

Tentative Negotiated Defined Contribution Plan - Winners/Losers Charts

Attached are winners/losers charts illustrating the tentative negotiated Defined Contribution plan. The two charts compare the projected Editorial Unit pension plan benefits at age 65 to projected benefits under the new DC Plan under the tentative agreement.

New Defined Contribution Plan

- 3% of pay contributed to an individual account each year
- Additional 8 year temporary contributions:
 - 1% of pay if service is less than 10 years
 - 2% of pay if service is greater than 10 years
- Participants would be able to grow into the higher temporary contribution as they attain more service
- In addition to the above, a 3% Guaranteed Contribution would be provided in lieu of the 3% match under the 401(k) plan

Please note the replacement of the 401(k) match with a 3% Guaranteed Contribution rate will impact participants differently. The 401(k) match (i.e. 50% match of employee contributions up to a total match amount of 3% of pay) will be eliminated as of July 1, 2011. If you previously received the full 3% match, then the new 3% Guaranteed Contribution will not increase your total contribution rate. Alternatively, if you previously received no 401(k) match, then the new 3% Guaranteed Contribution increases your contribution by a full 3%.

There are two winners/loser charts provided below:

- Chart 1 – The 3% Guaranteed Contribution is not reflected
- Chart 2 – The 3% Guaranteed Contribution is reflected in whole

Assumptions used to compare Plans

The current EU pension plan provides a guaranteed annuity benefit for your lifetime. The alternative plans provide lump sum benefits receivable at retirement. In order to compare these different retirement plans fairly, multiple assumptions have been made:

- All active participants are expected to work to the later of age 65 or January 1, 2011, and then retire immediately.
- The new Defined Contribution plan will begin January 1, 2011.
- Salaries increase annually at 2.5% of pay.
- Defined contribution accounts are converted to annuities at retirement based upon a 5.0% discount rate and the 2010 Applicable Mortality Table described under §417(e)(3) as published in IRS Notice 2008-85, which was released in Internal Revenue Bulletin 2008-42.
- Individual defined contribution accounts earn an annual return of 6.0% each year, with earnings credit and annual contributions assumed to occur at the end of each year.

Ratios comparing the Alternative Retirement Plan to the Current Plan

For each participant in the Editorial Unit pension plan, the following estimated retirement benefits were determined at age 65:

- (a) The sum of (i) the new Defined Contribution plan benefit until age 65 expressed as an annuity, and (ii) the frozen January 1, 2011 benefit from the EU pension plan
- (b) The projected benefit provided under the EU pension plan if the participant continued to accrue benefits until age 65

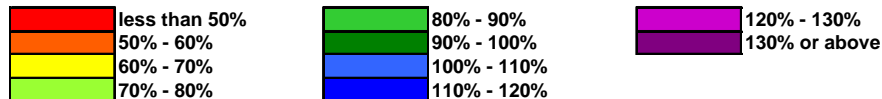
Each participant has a ratio calculated (i.e. (a)/(b)). The ratio provides the estimated benefit percentage the participant is expected to receive under the alternative plan compared to the current EU pension plan. The ratio in each cell equals the average of the ratios for all participants in that cell. Participants 65+ all have 100% ratios because they are assumed to retire immediately with only the EU pension plan

Age-Service Chart

- The chart is based upon the 902 active participants in the Editorial Unit (EU) Pension Plan as of January 1, 2010.
- “Age” buckets (vertical axis) and “service” buckets (horizontal axis) as of January 1, 2011 are used to parse the participants into each “cell”.
- Cell color reflects the ratio value: orange indicates you will receive 50% - 60% of the retirement benefit you would have received under the current plan, yellow is 60% - 70%, etc.

Chart 1 – New DC Plan without the 3% Guaranteed Contributions

Current Age											
<= 19											0
20 - 24											0
25 - 29	44.5%	45.1%									12
30 - 34	41.2%	45.6%	47.5%								99
35 - 39	38.4%	43.6%	47.7%	48.5%							141
40 - 44	36.7%	42.7%	48.4%	50.4%	53.0%						117
45 - 49	37.2%	44.9%	50.5%	54.2%	56.9%	58.5%					141
50 - 54	39.0%	46.8%	56.1%	60.9%	62.8%	66.4%	73.7%				140
55 - 59	48.2%	56.4%	65.3%	71.3%	75.2%	75.4%	77.9%	82.0%			146
60 - 64	76.7%	83.1%	84.6%	80.2%	86.6%	88.0%	89.4%	91.1%	97.7%		81
65 - 69	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%		22
70 - 74		100.0%									1
75+							100.0%		100.0%		2
Total	97	253	179	104	107	82	45	25	10		902
Service	<= 4	5 - 9	10 - 14	15 - 19	20 - 24	25 - 29	30 - 34	35 - 39	40 +	Total	



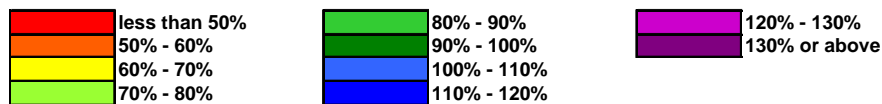
Please note, the above chart does not reflect the movement of the 3% matching contribution from the 401(k) plan to a 3% guaranteed contribution under the Defined Contribution plan. If you were contributing 6% of pay or more into the 401(k) plan this change is neutral to your overall benefits and the chart above shows the impact to your retirement income.

If you were not contributing to the 401(k) plan then you were not getting a match. The new plan is more beneficial as everyone now gets the 3% that was contingent on the individual's ability to save 6% in the 401(k) plan.

The chart below shows what happens if we compare the Defined Contribution plan (including the 3% contribution that was moved from the 401(k) plan to the DC plan) with the prior Defined Benefit plan. This does not show how the 401(k) plan is impacted by taking the matching contribution away.

Chart 2 – New DC Plan with the 3% Guaranteed Contributions

Current Age											
<= 19											0
20 - 24											0
25 - 29	78.5%	77.7%									12
30 - 34	71.0%	73.5%	74.0%								99
35 - 39	63.5%	67.0%	69.5%	68.3%							141
40 - 44	57.4%	62.0%	66.2%	67.8%	68.4%						117
45 - 49	53.9%	60.0%	64.6%	67.0%	68.8%	69.8%					141
50 - 54	52.5%	59.4%	66.4%	70.0%	71.6%	74.2%	79.6%				140
55 - 59	58.1%	65.1%	72.4%	77.0%	80.2%	80.4%	82.3%	85.5%			146
60 - 64	80.5%	85.9%	87.3%	83.6%	88.9%	90.1%	91.2%	92.6%	98.1%		81
65 - 69		100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%		22
70 - 74		100.0%									1
75+							100.0%			100.0%	2
Total	97	253	179	104	107	82	45	25	10		902
Service	<= 4	5 - 9	10 - 14	15 - 19	20 - 24	25 - 29	30 - 34	35 - 39	40 +		Total



As you may note, the above two charts provide very different illustrations of the same new Defined Contribution plan. The complication lies in the recognition of the replacement of the 401(k) match with a 3% Guaranteed Contribution rate. Past winners/losers charts have not addressed the benefit provided by the 401(k). The above charts do not provide any 401(k) information and strictly address the benefits in the DC Plan. Essentially, participants previously receiving the 3% match provided in the 401(k) will recognize no net gain from the guarantee, as their 401(k) match will discontinue and their DC plan benefits will now reflect the 3% Guaranteed Contribution. Participants with a lower match or no 401k match will have a net increase contribution due to the DC Plan 3% Guaranteed Contribution.

Disclaimer

- All data to complete this analysis was provided by the News Media Guild. This information includes, but is not limited to, the plan provisions, employee data, and financial information. The data has not been audited or reviewed beyond a preliminary and basic check.
- The projections provided illustrate one possible future scenario for interest earned and annuity conversion assumptions under a Defined Contribution plan. These assumptions in no way should be viewed as guaranteed earnings or conversion rates under this plan in the future.
- The bargaining committee of the New Media Guild and the Editorial Unit pension plan participants are the intended users of this actuarial communication.
- These ratios are *estimates* of future benefits under the current EU pension plan compared to estimated benefits under the proposed Defined Contribution plan. Any changes in future market returns and conversion rates or assumptions *will vary the results significantly*.
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