PAY

6.1 (a) Severance pay shall be paid to regular full-time employees, and regular part-time employees hired on or before March 6, 1987 in a lump sum equal to two (2) weeks' pay for every year of full-time equivalent service (prorated for fractional years of service), up to a maximum of forty (40) weeks. Such pay shall be computed at the employee's current rate of pay excluding any overtime, holiday pay, vacation pay, shift or job differentials or any other premium or additional compensation.

(b) Severance pay shall be paid to part-time employees hired after March 6, 1987 in a lump sum equal to two (2) weeks pay for every year of full-time equivalent service (prorated for fractional years of service) up to a maximum of four (4) weeks. Such pay shall be computed at the employee's current rate of pay excluding any overtime, holiday pay, vacation pay, shift or job differentials or any other premium or additional compensation.

6.2 Severance pay need not be paid to an employee discharged for just cause (excepting incompetence), self-provoked discharge for the purpose of collecting severance pay, to an employee who is retired from The Sacramento Bee or who leaves of his/her own volition. The payment of severance in any of these cases shall be optional with the Publisher.

6.3 From severance pay the Publisher may deduct any levy or tax to which the employee is subject under state or federal legislation.

6.4 A person re-employed who has received severance pay becomes a new employee of the Publisher as regards severance pay.

SECTION 7 VACATIONS

7.1 Vacation credit for regular full-time employees shall be granted on the following basis:

(a) During an employee's first five years of service, the employee shall earn .0575 hours of vacation time for each hour of straight time paid up to a maximum of three (3) weeks per year.

(b) During an employee's sixth and subsequent years of service, the employee shall earn .0767 hours of vacation time for each hour of straight time paid, up to a maximum of four (4) weeks per year.

(c) Vacation accrual shall begin on the employee's first day of employment.

7.2 Vacations shall be arranged beginning with April 15 and ending with October 15 of each year, except that in the case of employees who have completed five years, but less than ten years of continuous employment as of January 1 of the year in which the vacation is taken, one week of their four weeks of vacation shall not be within the above period unless mutually agreed to. The Publisher shall arrange the vacations in the various departments in accordance with the needs of the office and shall give first consideration to length of service in assigning vacation periods during the initial sign-up period of October 1 to November 30 for the following calendar year. After November 30 in each assignment period, no employee may "bump" a less senior employee from a vacation period already assigned in accordance with this Agreement and the department's individual practice. With the consent of the employee and the Publisher, the vacation may be split and/or scheduled outside the above designated time period.

7.3 An employee whose vacation time includes a holiday shall receive an additional day of vacation at a time to be mutually agreed upon by the employee and the Publisher.

7.4 Upon termination of employment, an employee (or his/her estate in case of death) shall receive accrued vacation pay.

7.5 Employees may accrue vacation up to an amount which equals one and one-half times the employee's annual vacation entitlement. Accrual of unused vacation beyond one and one-half year's entitlement shall only be by mutual agreement between the employee and the Publisher.

7.6 For former Neighbors employees, McClatchy Newspaper experience before September 1, 2002 will not be recognized for the purposes of vacation scheduling priority.

SECTION 8 SICK LEAVE

8.1 **ELIGIBILITY:** Regular full-time employees and eligible part-time employees regularly scheduled to work twenty-two and one half (22½) or more hours per week will receive sick leave benefits in accordance with this Section after three months of employment and may use the hours available in their accrual balance.

8.2 **INCIDENTAL SICK DAYS:** Eligible employees shall be paid for up to ten (10) scheduled workdays per calendar year for which they do not report to work as a consequence of illness or injury or sick dependent, with prior supervisor approval, for family emergency.

(a) To receive compensation for incidental sick days, employees must notify their supervisor before the start of the shift for which they will not report that they will not be able to report to work and must submit a completed absence form.

(b) In the first year of employment, or upon transfer to full-time status, employees will receive a prorated sick leave balance after three months of service.

(c) On the January 1 immediately following hire date and each January 1 thereafter, eligible full-time employees shall have ten (10) occasional sick days; eligible part-time employees shall have a pro rata number of sick days based on the number of hours worked during the preceding calendar year.

8.3 **SHORT-TERM DISABILITY:** Eligible employees may receive up to 130 work-days of Short-term disability (STD) pay within a two-year period from the Company, while certified disabled by a doctor, are unable to work and are qualified for state disability, or workers' compensation disability benefits. While on medical leave, total pay for eligible employees will be 70% of normal base pay. This is a combination of Company short-term disability pay and state disability pay or workers' compensation. For

sales personnel covered by a commission plan, base pay is defined as their weekly base pay plus a weekly average of their actual commission earned in the prior year.

At the employee's option, available vacation pay can be integrated with Extended Sick Leave pay at the rate of one (1) or two (2) days per week. Incidental Sick Leave or vacation pay can be used for time preceding the employee's eligibility date for disability pay and Extended Sick Leave pay.

8.4 **LONG-TERM DISABILITY:** Eligible employees whose qualifying illness or injury exceeds six (6) months are eligible to apply for long-term disability benefits through the Publisher's insurance carrier. Eligibility for long-term disability benefits and the maximum benefit period are determined by the insurance carrier. Long-term disability benefits are integrated with other disability payments including State Disability, Workers' Compensation and Social Security to provide forty (40) percent of an employee's base pay.

Eligible employees may elect to purchase additional long-term disability coverage under the Publisher's policy to bring total compensation to sixty (60) percent of base salary.

8.5 An employee who is absent from work due to a medical condition for more than seven (7) consecutive calendar days must file a claim for State Disability Insurance.

8.6 Regular full-time employees who are eligible for but do not use any of their sick leave (Incidental or Extended Sick Leave) during designated six-month periods, will be granted one wellness day at the end of each period.

(a) To be eligible for the program the employee must meet the following criteria during the entire six-month period.

1. Regular full-time status.
2. Active status (no leave of absence), and
3. Must be eligible to receive sick leave benefits.

(b) Each designated six-month period shall be determined by the Publisher, based on the year's payroll calendar.

(c) An employee may maintain up to two (2) wellness days at any time. During the time that an employee has two (2) unused wellness days, the employee shall not be eligible to earn additional wellness days.

SECTION 9 GRIEVANCE AND ARBITRATION PROCEDURE

9.1 It is agreed between the parties that fruitless controversies must be avoided and every effort be made to maintain a harmonious relationship. To this end both parties will, in every instance, give prompt attention to disputes and will in good faith endeavor to settle all differences by amicable discussions. However, only grievances as defined in Section 9.2 are subject to arbitration as provided in this Section.

9.2 For all purposes of this Agreement, a grievance is any dispute or controversy between the Publisher and the Guild, or between the Publisher and any employee covered by this Agreement, arising and filed during the term of this Agreement, involving the meaning, interpretation, application, or alleged violation of the provisions of this Agreement, or the discharge or other discipline of employees. All grievances brought by the Guild or an employee shall be handled as follows:

9.3 (a) Any employee who believes he/she has a problem or complaint should bring it to the attention of his/her immediate supervisor as soon as possible after the alleged dispute or controversy arises. Both parties agree that problems should be settled between the employee and immediate supervisor and/or through the normal chain of command whenever possible.

(b) Any agreement reached during discussions in Section 9.3 shall be final and binding on the employee, the Guild and the Publisher provided such agreement does not ignore, add to, subtract from, alter, amend, change or nullify the terms of this Agreement in any way, or which is in conflict with any of the provisions or the terms or essence of this Agreement.

9.4 STEP 1 OF GRIEVANCE PROCEDURE

Should the procedure above fail to solve the problem and the Guild wishes to pursue the issue as a grievance, or if the grievance originates with the Guild, the unit chairperson (or other designated Guild official) shall notify in writing the Executive Editor (or other designated Company official) in the case of an Editorial Department grievance, or the Advertising Director (or other designated Company official) in the case of an Advertising Department grievance, of the grievance and request a meeting within twenty-one (21) working days after the action, inaction, occurrence or condition constituting the grievance, or within twenty-one (21) working days after any of the above reasonably should have been known to the Guild with reasonable diligence. In the case of a discharge, the grievance would be handled as described in Section 9.9 upon proper notice as required in that Section. Should the grievance originate with the Company, the Executive Editor (or other designated Company official) or the Advertising Director (or other designated Company official) shall notify in writing the Guild Unit Chairperson (or other designated Guild official) of the grievance and request a meeting within twenty-one (21) working days after the action, inaction, occurrence or condition constituting the grievance, or within twenty-one (21) working days after any of the above reasonably should have been known to the Company with reasonable diligence. The meeting will be held within twenty-one (21) working days of it being requested. The respondent,

whether the Company or the Guild, must respond to the grievance within twenty-one (21) working days from the time the meeting is held.

The written notification of grievance referred to above shall include a detailed description of the dispute or controversy constituting the grievance (including the specific nature of the grievance and the specific provision of this Agreement involved).

9.5 STEP 2 OF GRIEVANCE PROCEDURE

If the Grievance is not resolved, abandoned or withdrawn in Step 1, the Guild or the Company as the case may be shall have twenty-one (21) calendar days from the conclusion of Step 1 to make a written request to hold a meeting within twenty-one (21) working days. Such request will be in writing to the Publisher's Director of Human Resources, or the Guild Administrative Officer as the case may be. After receipt of such request, two (2) representatives of the Publisher and two (2) representatives of the Guild will meet to attempt to settle the grievance. By mutual agreement either party may bring additional witnesses to provide information relevant to the grievance. The Publisher's representatives or the Guild's representatives shall respond in writing within twenty-one (21) working days of the date of the meeting.

9.6 Any agreement reached during Step 1 or Step 2 shall be final and binding on the employee, the Guild and the Publisher.

9.7 If the grievance is not settled in accordance with the foregoing, the Guild or the Company as the case may be may refer the grievance to arbitration by written registered or certified mail notice to the other party to be received no later than twenty-one (21) working days after receipt of the response provided for in Section 9.5. After timely written registered or certified mail notice by the requesting party, the Publisher and the Guild will immediately attempt to agree upon an impartial arbitrator. The arbitrator shall be selected by mutual agreement, or by the striking procedure from the panel listed below; the party to make the first strike shall be determined by lot:

Thomas T. Roberts	Charles Askin
Gerald McKay	Thomas Angelo
Barbara Chvany	Donald Wollett
	Alexander Cohn

The said arbitrator shall have no authority to ignore, add to, subtract from, alter, amend, change or nullify the terms of this Agreement in any way, or to render an award which is in conflict with any of the provisions or the essence of this Agreement. The arbitrator's only jurisdiction is strictly limited to application and interpretation of this Agreement or the arbitrability of any such issue in accordance with existing law and to the facts of the particular grievance arising and filed during the term of this Agreement properly before him/her, and his/her decision and award shall be based solely upon his/her interpretation of the meaning or application of the terms of this Agreement to the facts of the grievance as presented. An arbitrator selected hereunder shall have the final authority to rule upon all matters pertaining to the preparation and presentation of each party's case or other procedural matters, in accordance with existing law, which results in differences between the parties.

9.8 The fees and expenses of arbitrator, court reporter, reporter's transcript for the arbitrator's use and other expenses attendant to the arbitration hearing shall be paid by the losing party. However, each party shall bear its own costs of advocacy, witnesses and a reporter's transcript for its own use. Each party shall have the right to appearance by counsel of its choice and to present evidence subject to the right of cross-examination. Each party shall have the right to present written arguments by briefs after the close of the evidence. The decision of the arbitrator shall be in writing and signed by the arbitrator.

9.9 In the event there is a dispute between the parties involving the discharge of employees covered by this Agreement, the parties agree that the Guild Administrative Officer or designee and the Publisher's Director of Human Resources or designee will meet within seven (7) calendar days following notice to the Guild of such discharge. If the dispute is not settled within that seven (7) day period, the Guild may move to arbitration within twenty-one (21) calendar days following notice to the Guild of the discharge. The Guild and the Publisher will select an arbitrator within ten (10) working days of the notice to move to arbitration by using the procedure and the panel provided in Section 9.7. The arbitrator selected must agree to render a decision within seventy-five (75) days after receipt of all post hearing briefs by the arbitrator from all parties. In the event none of the arbitrators is willing to serve, the parties will contact the California State Mediation and Conciliation Service and request submission of a panel of five (5) qualified arbitrators who are willing to abide by the time limits provided. The parties shall select such arbitrator by the elimination procedure with the party making the first elimination to be determined by lot.

9.10 The maximum economic back-pay or fringe-benefit award, determination or obligation adverse to the Publisher or the Guild under this Agreement in any case shall not exceed sixty (60) calendar days except that in discharge cases only the maximum liability period shall not exceed one hundred eighty (180) calendar days. In either instance, the parties agree that any economic, back-pay or fringe-benefit award shall be reduced by whatever remuneration, including but not limited to, unemployment compensation, workers' compensation, disability compensation or other employment compensation that is received by the grievant between discharge and reinstatement. The one hundred eighty (180) calendar day maximum liability period (for discharge cases) will be extended for the

duration of any continuance or extension that is obtained by the Publisher over written objection of the Guild. Should the Guild obtain an extension over the written objection of the Publisher, then the Publisher's liabilities and obligations will not be extended.

9.11 Time is of the essence in all of the grievance and arbitration procedures in this Agreement. If the grieving party fails to comply with any of the time limits set forth herein, then the grievance shall be considered waived. If the party against whom the grievance is filed fails to comply with any of the time limits set forth herein, then the grievance proceeds to the next step of the grievance procedure. The time limits set forth herein may be extended by written mutual agreement between the Guild and the Publisher. Neither the Publisher nor the Guild shall be arbitrary or capricious in denying written requested extensions of the time limits set forth herein.

9.12 The only burden of proof for any party is the "preponderance of evidence."

9.13 Renewal or extension of this Agreement and the terms of any successor agreement are not subjects of any grievance or arbitration under this Agreement and are beyond the jurisdiction of any arbitrator.

9.14 Any decision, award, determination or other action by any arbitrator shall be subject to judicial review by courts of competent jurisdiction in accordance with applicable provisions of the law, including but not limited to those relating to vacating arbitration decisions and the interpretation and construction of agreements.

SECTION 10 EXPENSE AND EQUIPMENT

10.1 The Publisher shall pay all legitimate expenses incurred by the employees in the service of the Publisher.

10.2 Photographic equipment required by the Publisher shall be supplied and insured by the Publisher. Damage to photographic, recording or new media equipment which is owned by the employee shall be reimbursed if the equipment is damaged while the employee is working; or if the equipment is damaged while such equipment is authorized to be stored on company premises.

10.3 If an employee is required to use his/her automobile regularly on the business of the Publisher, such automobile shall be covered by liability and property damage insurance on the basis of \$250,000/500,000/100,000 coverage, and the Publisher agrees to pay one-half of the amount. If such automobile is already covered by liability and property damage insurance satisfactory to the Publisher, one-half the pro rata premium for the unexpired term of the policy will be paid by the Publisher, on the basis of \$250,000/500,000/100,000 coverage. After such premium payment has been made by the Publisher, in the event of a termination of employment of such employee, the Publisher shall be entitled to a refund of one-half the amount of any unearned premium on such liability insurance existing at the date of termination, and the Publisher may deduct such amount from any money which may be due and owing to the employee on said date.

10.4 (a) The Internal Revenue Service ("IRS") rate shall be the basis for mileage reimbursement for employees who drive their automobile on Company business.

1. Photographers who furnish their automobiles shall be paid three dollars and 50 cents (\$3.50) per week for the first 100 miles in addition to the mileage reimbursement at the IRS rate. All mileage in excess of the first 100 miles shall be paid at the IRS rate.
2. Other employees required to furnish their automobiles in the business of the Publisher shall be paid one dollar (\$1.00) per week for the first 100 miles in addition to the mileage reimbursement at the IRS rate. All mileage in excess of the first 100 miles shall be paid at the IRS rate.
3. Employees using their automobiles in the business of the Publisher on a casual basis shall receive mileage reimbursement for all miles driven in accordance with the IRS rate.
4. Those employees who regularly furnish their automobiles in the business of the Publisher shall continue to receive reimbursement for one-half the cost of their public liability and property damage insurance, provided that they obtain public liability and property damage insurance in accord with the requirements of subsection 10.3 of this Agreement.
5. Adjustments in the mileage reimbursement rate will coincide with the effective date given by the IRS.

(b) Employees shall continue to submit their actual parking expenses for reimbursement by the Publisher on the expense report form.

(c) Other employees providing their automobiles in the business of the Publisher on a casual basis shall be paid a minimum of four dollars (\$4.00) for the first trip in any given day and three dollars (\$3.00) for the second trip on the same day provided no such employee shall receive more than two (2) trip minimums for a total of seven dollars (\$7.00) in one day. If the rate for such employee based on actual miles traveled for the day exceeds the limitation of two trip minimum rates, he/she shall be paid the mileage rate. Employees reporting to the Publisher's facility at 2100 Q St. in Sacramento prior to reporting to a second office are to receive two dollars (\$2.00) per day for automobile use.

(d) An employee may receive mileage reimbursement for driving his/her automobile on Company business under

either 10.4 (a) or 10.4 (c) above, but not both. The employee may choose the subsection under which he/she shall be reimbursed.

10.5 (a) All employees required to use a car on Company business are required to have access to a non-Company car and have a current valid California State motor vehicle operator's license.

(b) Any employee receiving a weekly minimum automobile allowance as provided in Section 10.4 above shall be given at least four (4) months' notice, with a copy to the Guild, of any discontinuance of the use of his/her automobile in the Publisher's behalf, except in the case of resignation or discharge.

(c) If any employee should be required to furnish his/her own automobile, he/she shall receive no less than four (4) months' written notice, with a copy to the Guild. A different period of notice in any individual case may be established between the Publisher and the Guild.

(d) The Publisher may require all employees to furnish their own cars for Company business (excluding newsroom photographers).

10.6 (a) At its sole discretion, the Publisher may do any of the following:

1. Reimburse all or part of the plan cost (not to exceed \$60 per month) of a personal cell phone used by an employee on a regular basis for Company business. To be eligible for this reimbursement, the Publisher may also require an employee to enroll the employee's personal cell phone under the Company's plan, or
2. Require an employee to use a Company cell phone.

(b) To be considered for either of the options in paragraph (a), an employee must submit a request to the employee's immediate supervisor. The granting or denying of an employee's request shall not constitute any precedent for the granting or denying of any other employee's request.

(c) This section (10.6) is not subject to section 9 of this Agreement.

SECTION 11 OUTSIDE ACTIVITY

11.1 (a) Employees shall be free to engage in activities on their own time not performed by enterprises in competition with The Bee, SacBee.com, SacTicket.com, Sacramento.com or any other enterprises related to the company. The Publisher or its representative shall reasonably determine what is considered competition. Employees are prohibited from engaging in activities that would compromise the editorial integrity of The Sacramento Bee. Without written permission from the Publisher, or its representatives, no employee shall use the name of the Publisher or his/her connection with the Publisher or any feature title or other materials of the Publisher to exploit in any way his/her outside activities.

(b) It is recognized that an employee may engage in some activities or work restricted by (a) above, provided the employee has informed the Publisher and the Publisher or its representative have approved of the proposed activity or service in advance. Approved representatives include the Executive Editor, the Managing Editor, the Assistant Managing Editors, the V.P. of Advertising or the Advertising Directors.

(c) If, with the approval of the Publisher, an employee enters into an agreement to appear on any broadcast or cable television station or radio station or on-line publication as part of such agreement, the employee shall request that he/she be introduced during such appearances as an employee of the Publisher.

SECTION 12 NATIONAL EMERGENCY

12.1 Any employee who is required by the United States to enter into any branch of military or naval service or branch of industry which takes him out of the employment of the Publisher, or who enlists for not more than one term of military enlistment to fulfill his/her military obligation, or who, while the United States is at war, or is engaged in a military conflict, voluntarily enters any of the arms and services of the United States Army, Navy, Marine Corps, Air Force, Coast Guard, National Guard or Merchant Marine, shall be deemed to be an employee on leave of absence and shall resume his/her position or a comparable one without diminution in salary immediately upon return, with severance pay rating and other rights under this Agreement unimpaired. The period of such absence shall be considered employment time with the Publisher in computing severance pay and experience rating. 12.2 Application for resumption of employment must be made within ninety (90) days of termination of such service, plus reasonable allowances for return to The Sacramento Bee.

12.3 In the event an employee on the resumption of his/her position is found to be physically incapacitated as a result of such service to the extent he/she is unable to carry on his/her former employment, the Publisher shall make all efforts to place him/her in other acceptable employment. In the event such other employment is not found, the termination of the services of such employee shall be effected, as in other cases, with appropriate severance pay. In special cases of unquestioned or unchallenged incapacity, the application for resumption of employment in Section 12.2 and his/her reinstatement shall be deemed to have been made, and severance pay shall be paid as of the date of the employee's termination of service described in Section 12.1.

12.4 If an employee entering such service is covered by group life insurance carried by the Publisher, the Publisher agrees to pay the full cost of such insurance for up to 12 months during the employee's absence in such service.

12.5 An employee leaving for such service as herein described shall receive immediately his/her accrued vacation pay.

12.6 An employee promoted to take the place of one entering such service may, upon the resumption of employment by such employee, be returned to his/her previous position and salary, but at not less than the then current minimum for that position. Any employee so promoted, and while such promotion is temporary, shall continue to receive credit for his/her employment in the experience rating in which he/she is classified. In the event of a subsequent permanent change in employment, and consequent change of classification, the employee shall receive full credit in his/her experience rating in such new classification for the period in which he/she already has been engaged in such new employment.

12.7 An employee hired as a replacement for one entering such service shall be covered by all provisions of this Agreement, except by this military service clause. Such replacement employee, however, on entering such service shall receive severance pay and prorated vacation pay.

12.8 Upon the return of an employee from military service, the temporary employee displaced by his/her return shall be given first consideration when a vacancy occurs.

12.9 Upon an employee's entering such service as hereinabove set forth during the lifetime of this Agreement, his/her rights under this Section shall become vested in him/her and shall survive the expiration of this Agreement.

12.10 Leaves of absence shall be granted to employees for required annual training service with the National Guard and the Army, Navy, Marines, or Coast Guard Reserves.

12.11 Employees called to duty in the National Guard as a result of a civil disturbance or other temporary emergency shall be compensated in accordance with the Publisher's policy outlined in Section 12.12.

12.12 Regular full-time or part-time employees who are called into active military service or National Guard service shall be granted leaves of up to twenty-six (26) weeks (130 working days) of integrated military pay. Employees on active military leave must notify their supervisor of their activation and the amount of military pay that will be received while actively serving in the military. Employees on integrated military pay will continue to be covered through The Sacramento Bee's employee benefit package, for up to three (3) months, with the employee paying the applicable co-premium for their coverage. At the end of the twenty-six (26) weeks of integrated military pay, the employee may be placed on unpaid military leave.

SECTION 13 SECURITY

13.1 The Publisher shall not use the signing of this Agreement as grounds for the dismissal of any employee subject to its terms.

13.2 There shall be no dismissals, except for just cause or to reduce the force. The term "reduce the force", as used herein, shall be construed as synonymous with layoff for economy.

13.3 A newly hired employee shall be subject to a probationary period of six (6) months from the date of employment. By mutual agreement between the Publisher and the Guild, an employee's probationary period may be extended for up to three months. During this period the employee may be dismissed with or without cause. Any such dismissal shall not be subject to the provisions of Section 9 of this Agreement. The requirements of Section 13.5 and 13.7 shall not apply to the dismissal of an employee during his/her probationary period.

13.4 (a) Layoffs to reduce the force may be made as the needs of the Publisher require. The Publisher shall decide when and how many employees shall be laid off and its decisions on those matters shall not be subject to the provision of Section 9 of this Agreement. The Publisher will give the Guild four (4) weeks notice of any layoff and will meet with the Guild to discuss the layoff at the Guild's request. When deciding on layoffs, the Publisher shall give consideration to the work to be done and the competency, efficiency, skills, ability, previous job performance, seniority, attendance record, training and other qualifications of employees covered by this Agreement. For former Neighbors employees, McClatchy Newspaper experience before September 1, 2002, will not be recognized for the purposes of layoff seniority. The Publisher is not required to layoff in inverse order of seniority. However, if all aforementioned qualifications are equal, the least senior employee shall be laid off.

(b) Employees on layoff and their eligible dependents covered under the Company's group health plan will be eligible for up to three months of company paid COBRA coverage. The cost of the remaining months of COBRA coverage will be at the employee's expense.

13.5 Within seven (7) calendar days after the employee is notified of his/her layoff, the employee dismissed to reduce the force shall notify the Publisher in writing by registered mail whether he/she wants to have his/her name placed on a rehire list. Rehire lists shall be maintained by department (Editorial and Advertising), by classification within each department and employment status. An employee who places his/her name on a rehire list shall be placed on a list for a period of one (1) year. No other persons may be

hired for the jobs vacated until the laid off employee in that department, classification within that department and employment status are offered the job, unless the laid off employee fails to meet the qualification requirements specified in Section 13.3 or the laid off employees fail to accept such re-employment within fourteen (14) calendar days after notice by registered mail to his/her last know address appearing on the Publisher's records.

13.6 Upon dismissal an employee upon request shall receive a written notice from the Publisher or its agent stating the cause of his/her dismissal, provided such demand is made within 72 hours after the employee is informed of his/her discharge, and the Publisher shall furnish a copy of such notice to the Chairperson of The Bee Unit of the Northern California Newspaper Guild/CWA. In the event of an economy layoff, the Publisher shall give four (4) weeks written notice to the employee and the Guild.

13.7 New equipment. Upon ninety (90) days notice to the Guild, the Publisher has the right to install and operate any new equipment or bring about major technological change in any department covered by this Agreement. The Publisher endorses the policy of aiding in the retraining of displaced employees to the extent practicable to minimize the reduced employment opportunities consistent with the efficient operation of the department affected.

(a) The Publisher is committed to providing a safe workplace with respect to VDT safety, as agreed to between The Sacramento Bee and the Division of Occupational Safety and Health dated June 19, 1990, in the Joint and Voluntary Declaration as set forth in the Injury and Illness Program VDT Code of Safe Practice.

(b) The Publisher agrees to maintain a training program designed to inform current and new VDT users of VDT safe practices, a VDT Safety Committee, workstations designed to prevent injury or illness, a VDT eye glass reimbursement program and accessories as set forth in this Agreement.

13.8 (a) Except in the case of an economy layoff, notice of which is provided for in Section 13.5 above, employees shall receive two (2) weeks advance notice or pay in lieu thereof at the time of dismissal.

(b) The discharge of an employee for just cause may be effective immediately without the two (2) weeks notice or pay in lieu thereof.

(c) The Publisher shall give the Guild notice of all discharges forthwith as soon as possible under the circumstances.

SECTION 14 LEAVES OF ABSENCE

14.1 (a) Upon request, the Publisher shall grant employees leaves of absence, including paternity leave, without pay, for good and sufficient cause subject to the reasonable requirements of the Publisher with respect to the efficiency and orderly operation of the department affected.

(b) Maternity and paternity leaves shall be granted for a period not to exceed six (6) months. Such leave is offered for the care of both natural and adopted children. Such leave shall be without pay.

(c) Upon return from a personal leave without pay, with an approved job guarantee, the returning employee shall have the seniority that he/she had immediately before commencing the leave. It is understood that the Publisher is not under any obligation to reinstate an employee who takes a personal leave without pay, and who does not have an approved job guarantee.

14.2 (a) After each five (5) years' service completed by an employee, said employee may take an unpaid sabbatical leave of absence of up to a one (1) year duration. Said leave shall not constitute a break in service with the Publisher, provided, however, that said leave shall be without pay and without accumulation of any credits or benefits under this Agreement. The number of employees to be on such leave at any one time shall be subject to the reasonable requirements of the Publisher with respect to the efficiency and orderly operation of the department affected, providing that the granting of an employee's leave hereunder may not be deferred for a period of more than twelve (12) months. Upon the employee's return, he/she shall be restored to his/her former job classification and salary but at not less than the current minimum for said classification. It is understood that the Publisher is not required to restore the employee to the job that he/she had before the leave. An employee temporarily promoted or receiving a salary increase over the minimum herein provided for his/her regular classification or salary for filling the vacancy created during said absent employee's leave may be returned to his/her previous position and salary, but at not less than the then current minimum for said position.

(b) Sabbatical leaves may not be taken for the purpose of changing jobs or professions. Any employee on sabbatical leave who subsequently applies for unemployment compensation shall automatically forfeit such leave and be considered as submitting a resignation.

(c) Employees while on sabbatical leave shall not accept employment for compensation with any of the competing news or advertising media or services or with a public relations office of a business or government agency having a regular and direct relationship with The Sacramento Bee. Nothing in the foregoing shall be interpreted as prohibiting employment in the nature of political activity as provided in state law.

14.3 In the event an employee is elected or appointed to any office of the Newspaper Guild/CWA or office of a local of

the Newspaper Guild/CWA or any AFL-CIO office, such employee at his/her request shall be given a leave of absence, without pay, for a period of up to one (1) year. Such leave, at the employee's request, shall be extended up to a maximum of three (3) years provided the Publisher is notified not less than sixty (60) days in advance of the extension. Guild leaves cannot be extended beyond three (3) years unless mutually agreed to by the Publisher and the Guild. Employees on Guild leaves of more than one (1) year shall notify the Publisher of their intent to return at least ninety (90) days before the end of the leave. Not more than two (2) employees shall be on leave any one time. The provisions of this section shall apply to delegates selected to the Newspaper Guild/CWA, or AFL-CIO conventions sector, international or district. The number of members of the staff who may receive leaves of absence for union conventions at one time shall be no more than three (3) unless a greater number is mutually agreed upon.

14.4 Employees on leaves of six (6) months to one (1) year shall notify the Publisher of their intent to return at least sixty (60) days before the end of the leave. Employees on leaves of less than six (6) months shall notify the Publisher of their intent to return at least forty-five (45) days before the end of the leave. If notification is not received by the Publisher, it shall be the Publisher's option to determine that failure to provide notice constitutes resignation. The Publisher will notify the affected employee in writing of the requirements of this Section before the employee begins the leave.

14.5 Employees who have had a death in the immediate family shall have up to three (3) days off with pay to make funeral/memorial service arrangements and/or attend the family/memorial service. If travel of more than 600 miles one way is required to attend the family/memorial service, the employee shall have up to five (5) days off with pay to make funeral/memorial service arrangements and/or attend the family memorial service. It is understood immediate family is parent, step-parent, spouse, child/step-child, sibling, grandparent, grandchild, mother-in-law, father-in-law, son-in-law, daughter-in-law, sister-in-law, brother-in-law, aunt, uncle, niece, nephew, or domestic partner as defined by the Publisher's policy, which is attached hereto as Attachment I.

14.6 Conflicts between this Agreement and federal or state leave regulations, i.e., 1993 Family Medical Leave Act, will be resolved in compliance with statutory requirements.

SECTION 15 MANAGEMENT RIGHTS

The Publisher expressly retains the complete and exclusive rights, powers and authority to manage its operation and direct its employees except as terms of this Agreement expressly and specifically limit said rights, powers and authority.

SECTION 16 NON-DISCRIMINATION

16.1 The Publisher and the Guild affirm their intentions to continue to adhere to and support a policy which affords equal opportunity to qualified individuals regardless of their race, creed, color, national origin, age, sex, religion, marital status, parental status, family care status, citizenship, sexual orientation, gender identity, medical condition, physical disability, mental condition, veteran status, or ancestry, or any other characteristic protected by local, state or federal law.

16.2 The Publisher and the Guild agree that there shall be no discrimination against any employee because of his/her membership or activity in the Guild or his/her lack of membership or activity in the Guild.

SECTION 17 JURY DUTY

17.1 Employees called on trial jury duty will be paid their regular weekly salary in addition to any jury duty pay. In no instance will an employee be paid on a sixth day in any one week when serving on a jury.

17.2 Employees are required to report for work during their regular scheduled working hours when their presence is not required for jury duty. The Publisher will allow, however, for reasonable travel time to and from the courtroom.

17.3 Employees called for jury duty for a full day who are scheduled for a night shift shall be excused from that night shift except when major news breaks require his/her presence. In such exceptions all work hours will be paid at the overtime rate.

SECTION 18 HAZARDOUS ASSIGNMENTS

18.1 An employee carrying out authorized work involving hazardous conditions shall be reimbursed by the Publisher for loss of or damage to his/her personal property, including his/her automobile, authorized for use on such assignments when such loss or damage is directly related to the hazardous condition. A committee composed of two (2) representatives of the Publisher and two (2) representatives of the Guild will be established during the term of this Agreement to discuss measures satisfactory to the Publisher and the Guild for furthering the safety of employees while covering assignments under hazardous conditions.

18.2 An employee traveling on Company business will be covered by \$150,000 death and dismemberment travel insurance. Travel insurance shall be in addition to disability, life, and other insurance benefits already provided by the Publisher and/or state and federal law. No employee will be required to fly, assuming notice of such refusal is given within a reasonable period of time after being given the assignment.

SECTION 19 MISCELLANEOUS

19.1 An employee's byline shall not be used over his/her advance protest, providing such protest is for professional reasons only.

19.2 The Publisher agrees to provide bulletin boards in the departments represented by the Guild for official business of the Guild.

19.3 Reporters may be assigned as photographers (this includes the use of any equipment able to capture images) and photographers may be assigned as reporters. For all reporters employed on the signing date of this Agreement, their competence shall not be judged on the basis of their work with a camera or other video equipment. For all photographers employed on the signing date of this Agreement, their competence shall not be judged on the basis of their reporting work.

19.4 (a) No regular full-time employee shall be transferred to a McClatchy newspaper without the employee's consent. If an employee seeks a transfer from the Publisher to another McClatchy newspaper, he/she shall receive no expense reimbursement unless the Publisher and the employee seeking a transfer reach a mutual agreement on expense reimbursement. If the Publisher asks a regular full-time employee to transfer to another McClatchy newspaper and the employee consents, the employee shall receive transportation and traveling expense for himself or herself, family, and household effects.

(b) No employee shall be transferred to another city outside the newspaper's final circulation delivery area without the employee's consent. Employees who consent to transfer to another city outside the newspaper's final circulation delivery area shall receive transportation and traveling expenses for himself or herself, family and household effects. Should the Publisher request the employee to return, the employee is entitled to the same rights and payments. An employee shall not be penalized for refusing to accept such transfer.

(c) Employees may be transferred to bureaus within the final circulation area by mutual consent. The Publisher may transfer an employee to a bureau within the final circulation area without the employee's consent and without any time limitations on the transfer. Upon return to the newsroom, employees will not be subject to transfer without consent for a period of one year.

(d) When an employee is transferred, the Guild shall be notified of any ongoing additional compensation paid to the employee.

(e) If an employee whose moving expenses were reimbursed by the Company leaves the Company's employ within one year of being hired, the employee shall be required to reimburse to the Company the entire amount of moving expenses paid by the Company. If the employee leaves the Company's employ at any time after the first year of employment and before the beginning of the third year of employment, the employee shall be required to reimburse to the Company half of the moving expenses paid by the Company.

19.5 The Publisher may prescribe rules, not in conflict with the provisions of this Agreement, affecting the conduct and work of its employees as the Publisher may deem it to be necessary or desirable in the regulation and operation of its business. Such rules shall be posted conspicuously in the editorial and advertising departments.

19.6 Except as modified by the terms of this Agreement, the Publisher is the sole judge of the competency and number of employees required.

19.7 There shall be no imposition of unreasonable duties upon any employee constituting in fact a speed-up. It is mutually agreed that the Publisher is entitled to service for the full unit of hours as prescribed in this Agreement constituting a day's or night's or week's work.

19.8 With reasonable notice at reasonable intervals, an employee may review the material in his/her personnel file relating to work performance by contacting the Human Resources Department for an appointment.

19.9 The day which is payday shall be at the Company's discretion.

19.10 Bargaining unit employees shall be included in the Company's Success Sharing Program under the same terms and conditions as those applicable to non-bargaining unit employees. The company may change without bargaining with the Guild any of the terms and conditions of the Success Sharing Program applicable to bargaining unit employees as long as any such change is also applicable to non-bargaining unit employees. The Publisher agrees to notify the Guild in writing of any such changes in the Success Sharing program.

19.11 (a) At its discretion, the Company upon thirty (30) days notice to the employee shall have the right to reassign any employee to a position in the bargaining unit or outside the bargaining unit if any of the following occurs:

1. The work performed by the bargaining unit employee is subcontracted; or
2. The work performed by the bargaining unit employee is transferred to another employee, or;
3. The work performed by the bargaining unit employee no longer exists or is eliminated.

(b) Employees who are selected for reassignment outside the bargaining unit under this provision shall have the following options:

1. Employees may choose to be laid off and receive any severance benefits that they are entitled to

under this agreement; or

2. In the event a bargaining unit employee accepts reassignment outside the bargaining unit, the individual shall be covered by the following terms and conditions of this Agreement; Section 6, Section 9 and Section 13.2

(c) All employees who are reassigned under this provision and opt to continue employment shall be eligible for the minimum of their new classification as defined in section 4.7 or their current hourly rate, whichever is higher. Future merit increases will be subject to section 4.5 of this agreement.

(d) It is understood that this provision in 19.12 does not in any way limit the Company's right to change an employee's reporting beat, assignment, sales territory or vertical.

SECTION 20 NO STRIKE/LOCKOUT

20.1 During the term of this Agreement the Guild and its agents will not cause, permit, condone, encourage or sanction and no employee or employees of the Publisher will participate or engage in any strike, slowdown, sick-in, cessation of work, withholding services, work stoppages, picketing, interference with operations of the Publisher or sale or distribution of its products directed against the Publisher at any location. Any employee or employees covered by this Agreement engaging in any such activity shall be subject to immediate discharge as said misconduct shall constitute just cause for discharge under this Agreement. In the event of a strike by another bargaining unit against the Publisher, the Guild shall not encourage the honoring of the other union's picket line, and shall advise its members in writing that honoring such picket lines may lead to permanent replacement.

20.2 During the term of this Agreement the Publisher agrees it will not engage in any lockout of its employees covered by this Agreement.

20.3 A violation of this Section, or a discharge under 20.1 above shall be subject to arbitration provided for in Section 9, provided the authority of the arbitrator for a grievance under Section 9 is limited to deciding whether the alleged violation of the no-lockout provision occurred, or whether the alleged violation of the no-strike provision occurred, and whether a particular employee or employees participated in the violation of the no-strike clause, whether the Guild and which, if any, of its agents participated in the violation of the no-strike clause, and to order any violation to cease and enjoin any further violation, as well as award proper compensation to the aggrieved party.

20.4 The only burden of proof under this Section is the "preponderance of the evidence."

SECTION 21 RETIREMENT

21.1 The following programs are provided for the participation of employees covered by this Agreement in accordance with the eligibility rules of each program:

(a) Restated Retirement Plan for Employees of McClatchy Newspapers.

(b) The Voluntary Investment Account (formerly administered as part of the Restated Retirement Plan and now administered under the 401(k) program).

(c) The Money Shelter Plan [401(k)].

21.2 The Publisher agrees to notify the Guild in writing of any proposed changes in any of the above programs at least thirty (30) days before the effective date of any such proposed changes. The Publisher may at its discretion make changes in any of the above programs.

SECTION 22 BENEFITS

22.1 (a) Subject to the provisions of this Section, the Publisher agrees to provide employees covered by this Agreement with the following benefits in 2007:

1. Health Coverage: A choice of at least two plans, administered by Aetna.

2. Dental Care Coverage: Administered by Delta Dental.

3. Vision Care Coverage: Administered by Vision Service Plan.

4. Employee Assistance Program ("EAP"): Administered by Pacific Care Behavioral Health.

(b) The Publisher may at any time without bargaining with the Guild change any of the benefit plans listed above, as long as the benefits under the new plans are at least equivalent to those given to non-bargaining unit employees. There will be at least two health plan designs, and at least one of the health plan designs will be a managed care plan that functions like a network model HMO plan.

(c) The Publisher agrees to offer the Guild an opportunity to meet and discuss information about claims experience costs and rate setting assumptions prior to finalizing rates during each calendar year. This meeting will be scheduled prior to October 15 of each year. However, it is understood that the Publisher has no duty to bargain over these matters and that all decisions concerning these matters are within the sole discretion of the Company.

22.2 The cost of providing such insurance shall be borne by the Publisher and the individual employee.

(a) The Publisher shall contribute each month toward the premium cost of the insurance package on behalf of bargaining unit employees the same amount the Publisher contributes each month towards the premium cost of the insurance package on behalf of non-bargaining unit employees. The Publisher may change the amount of its premium contribution on behalf of the bargaining unit employees without bargaining with the Guild, so long as such changes are equally applicable to non-bargaining unit employees. The Publisher's contribution shall at all times be expressed in dollar amounts and not percentages.

(b) For those employees who do not elect the total insurance package, and do elect the dental, vision and EAP only coverage, the Publisher shall contribute the following amounts each month for the premium cost of the dental, vision and EAP only coverage:

1. \$40.35 for those eligible employees selecting employee only coverage.
2. \$72.01 for those eligible employees selecting employee plus minor dependent(s) coverage.
3. \$75.46 for those eligible employees selecting employee plus spouse/domestic partner coverage.
4. \$114.08 for those eligible employees selecting employee plus family coverage.

(c) The employee shall pay each month the difference between the cost of the insurance package under which the employee is covered and the amount which the Publisher contributed as set forth above.

(d) The Publisher reserves the right to contribute more toward the costs of the insurance package than described in items 22.2(a) or 22.2(b).

SPOUSAL/DOMESTIC PARTNER COVERAGE

22.3 (a) The spouse/domestic partner of an eligible employee may receive primary coverage under The Sacramento Bee's health insurance plan under the following circumstances:

1. The employee must be eligible for and must elect spousal/domestic partner coverage, and,
2. The spouse/domestic partner of the employee must be non-working or not be eligible for health insurance coverage through the spouse's/domestic partner's employer, or the health insurance coverage provided by the spouse's/domestic partner's employer requires the spouse/domestic partner to pay 100% of the coverage cost.

(b) An eligible employee's working spouse/domestic partner with HMO coverage from the working spouse's/domestic partner's employer is not eligible for any coverage under The Sacramento Bee's health insurance plan.

(c) Under the following circumstances, the working spouse/domestic partner of an employee shall be eligible only for secondary coverage under The Sacramento Bee's health insurance plan:

1. The employee has selected coverage including spousal/domestic partner coverage under The Sacramento Bee's Blue Shield HMO Plus plan and,
2. The working spouse/domestic partner is eligible for and elects coverage under his/her employer provided non-HMO plan. For the purposes of this section 22.3, an employer provided non-HMO plan does not include a plan in which the working spouse/domestic partner must pay 100% of the plan's cost.

(d) Eligibility for spousal coverage will be determined as of January 1 of each plan year. Eligibility for domestic partner coverage will be determined as of January 1 of each plan year in accordance with The Sacramento Bee Domestic Partner policy, which is attached hereto as Attachment I.

(e) If a working spouse/domestic partner loses coverage under his/her employer provided plan, that spouse/domestic partner will, if requested within 30 days of his/her employer's coverage end date, be eligible for primary coverage under The Sacramento Bee's health insurance plan provided the conditions of Section 22.3 are met.

22.4 (a) Full-time employees will be eligible for coverage pursuant to this Section 22 upon their first day of full-time employment or when the appropriate paperwork is completed and submitted by the employee, whichever is later.

(b) Part-time employees (excluding temporary employees) will be eligible for coverage during any six calendar months pursuant to this Section 22 if they were regularly scheduled to work an average of 22.5 or more hours per week, in the preceding six month period. The six month periods for purposes of eligibility are January 1 through June 30 and July 1 through December 31.

(c) A temporary employee will be eligible for coverage during any calendar month pursuant to this section 22 if during the immediately preceding six months he/she was continuously employed and worked an average of 22.5 or more hours per week.

(d) Occasional part-time employees are not eligible for the Publisher's health insurance plan.

22.5 The Publisher agrees to furnish the Guild annual premium rates for The Sacramento Bee's plans, including estimated composite premiums, upon request.

SECTION 23 AD COMMISSION PLAN

23.1 COMPENSATION

(a) Individual Revenue Goals

Each covered employee shall have a period revenue goal. One hundred percent (100%) of a covered employee’s period revenue goal shall be his or her “threshold”. Each period, a covered employee shall receive in commission a percent of the period revenue goal that the covered employee achieves above the threshold in accordance with the following schedule.

Sales Goal Commission							
Sales Goal		Inside Sales	Key	Call Center	Major	National	Retail Territory
100%	105%	7.00%	1.50%	1.50%	1.25%	0.25%	7.70%
105%	110%	8.00%	2.50%	1.75%	1.50%	0.25%	8.80%
110%	115%	8.50%	2.50%	2.00%	1.75%	0.50%	9.80%
115%	120%	9.00%	3.50%	2.25%	2.00%	0.50%	10.40%
120%	125%	9.00%	3.50%	2.50%	2.25%	0.75%	10.40%
125%	135%	9.50%	4.50%	2.75%	2.25%	1.00%	11.90%
135%	150%	9.50%	5.50%	3.00%	2.25%	1.00%	11.90%
150%	+	10.0%	7.00%	3.50%	2.50%	1.00%	12.50%

*Employees making over 100% of goal will be paid on all revenues above 100% at the rate based on the level of goal attained.

Regional Sales Goal Commission		
Sales Goal	Commission Percentage	
Under	100%	0%
100%	109%	6.00%
110%	124%	8.00%
125%	149%	10.00%
150%	+	12.00%

Account managers making over 100% of goal will be paid on all regional revenues at the rate based on the level of goal attained.

(b) In addition, Regional account managers shall receive commissions on revenue they generate for the daily newspaper, in addition to what they sell for the Regional sections. During each period, if the Regional employee meets or exceeds their Regional revenue goal, they will receive 6% of all revenue that they generate for the daily newspaper during that same period. If the account manager does not meet their Regional revenue goal for the period, they will receive 3% of all revenue that they generate for the daily newspaper during that same period.

(c) Individual Revenue Goal-Setting

1. The period revenue goal for each covered employee shall be determined each period by the Company. On or before the fifth (5th) day prior to a new period, the covered employee shall meet with his or her supervisor to discuss his or her revenue goal for the next period. The covered employee shall be informed on or before the third (3rd) working day prior to the start of each period of the Company’s determination of his or her period revenue goal for the next period. If the covered employee disagrees with the goal, he/she may appeal to the team coach. The decision of the team coach must be made within three (3) calendar days. If the employee still disagrees he/she may appeal to the division director. The decision of the division director shall be made within three

(3) calendar days. The decision of the division director on the goal appeal shall be final.

2. Individual sales goals will be based on team goals and may not be more than twenty-five (25) percentage points higher than the team percentage increase or may not be lower than twenty-five (25) percentage points below the team percentage increase.

(d) Newly Created Territories

A newly created territory is one that, at the time of its creation, is composed primarily of inactive accounts and/or prospective new accounts. For the first three months of the existence of the newly created territory, the individual monthly revenue goal shall be set by the Company based upon the criteria of past history, if any, and reasonable expectations. After the first three months, and for the next twenty-one months, the formula for setting the individual monthly revenue goal shall be the average monthly revenue of the prior three months in the newly created territory plus the department’s planned percentage revenue increase or decrease adjusted for any catastrophic losses, any windfall gains, and reasonable expectations for the new accounts. After a newly created territory has been in existence for twenty-four (24) months, the setting of the individual monthly revenue goal shall be in accordance with paragraph (2) above.

(e) Inactive Territories

An inactive territory is one in which the employee responsible for the territory has been on leave for at least one month, or the territory has been open at least one month due to an unfilled vacancy. The individual monthly revenue goal for any month during which in the prior year the territory was inactive, shall be the average monthly revenue of the prior three months in the inactive territory plus the department’s planned percentage increase or decrease adjusted for any catastrophic losses, for any windfall gains, and reasonable expectations. Other than for the month or months described in the previous sentence, the individual monthly revenue goal shall be set in accordance with paragraph (2) above.

(f) Period Team Goals

1. Sales teams shall be set up and comprised of several employees including account managers, sales assistants and graphic artists. The number of sales team and the number of covered employees in each team shall be determined by the Company. The Company reserves the right to modify the number and composition of the sales teams.

2. On a period basis, the Company shall set a team revenue goal for each of the sales teams which shall be equal to the sum of the individual period revenue goals of the team members. Goal achievement will be equal to the sum of the team’s individual actual results versus the team revenue goal.

3. Each covered employee on a sales team shall receive an amount based upon the team bonus schedule below if that team meets or exceeds its team goal for that period.

Team Bonus Schedule			
Goal	Team Bonus	Goal	Team Bonus
100	\$250	120	\$450
105	300	125	500
110	350	130	550
115	400	each 5%	50 plus

(g) General

1. Overtime

Outside sales people covered by this plan shall not be eligible for overtime and thus are not covered by the overtime provisions of the CBA.

2. Pension

a. All commissions earned on the individual revenue goal shall be included as pensionable wages and count toward the McClatchy Restated Retirement Plan (RRP). Employees who contribute to the McClatchy 401(k) Money Shelter Plan through the Company will also have their elected percentage deducted from their individual revenue goal commission checks.

b. All monies earned on team goals shall not be included as pensionable wages and shall not count toward the McClatchy RRP.

3. Notification and Payment of Monies Due

On or before the fifteenth (15th) of the month following each month in which a covered employee was eligible to earn monies pursuant to F.1-3 above, the Company shall notify the covered employee and the Guild of what money, if any, he/she earned in the prior

month. Any such monies shall be paid to the employee on the first payday following the Company's notification of the amount earned.

4. Adjustments

a. A covered employee shall be responsible for sales-related adjustments which result in uncollected revenue. The dollar amount of such sales related adjustments shall be subtracted from current month's revenue.

b. A covered employee shall not be responsible for adjustments due to production related errors, which result in uncollected revenue. The covered employee will receive his/her commission on the ad(s) in questions as if the ad(s) had run correctly.

c. The dollar amount of uncollected revenue resulting from adjustments shall be considered for goal setting purposes as revenue from the month in which the error causing the sales-related adjustment occurred.

d. COD uncollected revenue and revenue variances due to contract rate adjustments shall be subtracted or added as appropriate to current period's revenues. If eventually collected, the previously subtracted COD uncollected revenue will be added to current period's revenue.

5. Termination of Employment

a. A covered employee who leaves the Company's employ during a given period shall receive in commission for that period the percentage of the commission earned in his or her territory that period which equals the number of days worked by him/her divided by the total number of working days in the period. A covered employee who leaves the Company's employ shall not receive commission for sales in any month after the month in which he/she leaves the employ of the Company.

b. A covered employee who leaves the Company's employ during a given period shall receive a pro-rata share of the team bonus earned at the end of that period, based upon the number of days worked by him/her divided by the total number of working days in the period. This pro-rata share will be paid in accordance with section D.3. A covered employee who leaves the Company's employ shall not receive a team bonus for sales in any period after the period in which he/she leaves the employ of the Company.

6. Territories/Account Transfers

a. The Company shall have the right to modify and/or eliminate territories and to transfer accounts from one territory to another or from outside sales to a telemarketing desk or from one territory to any other part of the Advertising Division.

b. If a territory handled by a covered employee becomes vacant, the vacancy shall be posted for two (2) days within the Advertising Division and all current employees within the Advertising Division shall be eligible to apply for the vacancy. The Company shall determine who will fill the vacancy. The Company shall not be required to post any vacancy which results from the filling of the vacancy described in the first sentence of this paragraph. The Company shall determine who will fill any such vacancy.

7. Holiday, Sick Leave, Vacation, Wellness, and Jury Duty

Covered employees shall receive compensation based on their monthly base pay for paid days off which they are entitled to under the CBA for holiday, incidental sick leave, vacation, wellness day, or jury duty. In addition, covered employees will be eligible to receive commissions pursuant to this memorandum for revenues generated in their territories during their time off for holiday, incidental sick leave, vacation, wellness and jury duty.

8. Grievance and Arbitration

The following provisions of this memorandum shall not be subject to the provisions of Section 9 (Grievance and Arbitration Procedure) of the Agreement: II.A. (in its entirety) and II.B.4 .

9. Annual Performance Review

All sales associates, sales assistants and graphic artists will be reviewed under the new performance appraisal system effective January 1, 2007. Sales associates, sales assistants and graphic artists who receive a review with less than a meets standards rating or whose rating drops two or more levels than the previous year, have the option of having the same period's performance reviewed on the 2006 performance appraisal form. The rating on the old performance appraisal will stand.

SECTION 24 TEAM BONUS FOR SALES ASSISTANTS AND GRAPHIC ARTISTS

24.1 Period Team Goals

A. Sales teams shall be set up and comprised of several employees including sales assistants and graphic artists. The number of sales teams and the number of covered employees in each team shall be determined by the Company. The Company reserves the right to modify the number and composition of the sales teams.

B. On a period basis, the Company shall set a team revenue goal for each of the sales teams which shall be equal to

the sum of the individual period revenue goals of the team members. Goal achievement will be equal to the sum of the team’s individual actual results versus the team revenue goal.

C. Each covered employee on a sales team shall receive an amount based upon the team bonus schedule below if that team meets or exceeds its team goal for that period.

D. In the event a covered employee is on two or more teams, the covered employee shall receive the average of the team bonus earned by their respective teams.

Team Bonus Schedule			
Goal	Team Bonus	Goal	Team Bonus
100	\$250	120	\$450
105	300	125	500
110	350	130	550
115	400	each 5%	50 plus

24.2 General

A. Pension

All monies earned on team goals shall not be included as pensionable wage and shall not count towards McClatchy Restated Retirement Plan (RRP).

B. Notification and Payment of Monies Due

On or before the fifteenth (15th) of the month following each month in which a covered employee was eligible to earn monies pursuant to 24.1, A-D above, the Company shall notify the covered employee and the Guild of what money, if any, he/she earned in the prior period. Any such monies shall be paid to the employee on the first payday following the Company’s notification of the amount earned.

C. Termination of Employment

A covered employee who leaves the Company’s employ during a given period shall receive a pro-rata share of the team bonus earned at the end of that period, based upon the number of days worked by him/her divided by the total number of working days in the period. This pro-rata share will be paid in accordance with section IV.B. A covered employee who leaves the Company’s employ shall not receive team bonus for sales in any period after the period in which he/she leaves the employ of the Company.

D. Holiday, sick Leave, Vacation, Wellness and Jury Duty

Covered employees shall receive compensation based on their monthly base pay for paid days off which they are entitled to under the CBA for holiday, incidental sick leave, vacation, wellness day or jury duty.

E. Grievance and Arbitration

The following provisions of this memorandum shall not be subject to the provisions of Section 9 (Grievance and Arbitration Procedure) of the Agreement: 24.1 in its entirety.

SECTION 25 SAVINGS CLAUSE

25.1 Should any valid federal or state law or final determination of any administrative agency or court of competent jurisdiction require a change of any provision of this Agreement, the provision or provisions so affected shall be automatically conformed to the law or determination and otherwise this Agreement shall continue in full force and effect.

SECTION 26 SOLE AND ENTIRE AGREEMENT

26.1 This Agreement concludes all collective bargaining between the parties hereto during the term hereof and constitutes the sole, entire and existing Agreement between the parties hereto, and supersedes all prior agreements between the Publisher and Guild or its employees, and expresses all obligations and restrictions imposed on each of the respective parties during its term.

26.2 The Publisher and the Guild, for the life of this Agreement, agree that the other shall not be obligated to bargain collectively with respect to any matter not specifically agreed to in this Agreement, regardless of whether such matter was or was not within the knowledge or contemplation of either or both of the parties at the time they negotiated this Agreement. With respect to the negotiations leading to the execution of this Agreement, the fact that a proposal was made and withdrawn during the course of those negotiations shall not be used to prove that the party making the proposal had in any manner given up any rights granted to it elsewhere in this Agreement.

SECTION 27 DRUG AND ALCOHOL TESTING

27.1 The Drug and Alcohol policy attached hereto as Attachment II shall be considered part of this Agreement .

SECTION 28 VEHICLE ACCIDENT POLICY

28.1 The Sacramento Bee Vehicle Accident Policy attached hereto as Attachment III shall be considered part of this Agreement.

SECTION 29 DURATION AND RENEWAL

29.1 This Agreement shall commence on January 1, 2007 and expire on midnight on December 31, 2009 and shall inure to the benefit and be binding upon successors and assigns of the Publisher. At any time within ninety (90) days immediately prior to the termination of this Agreement, the Publisher or the Guild may initiate negotiations for a new Agreement, to take effect at the expiration of the present Agreement, by submitting a written proposal. The responding party shall have thirty (30) days in which to submit a counter proposal. If the counter proposal is not submitted within thirty (30) days, the responding party agrees the current Agreement shall be its counter proposal.

29.2 Notwithstanding subsection 27.1, there shall be the following reopeners:

(a) Either party may reopen negotiations in 2007, or 2008 on a maximum of two items of its choosing. If a party wishes to exercise this option, it must notify the other party of the items on which it is reopening no later than November 1, 2007 or November 1, 2008, respectively. After a reopening request, negotiations shall commence within a reasonable period of time, but in no event shall negotiations commence sooner than October 1, 2007 or October 1, 2008 respectively. Neither party may reopen Section 22.1 Benefits.

29.3 Notwithstanding the limitations of 29.2, either party shall be free to reopen in 2007 and/or 2008 on the following items: Section 4.1 Salaries, Interactive Sales Staff Jurisdiction, compensatory time off, flex time and alternate work schedules, Ad Commission Program and Team Bonus provisions.

McClatchy Newspapers, Inc., Northern California Media Workers
Guild/Typographical Publisher of THE SACRAMENTO BEE Union, Local
39521, CWA

Signed: _____

Dated: _____

SIDE LETTERS

The parties agree that the following Side Letters are part of this Agreement.

SIDE LETTER 1: EMPLOYEE LETTER PURSUANT TO SECTION 1.4

~~This Agreement between~~ McClatchy Newspapers, publisher of The Sacramento Bee and the Northern California Media Workers Guild/Typographical Union, Local 39521, ~~CWA includes an Executive~~ ~~that states that all employees covered by this~~ ~~Agreement shall have the right to belong or not belong to the Guild. However, if you are a Guild member or decide to become a Guild~~ ~~member, you shall remain a member for the term of this Agreement, unless you withdraw from membership during the first 30 days of~~ ~~this Agreement, or unless you withdraw as provided in the next paragraph.~~

~~If you are a member of~~ the Guild and do not withdraw from membership during the first 30 days of this Agreement, you will have additional opportunities to withdraw from membership during each annual monthly window period each year thereafter.

You shall receive this notice of your right to withdraw from the Guild without penalty or recourse and your right to cease paying future dues or fees once you have withdrawn, during each annual window period.

~~All resignations from the~~ Guild must be submitted to the Guild in writing. You may also provide a copy of your Guild resignation to the Publisher.
Ralph Montano, Unit Chair

McClatchy Newspapers, Inc.,
Publisher of THE SACRAMENTO BEE

Northern California Media Workers
Guild/Typographical Union, Local 39521, CWA

Dated: _____

Dated: _____

SIDE LETTER 2: AD CREATION DEPARTMENT EMPLOYEES EXCLUDED FROM THE COVERAGE OF THIS AGREEMENT

Notwithstanding Section 3.1 or any other provision of this Agreement, the following employees in or from the former Ad Creation Department are excluded from the coverage of this Agreement:

Robert D. Aguilar
Joel M. Frierson
Michael L. Bos
Val P. Cassidy
Dianne J. Di Carlo

Pamela J. Ellis
Sharon J. Helton
Andrea Leonard
Yolanda Novoa

McClatchy Newspapers, Inc.,
Publisher of THE SACRAMENTO BEE

Northern California Media Workers
Guild/Typographical Union, Local 39521, CWA,

Dated: _____

Dated: _____

SIDE LETTER 3: APPLICABILITY OF CERTAIN SALARY DIFFERENTIALS TO CERTAIN EMPLOYEES

Those employees who were hired on or before March 6, 1987, shall be eligible for salary differentials in accordance with Section 4 of the prior collective bargaining agreement (copy attached).

Attachment:
(A) (B)

McClatchy Newspapers, Inc.,
Publisher of THE SACRAMENTO BEE

Northern California Media Workers
Guild/Typographical Union, Local 39521, CWA,

Dated: _____

Dated: _____

SIDE LETTER 3 ATTACHMENT A

SECTION 4 SALARY DIFFERENTIALS

4.1 Except as specified in Sections 4.2 and 4.3, any employee covered by this Agreement who is assigned to work 50 percent or more of any shift in a higher wage classification covered by this Agreement shall receive the rate of pay for the higher wage

classification for that shift. This provision does not apply to those jobs which have a differential as set forth in this Section 4 nor to interns.

4.2 Effective at the start of the work week following the signing of the Agreement, the following premiums shall apply:

- (a) Any employee who is assigned to perform the work of the (1) Metropolitan Editor, (2) Night Editor, (3) News Editor, (4) Weekend Editor, or (5) Executive Sports Editor on the regular day off, temporary absence or vacation of the person regularly holding any such position shall receive a differential of \$6.75 per shift above the salary rate for reporter specified in Classification 5.1(b).
- (b) Any employee who is assigned to perform the work of the (1) Capitol Bureau Chief, (2) City Editor, (3) Scene Editor, (4) Sports Editor, (5) Head of the Copy Desk, (6) State Editor, or (7) Executive Business Editor on the regular day off, temporary absence or vacation of the person regularly holding any such position shall receive a differential of \$6.25 a shift above the salary rate for reporter specified in Classification 5.1(b).
- (c) Any employee who is assigned to perform the work of (1) Chief Photographer, or (2) Editorial Art Director on the regular day off, temporary absence or vacation of the person regularly holding any such position shall receive a differential of \$6.00 per shift above the salary rate for reporter specified in Classification 5.1(b).
- (d) Any employee who is assigned to perform the work of (1) Copy Dealers, (2) Assistant Metropolitan Editor, (3) Deputy Scene Editor, (4) Bureau Editor, (5) Wire Editor, (6) California Life Editor, (7) Entertainment Editor, (8) Sports Slot Person, (9) Entertainment Editor, (10) Supervising Artist, (11) Day City Editor, (12) Night City Editor, (13) Assistant Editorial Art Director or (14) Head Librarian on the regular day off, temporary absence or vacation of the person regularly holding any such position shall receive a differential of \$5.75 a shift above the salary rate for reporter as specified in Classification 5.1(b).
- (e) Any employee who is assigned to perform the work of the Schedule Clerk Supervisor shall receive \$5.00 per shift in addition to his/her regular salary.
- (f) Any employee assigned to perform the work of (1) Chief Newsroom Aide, or (2) Night Service Clerk In Charge shall receive \$5.00 a shift for such position in addition to his/her regular salary.
- (g) Any employee assigned to perform the work of Service Clerk In Charge on a Saturday shall receive \$4.00 a shift for such position in addition to his/her regular salary.
- (h) Any employee assigned to perform the work of Night Schedule Clerk In Charge shall receive \$3.50 a shift for such position in addition to his/her regular salary.
- (i) Any employee assigned to perform the work of Advertising Aide In Charge shall receive \$3.00 a shift for such position in addition to his/her regular salary.

4.3 (a) Employees assigned to higher classification work under this Subsection 4.3 will receive experience credit in said higher classification for such work if they are subsequently promoted to said higher classification.

(b) This Subsection 4.3 shall not apply to interns nor to any employee who has not had at least ten (10) days' experience in said classification.

4.4 The payment of any differential to any employee under this Section shall not affect any merit compensation received by such employee while so substituting. This Section shall not apply to any employee already receiving a higher rate of pay than that for the classification for which he or she is substituting, nor to learners, interns or employees who have not had at least ten (10) days' experience in such classifications.

SIDE LETTER 3 ATTACHMENT B

The Sacramento Bee
 Guild Employees Hired On Or Before
 3/6/87
 Eligible For Salary Differentials

-		-
-		-
-		-
-		-
-		-
-		-
<u>15000 – Regional</u>	<u>16400 - Scene/Features</u>	<u>20400 - National Advertising</u>
Arthur Campos	Alison H. apRoberts	Suzanne C. Blomberg-Price
-	David M. Barton	Randall J. Haire
-	Dixie E. Reid	Pauline L. Ong-Granis
<u>16200-Copy Desk</u>	Gwenda L. Schoen	John D. Thomas
Donna K. Bridewell	Robert A. Sylva	
Paul T. Clegg	Daniel B. Vierria	
Raymond J. Fitts III		<u>20600 - Classified Advertising</u>
Mark W. Melnicoe	<u>17400 - Photography</u>	Nicholas Anguilo
Philip M. Smith	Erhardt E. Krause	Michael G. Banks
Milton H. Whaley	Jay B. Mather	Jacquelyn L. Beecham-Thomas
	Randall A. Pench	Janice L. Boyd
	-	Janice C. Butler
<u>16000 – Editorial Business</u>	<u>15200 - Editorial Services</u>	Goldabelle Campbell
Mark H. Glover	George A. Costenbader	Amelia Crets
Loretta J. Kalb	Delilah D. Hamlow	Richard T. Fosha
Clinton E. Swett	Sofianos Piliotis	Judith A. Gardina
Robert D. Walter		Paula E. Hau
Marcos Smolich		David B. Montgomery
	<u>20200 - Retail Advertising</u>	Mary A. O’Neal
<u>16600 – Library</u>	Janice Coleman	Shelly R. Reimers
Cecelia D. Weaver	Karen M. Crowder	Wendy S. Roach-Cooper
	Elizabeth A. Fleming	
<u>16800 – Metro</u>	Richard J. Granis	<u>10800 - Ad Creations</u>
Christopher J. Bowman	Lynn D. Jenner	Spencer L. Bennett
Claire E. Cooper	Brandon J. Macklin	James E. Kelly
Brian F. Daly	Mary A. Reinhart	Rick M. Martinez
Robert E. Graswich	Barbara Sue S. Spradlin	Marie T. Schwedhelm
Deborah J. Kollars		
William P. Lindelof		
Stephen T. Magagnini		
Roberto E. Sanchez		
Nancy A. Teichert		
Denny J. Walsh		
-		
<u>17200 - Sports</u>		
William J. Jenkins III		
Mark A. McDermott		
Steve M. Nishimura		
-		
-		
-		
-		

SIDE LETTER 4: MEMORANDUM OF UNDERSTANDING RE: COMMISSION SALES EMPLOYEES

Commission sales employees will be covered by all the provisions of this Agreement, except as modified herein.

The employer shall determine commission structure. The Publisher shall provide to the Guild gross earnings of each commission sales employee on a quarterly basis.

Commission sales employees shall solicit new advertising accounts as assigned by the Publisher. Primarily, this will be

accounts which have not appeared in The Bee for twelve (12) months preceding the initial solicitation of such an account by a commission sales employee. Voluntary new accounts (over the transom) shall be assigned to salaried staff.

No existing salesperson's compensation would be changed to commissions exclusively without their consent.

Pension and 401(k) contributions shall be calculated on average weekly gross compensation, of the previous twelve (12) months. Paid incidental sick leave benefits, vacation, holidays or any other paid leave shall be compensated at the guarantee rate plus any commissions earned during the leave. Commissions can be paid for any unpaid leave for a period of up to two months, at the discretion of the Publisher.

Commission sales employees shall be eligible for the Publisher's short-term and long-term medical leave programs. For short-term disability, commission sales employees shall be paid seventy percent (70%) of the average weekly gross compensation of the previous twelve (12) months. These payments will be integrated with state disability or temporary disability payments from workers' compensation. Eligible employees may elect to purchase additional long-term disability coverage under the Publisher's policy to bring coverage to sixty percent (60%) of the employee's base salary. For employees with less than twelve (12) months of service, disability pay will be computed on the total average weekly compensation.

Commissions for involuntary termination (except layoffs) and voluntary termination will cease on the final day of employment. With layoffs, severance pay shall be computed at the average weekly gross compensation of the previous twelve (12) months.

McClatchy Newspapers, Inc.,
Publisher of THE SACRAMENTO BEE

Northern California Media Workers
Guild/Typographical Union, Local 39521, CWA,

Dated: _____

Dated: _____

SIDE LETTER 5 MEMORANDUM OF UNDERSTANDING: AD COMMISSION/PERFORMANCE APPRAISAL COMMITTEE

Upon request from the Guild, a committee shall be formed to consider the operation of the ad commission plan and the new performance appraisal. This request would need to be made by November 1, 2007, but no earlier than October 1, 2007. The committee shall be composed of representatives appointed by the Company and representatives appointed by the Guild. The Guild agrees to appoint at least one representative from each of the four positions covered by the Ad Commission plan. The committee shall meet to discuss proposed changes in the operation of the plan and the appraisal. If both sides agree to a specific change, it will be signed by both sides and put into effect immediately. Where there is no Agreement, the proposed changes may be submitted to bargaining for 2009, if the Ad Commission plan is one of the items being re-opened. Both parties understand that it is the Company's intent to form a joint committee by June 1, 2007 to review the ad commission and team bonus programs, in preparation for the 2008 re-opener.

McClatchy Newspapers, Inc.,
Publisher of THE SACRAMENTO BEE

Northern California Media Workers
Guild/Typographical Union, Local 39521, CWA,

Dated: _____

Dated: _____

SIDE LETTER 6 MEMORANDUM OF UNDERSTANDING: SUBCONTRACTING

Notwithstanding any other provision of the Agreement, the Company may subcontract in whole or in part, the work of the Ad Central department and the Call Center department, and lay off the affected employees. Section 13.4 and Section 6 of this agreement shall cover any employee laid off pursuant to this letter. However, the maximum severance amount for Ad Central and Call Center employees affected by this letter shall be increased to fifty-two (52) weeks and the maximum company-paid COBRA health insurance benefit shall be increased to six (6) months.

McClatchy Newspapers, Inc.,
Publisher of THE SACRAMENTO BEE

Northern California Media Workers
Guild/Typographical Union, Local 39521, CWA,

Dated: _____

Dated: _____

SIDE LETTER 7: MEMORANDUM OF UNDERSTANDING: PREP WRITERS AND STUDENT JOBS

1. The Guild and the Publisher agree that the Publisher may employ up to five (5) employees in “student jobs” exclusive of the Sports department. These positions shall be limited to individuals who are students in good standing and whose performance is satisfactory to the Publisher.
2. The Guild and the Publisher agree that the Publisher may employ part-time employees known as prep writers, in the Sports department. Prep writers may be employed on or before the start of the school year and will terminate on or after the date of the close of the school year.
3. The rate of pay for any of the student jobs set forth above shall be set by the Company and may be changed at any time at the discretion of the Company. Employees in the student jobs set forth above may be dismissed with or without cause. Any such dismissal shall not be subject to the provisions of Section 9 of this agreement nor shall the requirements of Section 13.5 and 13.8 apply to such dismissal.

McClatchy Newspapers, Inc.,
Publisher of THE SACRAMENTO BEE

Northern California Media Workers
Guild/Typographical Union, Local 39521, CWA,

Dated: _____

Dated: _____

SIDE LETTER 8: MEMORANDUM OF UNDERSTANDING

This Memorandum of Understanding dated this sixth day of August 2004, by and between The Sacramento Bee and the Northern California Media Workers Guild/Typographical Union, Local 39521,CWA (“Guild”) regarding The McClatchy Company’s Code of Business Conduct and Ethics policy (“Code”).

The Sacramento Bee and the Guild agree as follows:

1. The code is not intended to undermine or erode any of the rights and duties set forth in the collective bargaining agreement between the Guild and The Sacramento Bee (“CBA”).
2. In the event of any conflict between the Code and the CBA, the CBA shall take precedence.
3. Subject to the paragraphs 1 and 2, The Sacramento Bee and the Guild agree that the Code shall apply to employees represented by the Guild.
4. Discipline for violations of the Code must meet the standards for discipline set forth in the CBA.

McClatchy Newspapers, Inc.,
Publisher of THE SACRAMENTO BEE

Northern California Media Workers
Guild/Typographical Union, Local 39521, CWA,

Dated: _____

Dated: _____

SIDE LETTER 9: MEMORANDUM OF UNDERSTANDING: REASSIGNMENT

Notwithstanding any other provision of the Agreement, at its discretion, the Company, upon thirty days (30) notice to the employee, shall have the right to reassign any employee to a position in the bargaining unit or outside the bargaining unit if any of the following occurs:

1. The work performed by the bargaining unit employee is subcontracted; or
2. The work performed by the bargaining unit employee is transferred to another employee; or
3. The work performed by the bargaining unit employee no longer exists or is eliminated.

(a) Employees who are selected for reassignment outside the bargaining unit under this provision shall have the

following options:

1. Employees may choose to be laid off and receive any severance benefits that they are entitled to under this agreement; or
2. In the event a bargaining unit employee accepts reassignment outside the bargaining unit, the individual shall be covered by the following terms and conditions of this Agreement; Section 6, Section 9 and Section 13.2

(b) All employees who are reassigned under this provision and opt to continue employment shall be eligible for the minimum of their new classification as defined in Section 4.7 or their current hourly rate, whichever is higher. Future merit increases will be subject to Section 4.5 of the Agreement.

(c) It is understood that this provision does not in any way limit the Company’s right to change an employee’s reporting beat, assignment, sales territory or vertical.

McClatchy Newspapers, Inc.,
 Publisher of THE SACRAMENTO BEE

Northern California Media Workers
 Guild/Typographical Union, Local 39521, CWA,

Dated: _____

Dated: _____

ATTACHMENT I: DOMESTIC PARTNERS

**Corporate, TNN and Three Bees
 Domestic Partners Benefit Coverage Policy**

Introduction

Effective January 1, 1999, The McClatchy Company will reaffirm its continued commitment to diversity and equal employment by extending health plans and life plan coverage to domestic partners and their legal dependents on the same basis as they are made available to the spouses and dependents of married employees.

This policy will apply to all eligible employees of The Sacramento Bee, The Fresno Bee, The Modesto Bee, The Newspaper Network, and the Corporate office. All eligibility requirements with regard to hours, age, relationship and partner/spousal eligibility for employees and their dependents for each of the above-specified locations must be met before coverage is offered. This policy does not apply to other properties of The McClatchy Company.

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 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:

- 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
- the domestic partner is required to provide coverage for the child by a court order.

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

Enrollment

The initial enrollment period for domestic partners will be conducted at the 1999 annual open enrollment. Thereafter, employees will be permitted to enroll their domestic partner and legal dependent(s) of their domestic partner annually at each open enrollment.

If the employee does not participate in the Premium Pass-through Program, he/she may enroll their domestic partner and legal dependent(s) of their domestic partner in the event of a family status change. Enrollment will be governed by the existing plan provisions. Otherwise, enrollment can only be done during the annual open enrollment period.

New hires eligible for benefits, and current employees who become eligible for benefits due to a status change, will be permitted to enroll their domestic partners and legal dependent(s) of their domestic partner during the initial enrollment period.

If a 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 a domestic partner qualifies for coverage, but elects coverage elsewhere, the employee should complete a Declaration of Domestic Partnership and waiver of coverage form for the domestic partner. This will prevent the need for evidence of

insurability if the domestic partner is added at a future date, and allow the employee and domestic partner to be eligible for the benefits listed under "Other Benefits".

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

Health Plans

- The medical, dental, vision, mental health 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 domestic partner and eligible dependent(s) may elect coverage through the voluntary life program. The voluntary 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 employer will pay the same percentage share of the premium costs for the coverage of an employee with an enrolled domestic partner or domestic partner with dependent(s) as it pays toward the cost of coverage of an employee with a spouse or spouse with dependent(s). The employee will be subject to the annual schedule of premium contributions for employee, employee plus one, and employee plus family coverage. The scheduled premium contribution for the domestic partner's and/or 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 domestic partner or the domestic partner's legally dependent child(ren), the employee must pay FICA federal income, and state income* taxes on the value of that benefit. The IRS defines this as the fair market value of the 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 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), Employee Stock Purchase Plan, long-term disability, life insurance, AD&D, 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.

*Eligible employees who have registered their domestic partnership with The State of California Secretary of State, are exempt from paying state income tax on the value of the benefit.

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 as documentation of domestic partnership:

- 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”.

-
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. 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, then such termination form must be substituted for written notification.

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).

-
COBRA Continuation of Coverage Rights

-
 Although there is no legal obligation to offer continued coverage to domestic partners and their dependent(s), the company has chosen to extend COBRA coverage to domestic partners and their eligible dependent(s). This coverage will be extended on the same basis as is currently available to employees, 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 reaching the age of majority: 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. Domestic partners electing COBRA may not add a new domestic partner to their continuation of coverage.

Retirement

An employee who retires, and meets the eligibility requirements for retirement health care benefits and covers a domestic partner, may continue to cover the domestic partner and the domestic partner’s dependent child(ren) if applicable. The benefits will be administered under the provisions of the retirement policy.

Other Benefits

-

Bereavement Leave will be extended to include domestic partners as immediate family members. Sick Leave will be extended to include care for the domestic partner or the domestic partner’s dependent child(ren).

Family Medical Leave Act (FMLA) will be extended to include domestic partners and the domestic partners’ dependent child(ren).

Domestic partners’ dependent child(ren) will be allowed access to the subsidized day-care facility in accordance with the policies of the facility.

In the event of an employee’s death, the 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 domestic partners. In the event of an employee’s death, IRS regulations will not allow payment of the final pay check to the domestic partner. Final pay will be issued to the employee’s estate.

Domestic partner benefits will **not** be extended to The Restated Retirement Plan for Employees of McClatchy Newspapers, the Money Shelter 401(k) plan, the Premium Pass-through Plan or the 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 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 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 domestic partner as their beneficiary for life insurance or the Money Shelter 401(k) plan.

The McClatchy Company reserves the right to change, modify or discontinue the domestic partner benefits at any time with 30 days notice.

Nothing in this document should be interpreted as a contractual obligation, either implied or expressed.

Approved:

 Peter M. CaJacob
 Vice President, Human Resources

 Date

**DECLARATION OF EMPLOYEE/DOMESTIC PARTNER
 UNDERSTANDINGS & RESPONSIBILITIES**

The undersigned employee:

- Understands that the Declaration of Domestic Partnership shall be terminated upon the death of the domestic partner or by a change in the circumstances attested to in this declaration.

- Agrees to notify the Human Resources Department in writing if there is any change in the circumstances attested to in the Declaration of Domestic Partnership within thirty (30) days of that change.
- Understands that another Declaration of Domestic Partnership cannot be filed until twelve months after the termination of coverage of the prior domestic partner.
- Understands that the Internal Revenue Service currently treats the value of the health and life coverage provided to a domestic partner and legal dependents, if any, minus any contribution paid for the coverage, as imputed income to the employee.

The undersigned domestic partner understands that:

- Benefit coverage may be terminated by the employee at any time even if the partnership is not terminated.
- 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.
- Benefit coverage shall be terminated at the end of the month of death of the employee; and
- COBRA rights to continue coverage may be available in the event of termination.

Each of the undersigned understands that:

- Regardless of the date on which the termination notification is received by Human Resources, termination of coverage is the later of the date on which any one of the eligibility criteria are no longer satisfied, or the date coverage ends according to the terms of the plan.
- They shall be obligated to adhere to the provision of the health care plans’ Evidence of Coverage/Summary Plan Descriptions or to the contracts that govern them.
- This information will be held confidential and will be subject to disclosure only upon our express written authorization or if otherwise required by law.
- This declaration of responsibility for common welfare and financial responsibility may have legal implication under California law.
- A civil action may be brought against either or both of the undersigned for any losses, including attorney’s fees, because of any false statement(s) contained in this declaration.

Each of the undersigned certifies under penalty of perjury, under California state law, that the foregoing is true and correct. The undersigned employee understands that willful falsification of information on this declaration may lead to disciplinary action, up to and including discharge from employment. Each of the undersigned understands that nothing in this declaration should be construed as a contract of employment.

Employee Signature Date

Domestic Partner Signature Date

Address City State Zip

The signature of the employee and domestic partner on this form must be notarized:

Subscribed and sworn before me on this ____ day of _____, 20__

Notary Public
My commission expires _____, _____

THE MCCLATCHY COMPANY RESERVES THE RIGHT TO CHANGE, MODIFY OR DISCONTINUE THE DOMESTIC PARTNER BENEFITS AT ANY TIME WITH 30 DAYS NOTICE.

DECLARATION OF DOMESTIC PARTNERSHIP

I, the undersigned employee, _____
Please print: Name of Employee/Social Security Number

and I, the undersigned domestic partner, _____
Please Print: Name of Domestic Partner/Social Security Number

declare we are domestic partners. We affirm that the effective date of the domestic partnership is

_____ and that we meet all the following criteria of domestic partnership for
Date of Partnership

coverage under The McClatchy Company's Employee Stock Purchase Plan. We affirm that all of the following are true and correct:

2. We have both reached the age of majority under California law or have, by court order, had the disabilities of minority removed;
3. We are not related by blood to a degree that would otherwise prohibit marriage;
4. We are not married to another person;
5. We are mentally competent to enter into a contract;
6. We have lived together under the same roof for at least twelve (12) months and intend to do so indefinitely;
7. We have been engaged in a committed, mutually exclusive relationship for at least twelve (12) months;
8. We are financially interdependent and responsible for each other's debts; and
9. We are responsible for each other's common welfare.

We understand we must sign a Declaration of Domestic Partnership (or Domestic Partner registration, if applicable in our state or city of residence). In addition, we understand we must show evidence of joint responsibility for each other's common welfare and financial obligations by providing two (2) of the following:

- A joint mortgage or lease;
- Designation of domestic partner as beneficiary for life insurance;
- Designation of domestic partner as primary beneficiary in employee's will;
- Durable health care power of attorney naming domestic partner as attorney-in-fact;
- Joint ownership of a motor vehicle, joint bank account, or joint credit account;

We understand that this declaration may have legal implications under California state law. We understand that a civil action may be brought against either or both of us for any losses, including costs and reasonable attorney's fees, because of a false statement contained in this Declaration.

We also certify under penalty of perjury, under California state law, that the foregoing is true and correct. The undersigned employee understands that willful falsification of information on this Declaration may lead to disciplinary action, up to and including discharge from employment.

Employee Signature Date _____

Domestic Partner Signature Date _____

Address City State Zip

The signature of the employee and domestic partner on this form must be notarized:

Subscribed and sworn before me this _____ day of ____, 20__

Notary Public
My commission expires _____, _____

THE MCCLATCHY COMPANY RESERVES THE RIGHT TO CHANGE, MODIFY OR DISCONTINUE THE DOMESTIC PARTNER BENEFITS AT ANY TIME WITH 30 DAYS NOTICE.



**DECLARATON OF TERMINATION OF
DOMESTIC PARTNERSHIP**

I, _____, declare under penalty of perjury, that
Please Print: Name of Employee/Social Security Number

the Declaration of Domestic Partnership attested to and signed by me on _____
Date of Declaration

is terminated as specified below.

- 1. Name of Covered Domestic Partner: _____
- 2. Name of Covered Domestic Partner's legal dependents, if applicable: _____
- 3. Termination of Declaration of Domestic Partnership is due to:

_____ Change of criteria attested to in Declaration of Domestic Partnership Date: _____

_____ Termination of domestic partnership Date: _____

_____ Death of domestic partner Date: _____

_____ Marriage to domestic partner Date: _____

I acknowledge that it is my responsibility to furnish a copy of this signed statement to my surviving former domestic partner. I hereby declare, under penalty of perjury, that the foregoing statements are true and correct. I further understand that I will not be eligible to add a domestic partner or legal dependent(s) of another domestic partner until twelve (12) months following termination of coverage of the prior domestic partnership.

Please Print: Employee Name Date

Employee Signature

Address City State Zip

The signature of the employee on this form must be notarized:

Subscribed and sworn before me this _____ day of _____, 20__

Notary Public
My commission expires _____, 20__

THE MCCLATCHY COMPANY RESERVES THE RIGHT TO CHANGE, MODIFY OR DISCONTINUE THE DOMESTIC PARTNER BENEFITS AT ANY TIME WITH 30 DAYS NOTICE.

ATTACHMENT II: DRUG AND ALCOHOL TESTING

The Sacramento Bee

Drug, Alcohol and Substance Policy

Purpose

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The Sacramento Bee is committed to maintaining a safe and efficient workplace free of drugs and alcohol and to discouraging drug, alcohol and substance abuse by its employees. Employees who are under the influence of drugs, alcohol or other substances on the job compromise The Sacramento Bee's interests, and may endanger their own health and safety and the health and safety of others.

The Sacramento Bee's goals are to avoid accidents, promote and maintain safe and efficient working conditions for its employees, and to protect its business, property, equipment and operations. To support these goals, The Sacramento Bee has established this policy concerning the use of drugs, alcohol and other substances. As a condition of continued employment with The Sacramento Bee, each employee must abide by this policy.

Definitions

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For the purpose of this policy:

- (1) "Illegal drugs or other controlled substances" means any drug or substance that (a) is not legally obtainable; (b) is legally obtainable but has not been legally obtained; or (c) has been legally obtained but is being sold or distributed unlawfully.
- (2) "Legal drug" means any drug, including any prescription drug or over-the-counter drug, that has been legally obtained and that is not unlawfully sold or distributed.
- (3) "Abuse of any legal drug" means the use of any legal drug (a) for any purpose other than the purpose for which it was prescribed or manufactured; or (b) in a quantity, frequency or manner that is contrary to the instructions or recommendations of the prescribing physician or manufacturer.
- (4) "Substance" includes but is not limited to any inhalants, adhesives, glues, paints or other substances used for the purpose of intoxication.
- (5) "Possession" means that an employee has the substance on his or her person or otherwise under his or her control.
- (6) "Drug and alcohol testing" means testing for drugs, whether illegal or legal, and/or alcohol as defined within the policy.

Prohibited Conduct

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This policy applies to employees whenever the interests of The Sacramento Bee or its employees may be adversely affected, including any time the employee is:

- (1) On The Sacramento Bee's premises;
- (2) Conducting or performing Sacramento Bee business, regardless of location;
- (3) Operating or responsible for the operation, custody or care of Sacramento Bee equipment or other property;
- (4) Driving a Sacramento Bee-owned, leased or rented vehicle or any other vehicle on behalf of The Sacramento Bee, including a personal vehicle;
- (5) Responsible for the safety of others; or
- (6) Off-duty but using drugs, alcohol or other substances in a manner that in any way adversely affects The Sacramento Bee or the employee's ability to perform his or her job.

Prohibited use of drugs, alcohol and other substances is described below:

Alcohol

The unauthorized use, possession, purchase, sale, manufacture, distribution, transportation or dispensation of alcohol or being under the influence of alcohol is strictly prohibited and subject to disciplinary action up to and including termination.

The only exception to this policy is for moderate consumption in connection with Sacramento Bee-authorized events at which consumption of alcohol has specifically been approved or in places of public accommodation or at business affairs designed to serve a Sacramento Bee interest. Even in such circumstances, however, excessive use, intoxication or other abuse of alcoholic beverages is prohibited.

Illegal Drugs

The use, possession, purchase, sale, manufacture, distribution, transportation or dispensation of any illegal drug or other controlled substance, or being under the influence of any illegal drug or other controlled substance is strictly prohibited and subject to disciplinary action up to and including termination.

Legal Drugs

The abuse of any legal drug, or the purchase, sale, manufacture, distribution, transportation or dispensation of any legal prescription or drug in a manner inconsistent with law is strictly prohibited and subject to disciplinary actions up to and including termination.

Working while impaired by the use of any legal drug, including marijuana or other controlled substance used as part of a prescribed treatment program, whenever such use might (a) endanger the safety of the employee or others, (b) pose a risk of damage to The Sacramento Bee property or equipment, or (c) substantially interfere with job performance or the efficient operation of The Sacramento Bee's business or equipment also is prohibited. Employees under the influence of legal drugs that may cause such an impairment must notify The Sacramento Bee's designated physician before reporting to work. This information will be treated confidentially. If it is determined that the employee cannot safely perform his or her duties while under the influence of the legal drug, he or she will not be permitted to return to work. The employee may use available sick leave and/or vacation time during his or her absence. The employee also may request unpaid time off during this period. Nothing in this policy is intended to diminish The Sacramento Bee's commitment to employ and reasonably accommodate qualified, disabled individuals.

Substances

The abuse of any substance, or the purchase, sale, manufacture, distribution, transportation or dispensation of any substance in a manner inconsistent with law is strictly prohibited and subject to disciplinary actions up to and including termination.

This applies to the use of inhalants, adhesives, glues, paints or other substances used for the purpose of intoxication.

Types of Testing

Applicant Testing

As part of The Sacramento Bee's employment screening process, any applicant, including part-time or on-call employees, to whom an offer of employment is made must pass a drug test. This policy also applies to previous employees of The Sacramento Bee who are rehired. The offer of employment (or reemployment) is conditioned on a negative test result. Applicants will be informed of The Sacramento Bee's Drug, Alcohol and Substance policy during the employment application process.

Reasonable Suspicion Testing

If a supervisor or manager has reasonable suspicion that an employee is working in an impaired condition or otherwise engaging in conduct that violates this policy, the employee will be asked about the observed behavior and offered an opportunity to provide a reasonable explanation. If the employee is unable to explain the behavior, the Human Resources department will be consulted. With Human Resources approval, the employee will be required to take a drug and/or alcohol test in accordance with the procedures outlined below.

If the employee refuses to cooperate with the administration of drug and alcohol testing, the refusal will be handled in the same manner as a positive test result.

Examples of reasonable suspicion that will lead to drug and/or alcohol testing include but are not limited to:

- When an employee's actions during the course of employment causes or contributes to an injury of the employee or another person that requires medical attention beyond first aid.
- When an employee driving a personal or a company-owned, leased or rented vehicle is involved in any vehicle accident during the course of employment that involves another vehicle, results in injury to any party involved, and/or results in vehicle or property damage of any kind.
- When an employee's actions during the course of employment results in unusual and/or significant property, material and/or equipment damage.
- When an employee is observed using alcohol or drugs during work hours.
- When there is reasonable suspicion in which a supervisor believes the actions, appearance and/or conduct of an employee's behavior is indicative of drug, alcohol or substance use. This includes but is not limited to suspicion that is based on specific personal observations such as an employee's manner, disposition, muscular movement, appearance, behavior, speech or breath odor; information provided to management by an employee, by law enforcement officials, by a security service or by other persons believed to be reliable; or a suspicion that is based on other surrounding circumstances.

However, exceptions to drug and alcohol testing for reasonable suspicion may occur in certain circumstances at the direction of any two of the following: the immediate supervisor, the Department Head or above, and/or the Human Resources Director or above.

Employees are required to immediately report all incidents, accidents, property damage and/or injuries to a supervisor, manager or Human Resources. Any employee who fails to do so will be subject to disciplinary action up to and including termination. Furthermore, the supervisor and/or the Human Resources department will have sole discretion in determining if property damage is unusual and/or significant, and their decision will be binding.

Employees who are tested for reasonable suspicion may be suspended with or without pay until the test results have been confirmed or until the investigation is complete.

Random Testing

Random drug and alcohol testing only will be used when (a) required for certain positions in compliance with applicable laws or regulations; or (b) as part of the terms and conditions of a rehabilitation program or Return to Work Agreement.

Testing Procedures

Test samples will be collected by The Sacramento Bee-appointed medical staff. Urine samples will be used for drug testing, and breath analysis will be used for alcohol testing. Employees and applicants will have the opportunity to alert the medical staff to any prescription or non-prescription drugs being taken that may affect the outcome of a test.

Drug test samples will be sent to an independent National Institute of Drug Abuse (NIDA)-certified medical clinic or laboratory for processing. All test results will then be read and interpreted by a Sacramento Bee-appointed, MRO-certified physician.

If a drug test is positive, the results will be confirmed by a gas chromatography/mass spectrometry. The MRO-certified physician will contact the applicant or employee to confirm the test data and discuss variables that may have affected the test. The Sacramento Bee will pay the cost of the first drug test and the confirming gas chromatography/ spectrometry. If the applicant or employee disagrees with a confirmed positive result after a discussion with the physician, the applicant or employee may have the same sample sent to any NIDA-certified lab to be tested at his or her own cost. This request must be made in writing within two working days of being advised of a positive test result.

If a breath analysis is positive, the test will be administered up to two more times within consecutive, fifteen-minute intervals. If an applicant or employee disagrees with the positive test results, the employee may elect to have a blood test conducted at his or her own cost. This test must be conducted immediately after the breath analyzer.

Any attempts to tamper with or adulterate a sample will be grounds for immediate termination.

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Positive Test Standards

Alcohol

Employees required to maintain a commercial driver's license will be held to applicable laws or regulations governing alcohol consumption and use. All other employees will be presumed to have a positive test for alcohol and to be "under the influence" when test results meet or exceed a blood alcohol level of .08.

Drugs

Employees will be presumed to have a positive test result and to be "under the influence" of a drug and in violation of this policy when the test results meet or exceed the cutoff level established by the U.S. Department of Health and Human Services for the specific drug or substance in question.

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Positive Test Results and Discipline

Applicants

If an applicant tests positive, the offer of employment will be revoked. The applicant may not reapply for at least twelve months from the date of the last drug test.

Employees

When an employee driving a personal or a company-owned, leased or rented vehicle is involved in any vehicle accident during business hours and/or in the course of doing company business and tests positive, the Employer shall have just cause under the Agreement to terminate the employee. In addition, when an employee driving a personal or a company-owned, leased or rented vehicle during business hours and/or in the course of doing company business is reasonably suspected of being under the influence of drugs or alcohol, and tests positive, the Employer shall have just cause under the Agreement to terminate the employee. At its sole discretion, the Employer may impose a lesser discipline than termination on an employee who tests positive under any of these circumstances. The exercise of the Employer's discretion to impose a lesser discipline than termination on an employee who tests positive under any of these circumstances shall not constitute a precedent or limit in any way the Employer's right to terminate immediately any other employee who tests positive.

Any employee who tests positive and is not covered by the foregoing paragraph may be disciplined up to and including termination.

All other violations of this policy will result in disciplinary action up to and including termination.

Any employee who tests positive for the presence of drugs and/or alcohol may be suspended with or without pay pending further review. Employees who test positive for the first time may be referred to the Employee Assistance Program (EAP) or be subject to disciplinary action up to and including termination. If an employee is referred to the EAP, the employee must contact the EAP provider within two working days. An employee who does not contact the EAP within this time period will be terminated.

As a condition of continued employment, an employee referred to the EAP must comply with all recommendations of the EAP provider and must enter into a Return to Work Agreement before returning to work. The employee must meet and comply with all requirements of the Return to Work Agreement. These requirements will include (a) remaining drug, alcohol and substance abuse free, (b) being randomly tested for drugs and/or alcohol for a period of time as set forth in the Agreement, and (c) continuing to meet all job requirements and standards of his or her position. If the employee does not comply with these and all other requirements of the Return to Work Agreement, he or she will be terminated immediately.

An employee who is referred to the EAP in lieu of termination will receive a final written warning. If the employee tests positive for

drugs and/or alcohol a second time, or in any other way violates this policy, he or she will be terminated.

Under the commercial Motor Vehicle Safety Act of 1986, drivers who are convicted of operating a motor vehicle under the influence of alcohol or drugs are disqualified from driving for one year. An employee who cannot perform his or her customary job duties may be terminated.

Employee Assistance Program and Rehabilitation

If an employee suspects he or she may have a drug, alcohol or substance abuse problem, he or she is encouraged to seek treatment before becoming involved in an incident that may lead to drug and alcohol testing or disciplinary action. Dependence on drugs, alcohol and/or other substances or participating in a rehabilitation program will not protect an employee from disciplinary action for unacceptable performance, continued abuse or from a policy violation that occurred before the employee seeks assistance.

Employees are provided with professional counseling and medical referrals through The Sacramento Bee's Employee Assistance Plan (EAP) and through its Behavioral Health Care Plan. All information regarding referrals, evaluation and treatment of an employee who participates in an assistance program will be maintained in a private and confidential manner.

Employees who wish to voluntarily enter and participate in an approved drug or alcohol rehabilitation program are encouraged to contact the Human Resources Director. The Human Resources Director will determine whether The Sacramento Bee can accommodate the employee by providing unpaid leave for the time necessary to complete participation in the program.

Acknowledgement and Consent

Any employee or applicant subject to testing under this policy will be asked to sign a form acknowledging the procedures governing testing, and consenting to

- (a) the collection of a urine and/or a breath sample for the purpose of determining the presence of drugs and/or alcohol, and
- (b) the release to The Sacramento Bee of medical information regarding the test results.

Refusal to sign the agreement and consent form or to submit to the drug and/or alcohol test will result in the revocation of an applicant's job offer. If an employee refuses to sign the acknowledgment and consent or cooperate with the administration of the drug and alcohol test, the refusal will be handled in the same manner as a positive test result.

Confidentiality

All drug and alcohol testing records are kept confidential. Access to such information is limited to individuals who have a business need to know. In addition, disclosures made by an employee to his or her manager, The Sacramento Bee's physician or the Human Resources Director concerning use of legal drugs or participation in a drug program will be treated confidentially and will not be revealed to other managers or supervisors unless there is a work-related reason to do so.

ATTACHMENT III: VEHICLE ACCIDENT POLICY

The Sacramento Bee Driver Safety / Accident Policy

SAFETY GUIDELINES

- Employees using company vehicles or private vehicles during the course of business are expected to operate the vehicle legally and safely by observing all traffic laws and driving courteously.
- Company vehicles with mechanical or maintenance problems must be immediately reported to the department supervisor and/or fleet maintenance department.
- Employees are expected to follow all department rules for driving company vehicles (see specific departmental guidelines).

PULL NOTICE PROGRAM (PNP)

Introduction

The Department of Motor Vehicles (DMV) Pull Notice Program (PNP) was implemented as Company policy effective December 19, 1994. The PNP provides The Sacramento Bee with a current printout of all included employees' driving records. It is the Company's intention that enrollment in the PNP will ensure all Company drivers are in compliance with the State DMV and Federal driving laws, as well as meeting Company safety policies.

Participation

All employees required to drive a company or private vehicle as a routine part of their job duties are included in this program and must sign a release allowing the DMV to release copies of their driving records. Any employee who refuses to sign such a release will not be eligible to drive, and, subsequently, his or her employment may be terminated. If you have any questions about whether or not you are required to participate in this program, contact your department manager or Human Resources.

Process

The Bee will receive a DMV printout for each employee upon enrollment in the PNP, and then an updated printout semi-annually, thereafter. In addition, if an employee experiences activity such as a traffic citation or suspended license, the DMV will automatically generate an updated printout and send it to the Company. The PNP will identify employees currently driving with an expired or suspended driver's license, and all other convictions and accidents that may be considered when determining if an employee is eligible to drive as part of his or her duties, based on the Company's point system.

Point System

An employee's eligibility to drive for the Company will be determined by a point system. The point system will also be used to determine an applicant's eligibility for hire. An employee may be considered a NEGLIGENT OPERATOR of a motor vehicle and be subject to termination when his or her driving record shows the following "point count":

3 points in 12 months

5 points on record

Points on the Driving Record

The DMV keeps a public record of all traffic convictions and accidents for 36 months or longer depending on the type of conviction. Records of more serious convictions, like reckless or drunk driving, are kept for up to seven years. A traffic conviction for driving unsafe counts as one point. Any "at fault" accident also is normally counted as one point. Two points are charged against you if you are convicted of reckless driving, of driving under the influence of alcohol/drugs, of hit-and-run driving, of evading a peace officer, of driving while your license is suspended or revoked, or for driving on the wrong side of the road. This list is not all-inclusive. Any driver with too many "points" may lose his or her driver's license.

Serious Violation

Serious violations while driving a company vehicle or a personal vehicle in the course of company business that may result in immediate termination regardless of the points accumulated include but are not limited to:

- Driving under the influence of alcohol or a controlled substance.
- Involved in a criminal offense involving a motor vehicle.
- Driving while one's license or insurance is expired, suspended or revoked.
- Having an open container of alcohol in a motor vehicle.
- Reckless driving, drag racing or attempting to elude an officer.

- Leaving the scene of a collision in which you are involved.

Applicants/Transfers

No applicant with more than two points on a driving record will be considered for hire or transfer into a driving position. Likewise, applicants with a SERIOUS VIOLATION on their driving records will not be considered for hire.

Monitoring of Current Employees

Employees included in the PNP should report all work-related tickets, violations or accidents to their supervisor immediately. Additionally, employees are responsible for paying all traffic or parking tickets incurred while driving during the course of business. The Bee will cover tickets due to mechanical failure, which occur while driving a company-owned vehicle.

Any current employee who meets or exceeds the established point counts will be considered a NEGLIGENT DRIVER and have his or her driving record reviewed. Depending on the severity of the violations, the employee may be issued a final written warning or be subject to immediate termination.

The Company will provide the employee with a copy of the DMV printout used in determining disciplinary action. The Company is not responsible for errors on an employee's driving record. If an employee believes his or her record is inaccurate, he or she will be given five (5) working days to correct the error. The employee may not drive during this period and may be placed on unpaid administrative leave. The employee will be responsible for:

- 1) providing an updated driving record and/or appropriate verification of the correction and
- 2) any costs incurred in correcting the driving record.

Employees with suspended or revoked licenses will not be allowed to drive for The Bee and may be suspended for five days without pay. If a valid license cannot be produced during that time, the employee will be subject to termination.

Employees with "Failure to Appear" (FTA) status will be given 30 days from date of notification to prove the FTA has been removed from their record. If the FTA has not been removed in the 30-day period, they will be subject to termination.

In all cases, employees subject to disciplinary action short of termination under this program must produce the following documents to continue working:

- 1) a valid California driver's license
- 2) acceptable driving record
- 3) * valid vehicle registration
- 4) * proof of current auto insurance, with minimum coverage amounts as set forth by the company
(* if 3 and 4 are applicable).

Standards set forth in The Bee's Accident Policy (see below) and/or the Drug, Alcohol and Substance Policy supersede the Point System criteria of the PNP. For example, a first-time, at-fault major accident may not generate enough points in the PNP for an employee to become a NEGLIGENT DRIVER, however, under our existing Accident Policy, it could result in termination. In addition, any employee found to be driving under the influence of drugs, alcohol or illegal substances in the course of Company business will be subject to immediate termination.

Road Observations - Within the Transportation Department, supervisors may perform road observations. A driver will be followed and monitored to see if he or she is driving in a safe manner and is observing all traffic laws as defined by the California Vehicle Code. All road observations will be shared with the employee and will be noted. Negative road observations may result in disciplinary action, and will have an impact on the annual performance appraisal. Any observation of flagrantly disregarding traffic laws (i.e., running a stop sign or light) will be treated as a serious safety infraction.

Any employee who drives in the course of Company business must immediately notify either a supervisor or the Company's Occupational Physician if he/she is using a medication (either prescribed or over-the-counter) that may impair his or her ability to drive. Failure to do so may result in disciplinary action up to and including termination.

Information contained through the PNP will not be used in violation of any Federal or State equal opportunity law or regulation.

ACCIDENTS

All accidents, whether in a private vehicle driven on company business or company vehicle, must be reported to the supervisor before the end of the work shift in which the accident occurs.

Under The Bee’s Drug, Alcohol, and Substance Policy, effective January 1999, an employee will be subjected to reasonable suspicion drug and/or alcohol testing when driving a personal or a company-owned, leased or rented vehicle and involved in any vehicle accident during the course of employment that involves another vehicle, results in injury to any party involved, and/or results in vehicle or property damage of any kind. Any employee who refuses to take the drug / alcohol test will be subject to termination.

Accordingly, the supervisor must make arrangements through Human Resources and the Health Unit or outside drug testing service to have the employee tested. The employee will be suspended from driving until the results of the reasonable suspicion drug and/or alcohol test have been received.

All accidents, whether in a private vehicle driven on company business or company vehicle, are reviewed through either an **Administrative** ruling or an **Accident Review Committee** ruling. Administrative rulings will be made by the department manager and division director and may be appealed to the Accident Review Committee.

The Accident Review Committee consists of representatives from Human Resources, Finance, and the appropriate department manager. The committee will convene upon receipt of the CHP or police accident report, which will indicate whether or not the driver was at fault. The committee thoroughly reviews all facts regarding the accident and statements from the employee involved in the accident before determining the level of disciplinary action to be taken. Employees are paid their normal rate of pay for time spent before this committee. The following guidelines will be used for accidents involving company or private vehicles, driven during the course of business:

TYPE OF ACCIDENT	ACTION
Non-reported accident	Administrative Ruling: Disciplinary action up to and including termination.
One accident – Non-Preventable Major or Minor Damage	Administrative Ruling: Record only
One accident – Preventable Minor Damage	Administrative Ruling: Reprimand
One accident – Preventable Major Damage	Committee Ruling: Disciplinary action up to and including termination.
Second preventable accident (Major or minor within twelve months)	Committee Ruling: Disciplinary action up to and including termination.

**The Sacramento Bee
Driver Safety / Accident Policy**

I have received a copy of The Bee’s Driver Safety / Accident Policy and understand the following:

- “ The Company has directly contracted with the Department of Motor Vehicles (DMV) to provide periodic printouts of employee driving records.
- “ The Company reviews applicant driving records prior to hire and then periodically to determine eligibility to drive a Company vehicle or a private vehicle in the course of Company business. The Pull Notice Program (PNP) also will generate additional printouts of driving records as convictions and/or accidents occur.
- “ If my driving record reveals that I am a Negligent Operator, or if I have a Serious Violation or accident, as defined in the policy, I will be subject to disciplinary action up to and including termination.

- “ I will be provided with a copy of my DMV printout if disciplinary action is being considered and prior to disciplinary action being taken. I understand I am responsible for correcting any errors on my record and also for any costs associated with a correction. I further understand that I will not be able to drive a Company vehicle or a private vehicle in the course of Company business until the correction has been made and appropriate verification has been provided.
- “ The PNP Policy does not supersede the Company's Accident Policy and/or the Drug, Alcohol and Substance Policy. Even if a violation does not generate enough points under the PNP Policy to support disciplinary action, I still will be subject to the terms and conditions of the other policies.
- “ I must notify my supervisor or the Company's Occupational Physician immediately if I am required to take any medications that may impair my ability to drive.

Furthermore, I release The Sacramento Bee from all claims, liability, and damages that may result should the Company act on incorrect information provided through the PNP. This release means I am waiving claims for negligence, wrongful termination, misrepresentation, emotional distress, invasion of privacy, interference with prospective business relations or contract, breach of contract, and any other negligent act based on any such action. If any portion of this release is held invalid, the balance will continue in full legal force.

I have read The Bee’s Driver Safety / Accident Policy and understand and agree with each of its terms.

Employee Name: (please print) _____

Employee signature: _____ Date: _____

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Department: _____ Supervisor: _____

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