

Edgar Filing: KNIGHT RIDDER INC - Form 425

KNIGHT RIDDER INC
Form 425
March 13, 2006

Filed by The McClatchy Company Pursuant to Rule 425

Under the Securities Act of 1933

And Deemed Filed Pursuant to Rule 14a-12

Under the Securities Exchange Act of 1934

Subject Company: Knight-Ridder, Inc.

Commission File No.: 001-07553

This filing consists of an investor slide presentation posted on The McClatchy Company's website on March 13, 2006.

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McClatchy
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Acquisition of Knight Ridder
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Rationale for Acquisition

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Overview of Knight Ridder

McClatchy's Portfolio Strategy

McClatchy's Portfolio Strategy

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Summary

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Forward-looking Information

Forward-looking Information

Statements in this presentation regarding the proposed transaction between McClatchy and Knight Ridder, the expected timetable for completing the transaction, future financial and operating results, benefits and synergies of the transaction, divestiture plan, future opportunities for the combined company and

any
other
statements
about
McClatchy
or
Knight
Ridder
managements
future
expectations, beliefs, goals, plans or prospects constitute forward-looking
statements within the meaning of the Private Securities Litigation Reform Act of
1995.

Any
statements
that
are
not
statements
of
historical
fact
(including
statements containing the words believes,
plans,
anticipates,
expects,
estimates and similar expressions) should also be considered to be
forward-looking statements. There are a number of important factors that could
cause actual results or events to differ materially from those indicated by such
forward-looking statements, including: the ability to consummate the transaction,
the
ability
of
McClatchy
to
successfully
integrate
Knight
Ridder's
operations
and
employees;
the
ability
to
realize
anticipated
synergies
and

cost
savings;
and
the
other
factors
described
in
McClatchy's
and
Knight
Ridder's
separate
Annual
Reports on Form 10-K for the year ended December 25, 2005. McClatchy and
Knight Ridder
disclaim any intention or obligation to update any forward-looking
statements as a result of developments occurring after the date of this document.

4
Opening Remarks
Opening Remarks
Gary Pruitt
Gary Pruitt
Chairman, President and
Chairman, President and

CEO, McClatchy

CEO, McClatchy

Once in a lifetime acquisition opportunity

Adds 18 of country's premium markets

to our portfolio

Exit 11 non-core markets

Companies are a great fit

Culture

Mission

Geography

Financially attractive for all shareholders

Sustain and advance journalism values

5

Rationale for Acquisition

Rationale for Acquisition

Unique opportunity to acquire 20 newspapers in

Unique opportunity to acquire 20 newspapers in

highly attractive markets

highly attractive markets

Divest 12 papers that do not fit our strict criteria
Divest 12 papers that do not fit our strict criteria
Capitalize on operational upside and cost synergies
Capitalize on operational upside and cost synergies
Financially attractive transaction
Financially attractive transaction
Accretive to free cash flow per share (mid-teens percent)
Accretive to free cash flow per share (mid-teens percent)
Moderately dilutive to GAAP EPS (mid-single digit percent)
Moderately dilutive to GAAP EPS (mid-single digit percent)
Investment grade profile
Investment grade profile
Creates leveraged-equity returns for shareholders
Creates leveraged-equity returns for shareholders
Opportunity to do more of what McClatchy does best
Opportunity to do more of what McClatchy does best
Grow print and online
Grow print and online
Acquire, integrate and improve newspapers
Acquire, integrate and improve newspapers

6

We Believe in the Future of

We Believe in the Future of

Newspapers

Newspapers

Print and online reach growing in virtually every

Print and online reach growing in virtually every

market

market

In November 2005, 1/3 of domestic internet users visited

In November 2005, 1/3 of domestic internet users visited

newspaper websites

newspaper websites

Newspapers widely read

Newspapers widely read

Reach approximately 70% of U.S. adults in any 5-day week

Reach approximately 70% of U.S. adults in any 5-day week

Reach approximately 60% of U.S. adults in top 50 markets on

Reach approximately 60% of U.S. adults in top 50 markets on

any given Sunday

any given Sunday

Local newspapers provide unique content to readers

Local newspapers provide unique content to readers

and a unique audience to our advertisers

and a unique audience to our advertisers

Almost \$40 billion spent in newspapers

Almost \$40 billion spent in newspapers

Almost 40% share of total advertising

Almost 40% share of total advertising

7

Audience Reach

Audience Reach

Read Sunday newspaper

Read Sunday newspaper

Viewed 2006 Super Bowl

Viewed 2006 Super Bowl

Source:
Source:
Scarborough
Scarborough
Research,
Research,
MediaMarket
MediaMarket
Research,
Research,
Nielsen
Nielsen
Media
Media
Research.
Research.
124,100
124,100
90,700
90,700
Total
Total
Adults
Adults
(# s in 000s)
(# s in 000s)
55.9%
55.9%
40.8%
40.8%
% of
% of
Total
Total

8
32 daily newspapers in 29 markets
32 daily newspapers in 29 markets
Daily circulation of 3.1 million
Daily circulation of 3.1 million
Sunday circulation of 4.1 million
Sunday circulation of 4.1 million

51 community newspapers
51 community newspapers
14 free distribution newspapers
14 free distribution newspapers
Attractive internet assets
Attractive internet assets
Revenue of \$3.1 billion; Pro Forma EBITDA of
Revenue of \$3.1 billion; Pro Forma EBITDA of
\$638 million
\$638 million
(1)
(1)
18,500 employees
18,500 employees
84 Pulitzer Prizes
84 Pulitzer Prizes
Overview of Knight Ridder
Overview of Knight Ridder
(1) Pro forma for the acquisition of *The*
(1) Pro forma for the acquisition of *The*
The
(Boise) *Idaho Statesman*, *The*
(Boise) *Idaho Statesman*, *The*
Idaho Statesman, *The*
, The
The
(Olympia, WA) *Olympian*
(Olympia, WA) *Olympian*
Olympian
and *The Bellingham*
and *The Bellingham*
The Bellingham
(WA) *Herald*
(WA) *Herald*
Herald
and the sale of interests in the *Detroit Free Press*
and the sale of interests in the *Detroit Free Press*
Detroit Free Press
and *The Tallahassee Democrat*.
and *The Tallahassee Democrat*.
The Tallahassee Democrat.

9

Knight Ridder's Newspapers

Knight Ridder's Newspapers

Wichita, KS

The Wichita Eagle

Kansas City, MO

The Kansas City Star

The Olathe Daily News
Bradenton, FL
The Bradenton Herald
Aberdeen, SD
American News
Fort Worth, TX
Fort Worth Star-Telegram
San Jose, CA
San Jose Mercury News
Akron, OH
Beacon Journal
Grand Forks, ND
Grand Forks Herald
Miami, FL
The Miami Herald
el Nuevo Herald
Duluth, MN
Duluth News Tribune
Columbus, GA
Ledger-Enquirer
Biloxi, MS
Sun Herald
St. Paul, MN
St. Paul Pioneer Press
Charlotte, NC
The Charlotte Observer
Belleville, IL
News-Democrat
Columbia, SC
The State
Myrtle Beach, SC
The Sun News
Fort Wayne, IN
The News-Sentinel
Contra Costa, CA
Contra Costa Times
Monterey, CA
The Monterey
County Herald
San Luis Obispo, CA
The Tribune
State College, PA
Centre Daily Times
Wilkes-Barre, PA
The Times Leader
Philadelphia, PA
The Philadelphia Inquirer
Philadelphia Daily News
Macon, GA
The Macon Telegraph

Lexington, KY
Lexington Herald-Leader
Boise, ID
The Idaho Statesman
Olympia, WA
The Olympian
Bellingham, WA
The Bellingham Herald

10

Large Investment Portfolio

Large Investment Portfolio

Off balance sheet assets conservatively

Off balance sheet assets conservatively

valued at \$500 million

valued at \$500 million

11
Knight Ridder
Knight Ridder
Internet Investments
Internet Investments
33.3% CareerBuilder
33.3% CareerBuilder

100% Real Cities Network
100% Real Cities Network
21.5% Classified Ventures
21.5% Classified Ventures

12
Knight Ridder
Knight Ridder
Other Investments
Other Investments
49.5% Seattle Times Company
49.5% Seattle Times Company

33.3% SP Newsprint

33.3% SP Newsprint

13.5% Ponderay Newsprint

13.5% Ponderay Newsprint

13
This Acquisition Meets Our
This Acquisition Meets Our
Core Objectives
Core Objectives
Growth markets
Growth markets

Quality newspapers

Quality newspapers

Newspaper growth opportunities

Newspaper growth opportunities

Cash flow positive

Cash flow positive

Earnings accretive within reasonable

Earnings accretive within reasonable
amount of time

amount of time

IRR greater than our cost of capital

IRR greater than our cost of capital

14
Minneapolis Star Tribune
Minneapolis Star Tribune
(MN)
(MN)
Sacramento
Sacramento

Bee
Bee
(CA)
(CA)
Raleigh News & Observer
Raleigh News & Observer
(NC)
(NC)
Fresno
Fresno
Bee
Bee
(CA)
(CA)
Tacoma
Tacoma
News Tribune
News Tribune
(WA)
(WA)
Modesto
Modesto
Bee
Bee
(CA)
(CA)
Anchorage Daily News
Anchorage Daily News
(AK)
(AK)
McClatchy s Successful
McClatchy s Successful
Integration Track Record
Integration Track Record
Top Papers -
Top Papers -
Current
Current
Daily Circulation
Daily Circulation
378,646
378,646
290,553
290,553
166,774
166,774
157,135
157,135
123,217
123,217

82,845

82,845

67,417

67,417

Note: Yellow indicates acquired papers.

Note: Yellow indicates acquired papers.

Source: ABC Report, September 2005.

Source: ABC Report, September 2005.

15
Daily Circulation
Daily Circulation
378,646
378,646
295,343
295,343

290,553
290,553
261,924
261,924
224,017
224,017
218,960
218,960
166,774
166,774
157,135
157,135
123,217
123,217
112,828
112,828
McClatchy s Largest Papers
McClatchy s Largest Papers
Minneapolis
Minneapolis
Star Tribune
Star Tribune
(MN)
(MN)
Miami Herald
Miami Herald
(FL)
(FL)
Sacramento Bee
Sacramento Bee
(CA)
(CA)
Kansas City Star
Kansas City Star
(MO)
(MO)
Fort Worth Star-Telegram
Fort Worth Star-Telegram
(TX)
(TX)
Charlotte
Charlotte
Observer
Observer
(NC)
(NC)
Raleigh News & Observer
Raleigh News & Observer
(NC)
(NC)

Fresno

Fresno

Bee

Bee

(CA)

(CA)

Tacoma

Tacoma

News Tribune

News Tribune

(WA)

(WA)

Columbia State

Columbia State

(SC)

(SC)

Pro Forma

Pro Forma

Note: Yellow indicates acquired Knight Ridder

Note: Yellow indicates acquired Knight Ridder

Ridder

papers.

papers.

Source: ABC Report, September 2005.

Source: ABC Report, September 2005.

16
McClatchy/Knight Ridder
McClatchy/Knight Ridder
2005 Comparison
2005 Comparison
Revenues
Revenues

OCF

OCF

(1)

(1)

(\$ in millions, circ in 000s)

(\$ in millions, circ in 000s)

Margin

Margin

(1)

(1)

Equals

Equals

operating

operating

income

income

plus

plus

depreciation

depreciation

and

and

amortization.

amortization.

Before

Before

corporate

corporate

expenses.

expenses.

(2)

(2)

Knight

Knight

Ridder

Ridder

revenues

revenues

adjusted

adjusted

for

for

circulation

circulation

expense

expense

for

for

comparability

comparability

to
to
McClatchy.
McClatchy.
2004-2009
2004-2009
HH Growth
HH Growth
Avg Circ
Avg Circ
Knight Ridder
Knight Ridder
(2)
(2)
\$2,876
\$2,876
718
718
24.9%
24.9%
107
107
8.2%
8.2%
McClatchy
McClatchy
1,186
1,186
360
360
30.4%
30.4%
11.9%
11.9%
117
117

17

Integration Strategy

Integration Strategy

Focus on growth by individual market

Focus on growth by individual market

Divest assets in markets with slower

Divest assets in markets with slower

growth

growth

Proceeds used to reduce leverage

Proceeds used to reduce leverage

Create larger McClatchy-plus

Create larger McClatchy-plus

portfolio

portfolio

18
Aberdeen
American
News
(SD)
Akron
Beacon

Journal
(OH)
Contra
Costa
Times
(CA)
Duluth
News
Tribune
(MN)
Fort
Wayne
News-Sentinel
(IN)
Grand
Forks
Herald
(ND)
Monterey
Herald
(CA)
Philadelphia
Daily
News
(PA)
Philadelphia
Inquirer
(PA)
San
Jose
Mercury
News
(CA)
St.
Paul
Pioneer
Press
(MN)
Wilkes-Barre
Times
Leader
(PA)
Anticipated Divestiture Plan
Anticipated Divestiture Plan
Belleville
News-Democrat
(IL)
Bellingham
Herald
(WA)

Biloxi
Sun
Herald
(MS)
Boise
Statesman
(ID)
Bradenton
Herald
(FL)
Charlotte
Observer
(NC)
Columbia
State
(SC)
Columbus
Ledger-Enquirer
(GA)
El
Nuevo
Herald
(FL)
Fort
Worth
Star-Telegram
(TX)
Kansas
City
Star
(MO)
Lexington
Herald
-
Leader
(KY)
Macon
Telegraph
(GA)
Miami
Herald
(FL)
Myrtle
Beach
Sun
News
(SC)
Olathe
News
(KS)

Olympia
Olympian
(WA)
San
Luis
Obispo
Tribune
(CA)
State
College
Centre
Daily
Times
(PA)
Wichita
Eagle
(KS)

Source: Strategic Resources Corporation (SRC), 2005.

Source: Strategic Resources Corporation (SRC), 2005.

Papers to be Retained

2004-2009 Household Growth = 11.1%

Papers to be Divested

2004-2009 Household Growth = 4.8%

19
McClatchy/Knight Ridder
McClatchy/Knight Ridder
2005 Comparison
2005 Comparison
Revenues
Revenues

OCF

OCF

(1)

(1)

(\$ in millions, circ in 000s)

(\$ in millions, circ in 000s)

Margin

Margin

2004-2009

2004-2009

HH Growth

HH Growth

Avg Circ

Avg Circ

Knight Ridder

Knight Ridder

(2)

(2)

\$2,876

\$2,876

718

718

24.9%

24.9%

107

107

8.2%

8.2%

McClatchy

McClatchy

1,186

1,186

360

360

30.4%

30.4%

11.9%

11.9%

117

117

Divest

Divest

(2)

(2)

1,230

1,230

219

219

17.8%

17.8%

4.8%

4.8%

126

126

(1)

(1)

Equals

Equals

operating

operating

income

income

plus

plus

depreciation

depreciation

and

and

amortization.

amortization.

Before

Before

corporate

corporate

expenses.

expenses.

(2) Knight Ridder

(2) Knight Ridder

Ridder

revenues adjusted for circulation expense for comparability to McClatchy.

revenues adjusted for circulation expense for comparability to McClatchy.

McClatchy.

20

Knight Ridder Papers Retained

Knight Ridder Papers Retained

Kansas City, MO

The Kansas City Star

The Olathe Daily News

Bradenton, FL

The Bradenton Herald
Fort Worth, TX
Fort Worth Star-Telegram
Columbus, GA
Ledger-Enquirer
Biloxi, MS
Sun Herald
Charlotte, NC
The Charlotte Observer
Columbia, SC
The State
Myrtle Beach, SC
The Sun News
San Luis Obispo, CA
The Tribune
Macon, GA
The Macon Telegraph
Lexington, KY
Lexington Herald-Leader
Boise, ID
The Idaho Statesman
Bellingham, WA
The Bellingham Herald
Olympia, WA
The Olympian
Miami, FL
The Miami Herald
el Nuevo Herald
Wichita, KS
The Wichita Eagle
Belleville, IL
News-Democrat
State College, PA
Centre Daily Times

21
McClatchy/Knight Ridder
McClatchy/Knight Ridder
2005 Comparison
2005 Comparison
Revenues
Revenues

OCF

OCF

(1)

(1)

(\$ in millions, circ in 000s)

(\$ in millions, circ in 000s)

Margin

Margin

2004-2009

2004-2009

HH Growth

HH Growth

Avg Circ

Avg Circ

Knight Ridder

Knight Ridder

(2)

(2)

\$2,876

\$2,876

718

718

24.9%

24.9%

107

107

8.2%

8.2%

McClatchy

McClatchy

1,186

1,186

360

360

30.4%

30.4%

11.9%

11.9%

117

117

Retain

Retain

(2)

(2)

1,646

1,646

499

499

30.3%

30.3%

11.1%

11.1%

96

96

Divest

Divest

(2)

(2)

1,230

1,230

219

219

17.8%

17.8%

4.8%

4.8%

126

126

(1)

(1)

Equals

Equals

operating

operating

income

income

plus

plus

depreciation

depreciation

and

and

amortization.

amortization.

Before

Before

corporate

corporate

expenses.

expenses.

(2)

(2)

2)

Knight

Knight

Ridder

Ridder

revenues

revenues

adjusted

adjusted
for
for
circulation
circulation
expense
expense
for
for
comparability
comparability
to
to
McClatchy.
McClatchy.

22
Combined Newspapers
Combined Newspapers
Kansas City, MO
Kansas City Star
Olathe Daily News
Tacoma, WA

The News Tribune
Kennewick WA
Tri-City Herald
Boise, ID
The Idaho Statesman
Minneapolis, MN
Star Tribune
Beaufort, SC
Beaufort Gazette
Bluffton, SC
Island Packet
Raleigh, NC
News & Observer
Charlotte, NC
Charlotte Observer
Myrtle Beach, SC
The Sun News
Macon, GA
The Telegraph
Lexington, KY
Lexington Herald Leader
Columbia, SC
The State
Columbus, GA
Columbus Ledger-Enquirer
Fort Worth, TX
Fort Worth Star-Telegram
Biloxi, MS
The Sun Herald
Bradenton, FL
Bradenton Herald
Fresno, CA
Fresno Bee
San Luis Obispo, CA
The Tribune
Olympia, WA
The Olympian
Merced, CA
Merced Sun-Star
Sacramento, CA
Sacramento Bee
Modesto, CA
Modesto Bee
Bellingham, WA
The Bellingham Herald
Rock Hill, SC
The Herald
Anchorage, AK
Daily News
Miami, FL

The Miami Herald
el Nuevo Herald
Wichita KS
The Wichita Eagle
State College, PA
Centre Daily Times
Belleville, IL
News-Democrat

23
McClatchy/Knight Ridder
McClatchy/Knight Ridder
2005 Comparison
2005 Comparison
Revenues
Revenues

OCF

OCF

(1)

(1)

(\$ in millions, circ in 000s)

(\$ in millions, circ in 000s)

Margin

Margin

2004-2009

2004-2009

HH Growth

HH Growth

Avg Circ

Avg Circ

Knight Ridder

Knight Ridder

(2)

(2)

\$2,876

\$2,876

718

718

24.9%

24.9%

107

107

8.2%

8.2%

McClatchy

McClatchy

1,186

1,186

360

360

30.4%

30.4%

11.9%

11.9%

117

117

Retain

Retain

(2)

(2)

1,646

1,646

499

499

30.3%

30.3%

11.1%

11.1%

96

96

Combined

Combined

104

104

2,832

2,832

859

859

30.3%

30.3%

11.4%

11.4%

Divest

Divest

(2)

(2)

1,230

1,230

219

219

17.8%

17.8%

4.8%

4.8%

126

126

(1)

(1)

Equals

Equals

operating

operating

income

income

plus

plus

depreciation

depreciation

and

and

amortization.

amortization.

Before

Before

corporate

corporate

expenses.

expenses.

(2)

(2)

2)

Knight

Knight

Ridder

Ridder

revenues

revenues

adjusted

adjusted

for

for

circulation

circulation

expense

expense

for

for

comparability

comparability

to

to

McClatchy.

McClatchy.

24
Pro Forma for Divestitures
Pro Forma for Divestitures
Gannett
Gannett
McClatchy/Knight Ridder
McClatchy/Knight Ridder

Tribune
Tribune
Dow Jones
Dow Jones
Newhouse
Newhouse
New York Times
New York Times
Media News
Media News

Lee
Lee
Hearst
Hearst
E.W. Scripps
E.W. Scripps

7,251,590
7,251,590
3,248,889
3,248,889
2,697,014
2,697,014
2,514,717
2,514,717
2,362,802
2,362,802
2,218,057
2,218,057
1,894,221
1,894,221
1,604,871
1,604,871
1,452,422
1,452,422
1,317,436
1,317,436

- 1.
- 1.
- 2.
- 2.
- 3.
- 3.
- 4.
- 4.
- 5.
- 5.
- 6.
- 6.
- 7.
- 7.

8.

8.

9.

9.

10.

10.

Top U.S. Newspaper Companies by

Top U.S. Newspaper Companies by

Daily Circulation

Daily Circulation

Source: ABC Report, September 2005.

Source: ABC Report, September 2005.

25

Pro Forma McClatchy

Pro Forma McClatchy

32 daily newspapers

32 daily newspapers

Approximately 50 non-daily / community titles

Approximately 50 non-daily / community titles

2nd largest newspaper group based on daily
2nd largest newspaper group based on daily
circulation
circulation

Combined 2005 Revenue: \$2,832 million

Combined 2005 Revenue: \$2,832 million

Combined 2005 EBITDA: \$754 million before

Combined 2005 EBITDA: \$754 million before
cost synergies

cost synergies

Approximately 20,000 employees

Approximately 20,000 employees

26

Combination Efficiencies

Combination Efficiencies

Cost reduction in excess of \$60 million annually

Cost reduction in excess of \$60 million annually

Corporate downsizing

Corporate downsizing

Internet opportunities
Internet opportunities
Newspaper efficiencies
Newspaper efficiencies
Avoid newspaper layoffs
Avoid newspaper layoffs
Sustain news quality
Sustain news quality
Revenue opportunities -
Revenue opportunities -
not reflected in
not reflected in
synergies above
synergies above

27

Transaction Summary

Transaction Summary

Consideration

Consideration

Total Consideration

Total Consideration

to Shareholders

to Shareholders

\$67.25 in total value per share

\$67.25 in total value per share

\$40.00 in cash

\$40.00 in cash

.5118 fraction of a Class A

.5118 fraction of a Class A

McClatchy share

McClatchy share

34.3 million new Class A

34.3 million new Class A

McClatchy shares (fixed ratio)

McClatchy shares (fixed ratio)

\$2.7 billion in cash

\$2.7 billion in cash

28

Transaction Summary

Transaction Summary

Transaction Value

Transaction Value

Adjusted Transaction Value

Adjusted Transaction Value

\$6.5 billion

\$6.5 billion

\$1.8 billion of McClatchy

\$1.8 billion of McClatchy

stock issued (27%)

stock issued (27%)

\$4.7 billion of cash and

\$4.7 billion of cash and

assumed debt (73%)

assumed debt (73%)

\$6.0 billion, assuming \$500

\$6.0 billion, assuming \$500

million in value for off balance

million in value for off balance

sheet assets

sheet assets

29

Implied Transaction Multiples

Implied Transaction Multiples

2005 EBITDA Multiple

2005 EBITDA Multiple

2005 EBITDA Multiple with synergies

2005 EBITDA Multiple with synergies

(1)
(1)
2006 EBITDA Multiple with synergies
2006 EBITDA Multiple with synergies

(1)
(1)
2006
2006
EBITDA
EBITDA
Multiple after
Multiple after
divestitures
divestitures
and synergies
and synergies

(1)(2)
(1)(2)
9.5x
9.5x

Note: Assumes \$500 million valuation for off balance sheet assets.

Note: Assumes \$500 million valuation for off balance sheet assets.

ts.

(1) Assumes \$60 million of full year synergies.

(1) Assumes \$60 million of full year synergies.

(2) Final multiple dependent on execution of divestitures.

(2) Final multiple dependent on execution of divestitures.

8.7x
8.7x
8.4x
8.4x
9.0x
9.0x
9.5x
9.5x

30

Pro Forma Leverage

Pro Forma Leverage

\$3.75 billion fully committed credit

\$3.75 billion fully committed credit
facilities

facilities

LTM leverage at closing of 4.8x

LTM leverage at closing of 4.8x

Pro forma for divestitures leverage will be

Pro forma for divestitures leverage will be

under 4.0x

under 4.0x

Investment grade credit profile

Investment grade credit profile

Strong, stable free cash flow

Strong, stable free cash flow

Healthy delevering over time

Healthy delevering over time

31
Expected Timeline to
Expected Timeline to
Completion
Completion
Hart-Scott-Rodino filing with DOJ
Hart-Scott-Rodino filing with DOJ

File S-4 Proxy statement
File S-4 Proxy statement
Special Shareholders Meeting
Special Shareholders Meeting
Anticipated closing date
Anticipated closing date
Action
Action
End of March
End of March
Early
Early
Mid April
Mid April
Mid June
Mid June
Summer 2006
Summer 2006
Date
Date

32

New McClatchy Highlights

New McClatchy Highlights

Acquisition as structured fits our exacting criteria

Acquisition as structured fits our exacting criteria

Focus on high growth markets

Focus on high growth markets

Strongly accretive to free cash flow and growth

Strongly accretive to free cash flow and growth

Maintain strong balance sheet and investment grade profile

Maintain strong balance sheet and investment grade profile

Opportunity to enhance newspaper operations

Opportunity to enhance newspaper operations

Adds attractive internet assets

Adds attractive internet assets

Grows our core business

Grows our core business

print and online local

print and online local

information

information

33
Q+A
Q+A

McClatchy
McClatchy

35
McClatchy
plans
to
file
with
the

SEC

a

Registration

Statement

on

Form

S-4

in

connection

with

the

transaction,

and

McClatchy

and

Knight

Ridder

plan to file with the SEC and mail to their respective stockholders an Information Statement/Proxy Statement/Prospectus in connection with the

transaction. The Registration Statement and the Information Statement/Proxy Statement/Prospectus will contain important information concerning

McClatchy, Knight Ridder, the transaction and related matters. Investors and security holders are urged to read the Registration Statement/Proxy

Information

Statement/Proxy

Statement/Prospectus

carefully

when

they

are

available.

Investors

and

security

holders

will

be

able

to

obtain

free

copies

of

the

Registration

Statement

and

the

Information

Statement/Proxy

Statement/Prospectus

and

other

documents

filed

with

the

SEC

by

McClatchy and Knight Ridder

through the web site maintained by the SEC at www.sec.gov. In addition, investors and security holders will be able to obtain free copies of the Registration Statement and the Information Statement/Proxy Statement/Prospectus when they become

McClatchy

by

contacting

Investor

Relations

at

www.mcclatchy.com,

by

mail

to

2100

Q

Street,

Sacramento,

CA

95816

or

by

telephone

at

916-321-

1846 or from Knight Ridder

by contacting Investor Relations at www.knightridder.com, by mail to Suite 1500, 50 W. San Fernando St., San Jose, CA 95113 or by telephone at 408-938-7838.

McClatchy

and

its

directors

and

executive

officers

may

be

deemed

to

be participants in the solicitation of proxies from the stockholders of Knight

Ridder

in connection with the transaction described herein. Information regarding the special interests of these directors and executive

the transaction described herein will be included in the Information Statement/Proxy Statement/Prospectus described above. A

regarding

these

directors
and
executive
officers
is
also
included
in
McClatchy's
proxy
statement
for
its
2005
Annual Meeting of Stockholders, which
was
filed
with
the
SEC
on
or
about
March
28,
2005.
This
document
is
available
free
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charge
at
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SEC's
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at
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by
mail

to
2100
Q
Street,
Sacramento,
CA
95816

or
by
telephone
at 916-321-
1846.

Knight Ridder

and its directors and executive officers also may be deemed to be participants in the solicitation of proxies from the stockholders of Knight Ridder

in connection with the transaction described herein. Information regarding the special interests of these directors and executive officers

in
the
transaction
described
herein

will
be
included
in
the

Information Statement/Proxy Statement/Prospectus described above. Additional information

regarding
these
directors
and
executive
officers

is
also
included
in

Knight
Ridder's
proxy
statement

for
its
2005
Annual Meeting of
Stockholders,
which
was

filed
with
the
SEC
on
or
about
March
24,

2005. This document is available free of charge at the SEC's web site at

www.sec.gov

and from Knight Ridder

by contacting Investor Relations at www.knightridder.com, by mail to Suite 1500, 50 W. San Fernando St., San Jose, CA 95113 or by telephone at 408-938-7838.

Important Additional Information

Important Additional Information

Will be Filed with the SEC

Will be Filed with the SEC