

## FAQs 401(k) Plan

### 1. When am I eligible for the 401(k) plan?

The following eligibility rules apply to full-time and part-time, regular, and temporary employees who are not hired as per diem employees:

- You are eligible to make pre-tax deferrals in the Associated Press 401(k) Retirement Savings Plan upon hire\*

#### Per diem employees

The following eligibility rules apply to per diem employees:

- You will be eligible to make pre-tax deferrals in the Associated Press 401(k) Retirement Savings Plan on the date you are credited with 780 hours of service in the one-year period beginning on your original date of hire or any anniversary of that date.

*\* assuming contract ratification*

### 2. How do I enroll?

Employees can enroll by calling Vanguard at 800-523-1188 or visiting <https://flagship.vanguard.com/VGApp/hnw/HomepageOverview>.

Enrollees must indicate:

- AP Plan #090380
- Contribution amount
- Investment fund choice(s)
- How much of your contribution should be invested in each fund

Employees can contact Vanguard about contribution changes, fund exchanges, loans and withdrawals.

### 3. How much can I contribute?

For calendar year 2011, participants may contribute up to the lesser of two amounts:

- For those earning a gross 2010 salary of less than \$110,000: \$16,500 or 25% of eligible pay, whichever is less.
- For those earning a gross 2010 salary of more than \$110,000: \$16,500 or 15% of eligible pay whichever is less.

Example: If your gross salary in 2010 was \$50,000, the maximum regular pre-tax contribution you may contribute to the plan in 2011 is 25%; 25% of \$50,000 is \$12,500, which is less than the \$16,500 limit.

#### 4. Can I make catch-up contributions?

Federal tax regulations allow catch-up contributions to encourage employees nearing retirement to make additional investments in their 401(k) plans. You can make catch-up contributions to the AP plan in a given year if:

- You will reach age 50 by December 31
- You are scheduled to make the maximum regular pre-tax contributions for the year.

Like regular contributions, catch-up contributions are deducted from pay on a pre-tax basis; accumulate tax-free in your account based on your investment selections; and are taxed when paid to you.

The maximum amount for catch-up contributions in 2011 is \$5,500.

#### 5. What is the employer match?

Effective July 1, 2011 the employer match will be eliminated.\*

*\* assuming contract ratification*

#### 6. Who administers the AP's 401(k) Retirement Savings Plan?

The Vanguard Group is the record keeper for the plan.

#### 7. What investment options are available?

You direct the investment of your account balance using the funds available to you under the 401k plan administered by The Vanguard Group.

The 401k plan provides two different investment paths so you can create a portfolio that fits your needs. These paths provide:

- Target Retirement Funds, a predetermined mix of stocks and bonds that, if you choose this path, should be your primary holding.
- Core funds, from which you can create a diversified portfolio.

#### Fund Name

500 Index Fund Inv.

American Funds EuroPacific Gr

CRM Small/Mid Cap Value Inst.

Developed Markets Index

Extended Mkt. Index Inv.

Inflation-Protect Sec Inv.

Morgan Growth Fund Inv.

Rainier Small/Mid Cap Equity Inst.

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Retirement Savings Trust  
Target Retirement 2010  
Target Retirement 2015  
Target Retirement 2020  
Target Retirement 2025  
Target Retirement 2030  
Target Retirement 2035  
Target Retirement 2040  
Target Retirement 2045  
Target Retirement 2050  
Target Retirement Income  
Total Bond Mkt. Index Inv.  
Windsor II Fund Inv.

#### 8. What options are available for withdrawing money from the AP's 401(k) Retirement Savings Plan?

AP employees can withdraw funds by requesting:

- An in-service age 59½ withdrawal
- An in-service rollover withdrawal
- A hardship withdrawal

Contact Employee Benefits 800-622-2363 to see if you qualify for any of these withdrawal options.

#### 9. What are my age 59½ and rollover withdrawal options?

When an employee reaches age 59½, withdrawals are permitted for any reason during any 12-month period without penalty.

Rollover withdrawals are permitted for any reason during any 12-month period, subject to a 10% penalty.

Both types of withdrawals require a minimum \$1,000 distribution and are subject to income taxes. You can request an in-service distribution from Vanguard.

#### 10. What are my hardship withdrawal options?

Hardship withdrawals are available from rollover account, a matching contributions account and a pre-tax contributions account (in that order). Hardship withdrawals can only be requested for one of the following reasons, and all such requests must be reviewed by the Employee Benefits Department:

- The purchase of a primary residence
- Unreimbursed medical expenses

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- Tuition, fees and room/board expenses for post-secondary education
- Prevention of eviction, bankruptcy or mortgage foreclosure
- Funeral and burial expenses
- Repair of damage to principal residence

Before making a hardship withdrawal, you must apply for and receive any loan or in-service withdrawal available to you through the plan. If you request and receive a hardship withdrawal, your contributions to the plan will be suspended for six months after receipt of the funds.

A maximum of two hardship withdrawals are permitted during any plan year. The minimum hardship withdrawal is \$500. Hardship withdrawals are not repaid. You can request a hardship withdrawal application from Vanguard.

The following documentation is required for hardship withdrawals:

For the purchase of a primary residence:

A copy of the purchase contract and a copy of the closing costs

For unreimbursed medical expenses:

A copy of the Explanation of Benefits (EOB) statement from the insurance carrier as evidence of expenses not paid by AP's health care plan for you, your spouse or any of your dependents, as defined by the IRS

For tuition, fees and room/board expenses for post-secondary education:

A copy of a bill from the university for the school year, semester, or quarter of post-secondary education for you, your spouse or any of your dependents, as defined by the IRS.

For prevention of eviction, bankruptcy or mortgage foreclosure:

A copy of the eviction notice from the landlord; a copy of the foreclosure notice from the mortgage company or sale of property notice.

For funeral and burial expenses:

A copy of the receipt of expenses.

Repair of damage to principle residence:

Proof of damage not resulting from normal wear and tear

11. Can I request a loan from my 401(k) account?

Yes, an employee can borrow a minimum of \$1,000 and a maximum of 50% of his/her account balance or \$50,000, whichever is less. No more than one loan may be outstanding at a time.

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The costs of the loan, which are deducted from the proceeds, are \$40 for a loan origination fee and \$25 for annual maintenance fees. The loan interest rate is the prime rate, plus 1%.

General purpose loans must be repaid in one to five years. Principle residence loans, which must be approved by the Employee Benefits Department, must be repaid in one to 10 years.

If an employee terminates the AP without paying off the loan in full, Vanguard will default the loan. You can request a loan application from Vanguard.

12. How do I establish beneficiaries for my 401(k) account?

Request a beneficiary form from Employee Benefits at 800-622-2363.

13. Can I roll over my former employer's 401(k) plan into my new AP 401(k) plan?

Yes. You must complete and submit a rollover form to Vanguard.

14. If I terminate employment with the AP, can I roll over my AP 401(k) plan into my new employer's plan?

Yes, if your new employer's plan allows it. Vanguard mails out a termination kit describing the options available to terminating employees, including rollovers.

## FAQs Defined Contribution Retirement Plan

### 1. What is the AP DC Plan?

The DC plan is a retirement plan funded entirely by the AP, designed to increase your financial security at retirement.

Participants earn 6% of pensionable earnings paid quarterly if active on the last day of the quarter. A few exceptions apply and can be found in the summary plan description. The quarterly contribution is subject to regulatory limits.

Defined Benefit participants moving into the DC Plan on July 1, 2011 will also earn a transition benefit of 1 or 2% for under/over 10 years of service, for the eight year period after July 1, 2011. Employees may grow into the higher tier of transition benefit when their service exceeds 10 years during the transition period.

### 2. When am I vested?

You are 100% vested after 3 years of vesting service or age 65, if earlier. Defined Benefit participants moving into the DC Plan on July 1, 2011 will be fully vested on that date.

### 3. What happens when I leave the AP?

When you leave AP, you will have the option to receive your vested DC Plan benefit in a lump sum or leave it in the plan\*\*. You may use this lump sum to purchase an annuity with the insurer of your choice, or you may roll the benefit over to an eligible retirement plan.

\*\* On April 1 following the year you reach age 70 ½ you will be required to begin distributions from the plan.

### 4. What investment options are available?

You direct the investment of your account balance among the same funds available to you under the Associated Press 401(k) Plan. DC Plan contributions do not have to be invested in the same manner that you invest your 401(k) funds.

### 5. Who administers the AP's DC Plan?

The Vanguard Group is the record keeper for both the 401(k) and DC Plan for the AP.

### 6. Will I receive a statement showing my benefit?

Vanguard will continue to provide quarterly 401(k) Savings Plan statements. These statements will include your Defined Contribution Retirement Plan account balance.

If you are not enrolled in the 401(k) plan, you will still receive a quarterly statement from Vanguard showing your DC Plan benefit only.

7. Can I request a loan from my vested DC benefit?

Loans, hardships, and in-service withdrawals are not available under the DC Plan.

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Below is a summary chart of the retirement plans available to you and contact information for The Vanguard Group, AP's retirement plan record keeper.

| Group         | DC                  | Transition                                | 401(k) match |
|---------------|---------------------|-------------------------------------------|--------------|
| Current DB    | 6%, with transition | 1% < 10 years<br>2% > 10 years<br>8 years | None         |
| Current DC    | 6%                  | Not eligible                              | None         |
| New employees | 6%                  | Not eligible                              | None         |

The Vanguard Group  
800-523-1188  
Plan #090380

Participant Services is available Monday through Friday, 8:30 a.m. to 9 p.m. Eastern time; the automated VOICE system is available 24 hours a day, seven days a week and provides direct access to account and investment option information.

Web site: <http://www.vanguard.com/>; click on the "Your Employer Plan" tab. Available 24 hours a day, seven days a week and provides direct access to your account as well as fund, investment and financial planning information.

These FAQs briefly describe certain aspects to the Plan. The provisions of the Plan document solely determine the legal rights and obligations of any person. In the event of any discrepancy between these FAQs (or any oral representations made by any person regarding these FAQs) and the official Plan document, the Plan document (including any amendments), as interpreted by the Plan Administrator of the Plan, in his/her/its sole discretion, will always govern.