



DIVISION OF  
CORPORATION FINANCE

UNITED STATES  
SECURITIES AND EXCHANGE COMMISSION  
WASHINGTON, D.C. 20549-0402



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February 28, 2003

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1934

Act \_\_\_\_\_  
Section \_\_\_\_\_  
Rule 14A-8  
Public \_\_\_\_\_  
Availability 2/28/2003

No Act  
P.E.-3-03

Adrienne Lilly  
Assistant Vice President &  
Assistant General Counsel  
Knight Ridder, Inc.  
50 W. San Fernando Street  
Suite 1500  
San Jose, CA 95113

Re: Knight-Ridder, Inc.  
Incoming letter dated January 3, 2003

Dear Ms. Lilly:

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FINANCIAL

This is in response to your letter dated January 3, 2003 concerning the shareholder proposal submitted to Knight Ridder by William Mishler. Our response is attached to the enclosed photocopy of your correspondence. By doing this, we avoid having to recite or summarize the facts set forth in the correspondence. Copies of all of the correspondence also will be provided to the proponent.

In connection with this matter, your attention is directed to the enclosure, which sets forth a brief discussion of the Division's informal procedures regarding shareholder proposals.

Sincerely,

Martin P. Dunn  
Deputy Director

Enclosures

cc: William Mishler  
748 Northrup Street #334  
San Jose, CA 95126

**CFLETTERS**

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**From:** Lilly, Adrienne [ALilly@knightridder.com]  
**Sent:** Friday, January 03, 2003 4:03 PM  
**To:** 'cfletters@sec.gov'  
**Cc:** Lilly, Adrienne  
**Subject:** Knight-Ridder, Inc.: No-Action Request

Ladies and Gentlemen,

Below is a no-action request letter of Knight-Ridder, Inc. (the "Company") in connection with a shareholder proposal the Company timely received from Mr. William Mishler (the "Proponent"). I am simultaneously sending the Proponent a copy of this letter and its attachments as well. In accordance with the Division's instructions on the SEC website, the no-action letter and the documents referenced in the letter are in standard email text. Please call me at 408-938-0260 if you have any problems reading the attachments. I would be happy to provide you with hard copies of any of the attached documents. Also, I would appreciate receiving a return email to alilly@knightridder.com acknowledging receipt of this no-action letter and its enclosures.

Thanks,

Adrienne

\*\*\*\*\*  
Adrienne Lilly  
Assistant Vice President &  
Assistant General Counsel  
Knight Ridder  
50 W. San Fernando Street  
Suite 1500

San Jose, CA 95113  
408-938-0260 (phone)  
408-938-7863 (fax)  
alilly@knightridder.com

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This e-mail and any attachments thereto, is intended only for use by the addressee(s) named herein and may contain legally privileged and/or confidential information. If you are not the intended recipient of this e-mail, you are hereby notified that any dissemination, distribution or copying of this e-mail, and any attachments thereto, is strictly prohibited. If you have received this e-mail in error, please immediately notify me by telephone and permanently delete the original and any copy of any e-mail and any printout thereof.

January 3, 2003

VIA EMAIL @ CFLETTERS@SEC.GOV

Office of Chief Counsel  
Division of Corporation Finance  
Securities and Exchange Commission  
450 Fifth Street, N.W.  
Washington, D.C. 20549

Re: Knight-Ridder, Inc.: Request for Exclusion of a Shareholder Proposal from the Company's 2003 Proxy Materials

Ladies and Gentlemen:

In accordance with Rule 14a-8(j) of the Securities and Exchange Act of 1934, Knight-Ridder, Inc. (the "Company") intends to exclude from its proxy

statement, proxy card and other proxy materials for its 2003 annual meeting of shareholders (the "Proxy Materials"), a shareholder proposal and supporting statement (the "Proposal") submitted by William Mishler (the "Proponent"). The Proposal, a copy of which (including the documentation submitted with the Proposal) is attached hereto as Exhibit A, concerns the repricing of stock options.

As described below, the Company believes that the Proposal may be properly excluded from the Company's Proxy Materials because the Proponent failed to demonstrate his eligibility to submit the Proposal as required by Rules 14a-8(b) and 14a-8(f). Therefore, we request confirmation that the Staff of the Division of Corporation Finance ("Staff") will not recommend any enforcement action to the Securities and Exchange Commission if, in reliance upon Rules 14a-8(b) and 14a-8(f), the Company excludes the Proposal from its Proxy Materials.

#### Background

The Company received the Proposal on November 22, 2002. Since the Proponent's submission failed to establish his eligibility to submit a shareholder proposal in accordance with Rule 14a-8(b), on December 5, 2002, the Company, in accordance with Rule 14a-8(f)(1), sent the Proponent a

letter via federal express, a copy of which is attached as Exhibit B, advising him of the eligibility deficiencies and providing him with an opportunity to cure the defects. The Proponent timely responded to the Company's notice, but failed to cure the eligibility deficiencies.

#### Discussion

The Proposal may be excluded under Rules 14a-8(b) and 14a-8(f) (1) because the Proponent failed to prove his eligibility to submit the Proposal. To be eligible to submit a shareholder proposal, Rule 14a-8(b) (1) requires a shareholder proponent, at the time of submission of a proposal, to have continuously held at least \$2,000 in market value, or 1%, of the company's securities entitled to be voted on the proposal at the meeting for at least one year by the date the proponent submits the proposal. If a proponent is a record holder of a company's shares, a company may independently verify that the proponent meets the beneficial ownership requirements by reviewing its shareholder records. See Division of Corporation Finance: Staff Legal Bulletin No. 14 (July 13, 2001) ("SLB 14"). If a proponent is not the record holder, Rule 14a-8(b) (2) requires the proponent to demonstrate his eligibility by submitting to the company a written statement from the record holder of the proponent's shares verifying that, at the time the

proposal

was submitted, the proponent continuously held the shares for at least one year.

An examination of the Company's shareholder records, which indicates that the Proponent is not a record holder of the Company's shares, failed to verify the Proponent's eligibility. Similarly, the information submitted by the Proponent to prove that he met the beneficial ownership requirements under the rule also failed to meet the requirements for verifying the Proponent's eligibility in accordance with Rule 14a-8(b)(2). As evidence of ownership, the Proponent submitted a copy of a computer screen shot dated November 5, 2002, a copy of which is attached on Exhibit A, which appears to list his accounts with E\*Trade Securities ("E\*Trade"). This information, however, is not a written statement from the record holder of the shares (who appears to be E\*Trade). Nor does it verify whether, at the time the Proposal was submitted, the Proponent continuously held the requisite number of shares of the Company's stock for at least one year. Therefore, the Proponent failed to establish his eligibility to submit the Proposal.

Under Rule 14a-8(f)(1), a company may exclude a shareholder proposal if the proponent fails to demonstrate that he meets the eligibility requirements of Rule 14a-8(b) if the company, within 14 calendar days of receipt of the

proposal, notifies the proponent in writing of the deficiency and the time frame for submitting a response, and the proponent fails to cure the deficiency within 14 calendar days of receipt of the company's notice.

Pursuant to Rule 14a-8(f)(1), on December 5, 2002, the Company sent to the Proponent, via overnight mail, a letter (attached hereto as Exhibit B) informing him that he had failed to comply with the eligibility requirements of Rule 14a-8(b) and advising him that, in order to cure the eligibility defects, he needed to provide to the Company, within 14 calendar days of receipt of the company's letter, a written statement from the record holder of the Proponent's shares verifying that, at the time the proposal was submitted, the Proponent had held the shares of the Company's common stock for at least one year.

The Proponent timely responded to the Company's letter, but failed to provide, as required by Rule 14a-8(b)(2), sufficient evidence to verify that he met the beneficial ownership requirements under the rule. Under Rule 14a-8(b)(2), a proponent must provide an "affirmative written statement from the record holder of the securities that specifically verifies that the shareholder owned the securities continuously for a period of one year as of the time of submitting the proposal." See SLB 14. Instead, the Company received from the Proponent three monthly account statements

from  
E\*Trade,  
attached hereto as Exhibit C, which list only the dollar value  
of  
Proponent's E\*Trade accounts for the periods 11-01-02 through  
11-30-02,  
9-01-01 through 9-30-01 and 5-01-01 through 5-31-01. However,  
the  
account  
statements do not constitute a "written statement" from the  
record  
holder of  
the shares, do not identify the shares held in the accounts nor  
do they  
indicate that the Proponent held the minimum number of the  
Company's  
shares  
for a continuous one-year period on the date the Proposal was  
submitted.

In  
addition, a shareholder's periodic investment statements do not  
sufficiently  
demonstrate continuous ownership of the shares. See SLB 14.  
Therefore,  
the  
Proponent failed to cure the deficiencies after receipt of  
timely notice  
from the Company in accordance with Rule 14a8(f)(1).

The Staff has consistently taken the position that a proposal  
may be  
excluded under Rule 14a-8(f) if a proponent fails to provide  
sufficient  
evidence that he satisfies the eligibility requirements under  
Rule  
14a-8(b).

Recent examples include International Business Machines  
Corporation  
(December 26, 2002); Catalyst Semiconductor, Inc. (May 2, 2002);  
Eastman  
Kodak Company (February 7, 2001); and Bank of America  
Corporation  
(February  
12, 2001). In addition, the Staff has consistently permitted  
companies  
to  
exclude proposals based on a shareholder proponent's failure to



demonstrate  
eligibility under Rules 14a-8(b) and 14a-8(f)(1) within 14 days  
after  
receipt of timely notification from the company of eligibility  
defects.  
Recent no-actions letters to that effect include Comprehensive  
Care  
Corp.  
(April 15, 2002); Xcel Energy Inc. (February 26, 2002); and  
Exxon Mobil  
Corporation (January 23, 2001).

#### Conclusion

Accordingly, because the Proponent failed to provide  
adequate  
evidence of his eligibility and to cure such deficiencies after  
receipt  
of  
written notice from the Company, we believe that we may properly  
exclude  
the  
Proposal from the Company's Proxy Materials. The Company  
respectfully  
requests the concurrence of the Staff that the Proposal may be  
excluded  
from  
the Company's Proxy Materials. If the Staff disagrees with our  
conclusion,  
we would appreciate an opportunity to discuss this matter with  
the Staff  
before it issues a final response.

The Company intends to commence mailing definitive copies of its  
Proxy  
Materials to its shareholders on or about March 25, 2002, and  
intends to  
provide the Proxy Materials to its printer by March 1, 2002.  
Accordingly,  
we would appreciate hearing from the Staff as quickly as  
possible.

Please contact me at 408-928-0260 if you have any questions or  
would  
like  
additional information.

We are filing this No-Action Letter by email to the Commission's mailbox established for that purpose. As confirmation of receipt of this letter and the enclosed documents, please send a return email to me at alilly@knightridder.com. As required by Rule 14a-8(j), we are sending a copy of this letter to the Proponent.

Sincerely,

/s/ Adrienne Lilly

Exhibit A

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November 21, 2002

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Mr. Polk Laffoon HAND DELIVERED  
Vice President and Corporate Secretary  
Knight Ridder Inc.  
50 West San Fernando Street  
San Jose, CA 95113  
Dear Mr. Laffoon:

Pursuant to my rights under rule 14(a)-8 of the U.S. Securities and Exchange Commission's proxy regulations, I hereby submit the enclosed shareholder proposal for inclusion in the Knight Ridder Inc. ("KRI") proxy statement for the 2003 annual meeting.

I am the beneficial owner of shares of KRI common stock having a market value in excess of \$2,000 which have been held for over a year from this date. Proof of stock ownership is attached. I intend to hold my KRI stock through the date of the 2003 annual meeting of shareholders. I, or a designated representative, will present the proposal for consideration at the annual meeting of shareholders.

Thank you.

Sincerely,

William Mishler  
748 Northrup Street #334  
San Jose, CA 95126  
Enclosure

RESOLVED: That the shareholders of Knight-Ridder, Inc. ("Knight-Ridder") urge the Board of Directors to adopt a policy that Knight-Ridder shall not reprice any stock option already granted to any employee or director without the prior approval of the holders of a majority of Knight-Ridder's outstanding shares of common stock.

For purposes of this proposal, "repricing" is defined as (a) lowering the exercise price of an option that has already been granted, (b) either (i)

cancelling an option or (ii) settling it for cash or other consideration, in each case followed by the granting of a replacement award at a lower exercise price within nine months of such cancellation or settlement; provided that any modification to the terms of an option award that reduces the likelihood of exercise will be considered a cancellation; or (c) entering into an oral or written agreement or implied promise to compensate the grantee of an award for the increase in the stock's market price after a cancellation but before grant of a replacement award.

#### SUPPORTING STATEMENT

As a Knight-Ridder stockholder, I favor compensation policies that reward superior performance and align the interests of managers with those of shareholders. In that regard, I am concerned about Knight-Ridder's current policies with respect to stock option repricing.

Knight-Ridder's Employee Stock Option Plan and Compensation Plan for Nonemployee Directors do not prohibit stock option repricing. I am also concerned about repricing because in 2001 Knight-Ridder repriced options to buy shares in Knight Ridder Digital, a wholly owned subsidiary of Knight-Ridder. I believe that repricing options held by Knight-Ridder's managers and directors-the persons in the best position to affect the price of Knight-Ridder's stocksevers the alignment between executives and shareholders that equity-based compensation is supposed to

provide.

A recent study has called into question the main reason offered by companies seeking to reprice options-employee retention. A study by Catherine Daily and two others at Indiana University's business school compared companies that repriced with similar companies that did not reprice. The study found that the repricing companies experienced significantly higher executive turnover and poorer stock price performance. (Gene Koretz, "Economic Trends," Business Week, Aug. 13, 2001, available at [www.businessweek.com](http://www.businessweek.com))

Finally, repricing can have a significant impact on a corporation's capital structure, shifting the burden of a stock price drop from all shareholders to only those who do not hold the repriced options.

I recognize that in certain circumstances, the best course of action for a company may be to reprice option awards. However, given the impact of repricing on shareholders, I believe they should have a voice in whether it is undertaken.

I urge shareholders to vote for this proposal.

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Exhibit B

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KNIGHT RIDDER  
ADRIENNE LILLY  
ASSISTANT GENERAL COUNSEL  
KNIGHT BIDDER 50 W. SAN FERNANDO ST. SUITE 1500 SAN JOSE, CA  
95713-2413

TEL: (408) 938-0260  
Fax: (408) 938-7863  
ALILLY[a1KNIGHTRIDDER.COM

December 5, 2002  
VIA FEDERAL EXPRESS

Mr. William Mishler  
748 Northrop Street #334  
San Jose, OA 95126

Re: Shareholder Proposal

Dear Mr. Mishler:

On November 22, 2002, Knight Bidder received your letter dated  
November

21,  
2002, enclosing a proposal regarding option repricing for  
inclusion in  
Knight Bidder's 2003 proxy statement. Please note that we  
believe that  
you  
have failed to comply with the eligibility requirements of Rule  
14a-8(b). To  
be eligible to submit a proposal for inclusion in Knight  
Bidder's 2003

proxy  
statement, Rule 14a-8(b) requires you to have continuously held  
at least

\$2;000 in market value of Knight Bidder's common stock for at least one year by the date you submitted the proposal. Knight Bidder's records do not reflect that you are a record holder of the company's common stock. If you are not the record holder of Knight Bidder common stock, you must demonstrate that you meet the requisite ownership requirements, which you failed to do.

If you intend to seek to inclusion of the proposal in Knight Bidder's 2003 proxy statement, pursuant to Rule 14a-8(f), within 14 calendar days after you receive this letter, you must submit to Knight Bidder a written statement from the record holder of the shares (which appears to be eTrade based on the documentation you submitted with your proposal) verifying that at the time the proposal was submitted, you continuously held the shares for at least one year. Your response to this letter must be postmarked or transmitted electronically within this 14-day period. Please feel free to contact me if you have any questions. Sincerely,

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Ship Date 12/05/2002

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Delivery Date/Time 12/06/2002 10:08  
Signed For By 3785346  
Service Type Priority Letter

Delivered SANTA CLARA CA 12/06/2002 10:08 No signature required  
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Exhibit C

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E\*TRADE Securities L LC  
10877 White Rock Road  
Rancho Cordova, CA 95670  
1-800-786-2575

Account Statement

Please refer to the Terms and Conditions link for a complete discussion

of

terms and conditions governing your account.

For the account of:

WILLIAM J MISHLER  
748 NORTHRUP ST #334  
SAN JOSE CA 95126

PRINT - FRIENDLY

VERSION Terms & Conditions

What do you want to see -

Account Value Summary

Total Account Valuation

This statement's closing equity	\$10,002.34
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Last statement's closing equity	9,565.45
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Security Values

Stocks Long	\$ 9,782.76
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Total Long Value	9,782.76
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Closing Money Balances

Income & Expense Summary

Return to Top A

Dividends (Taxable)

Dividends (Non-Taxable)

\$ 42.12	\$ 142.12
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Return to Top A

Money Activity Summary

Combined Opening Balance

Debits

Total Debits

Credits

\$0.00

Dividend and Interest Income ~	42.21
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Total Credits	\$42.21
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Return to Top.

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For the account of: WILLIAM J MISHLER 748 NORTHRUP ST #334 SAN  
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95126

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4763-6302 09-01-01 Through 09-30-01

Account Value Summary

Total Account Valuation

This statement's closing equity

Last statement's closing equit,

Security Values

Stocks Long

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\$1,?06.40

\$ 6,478.60

6,478.60

\$6,478.60

\$47.73

Income & Expense Summary

Dividends (Taxable)

Dividends (Non-Taxable)

Credit Interest

\$0.00

0.00

\$ 42.50

0.21

Money Activity Summary

Combined Opening Balance

Debits

Total Debits

1 of 2

\$47.73

\$0.00

\$0.00

\$47.73

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For the account of:

WILLIAM J MISHLER

748 NORTHRUP ST #334

SAN JOSE CA 95126

19 Format for Print I Terms & Conditions

What do you want to see

4763-6302

Account Value Summary

05-01-01 Through 05-31 -0

Total Account Valuation

This month's closing equity

Last month's closing equity

Security Values

Stocks Long

Total Long Value

\$3,102.62 3,044.37

\$58.25

\$ 3,076.64

3,076.64

Closing Money Balances Money Market Funds Cash

Income & Expense Summary

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Money Activity Summary

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Combined Opening Balance \$11.97

Debits

Other Debits (27.65)

Total Debits \$(27.65)

Credits

Dividend and Interest Income 14.01

Other Credits 27.65

Total Credits \$41.66

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View My Monthly Statement

Request Duplicate

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William Mishler

748 Northrup St. Apt. 334

San Jose, CA 95126-3778

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**ADRIENNE LILLY**  
ASSISTANT GENERAL COUNSEL

KNIGHT RIDDER  
50 W. SAN FERNANDO ST.  
SUITE 1500  
SAN JOSE, CA 95113-2413  
TEL: (408) 938-0260  
FAX: (408) 938-7863  
ALILLY@KNIGHTRIDDER.COM

February 24, 2003

**VIA FEDERAL EXPRESS**

Ms. Katherine Shue  
Office of Chief Counsel  
Division of Corporation Finance  
Securities and Exchange Commission  
450 Fifth Street, N.W.  
Washington, D.C. 20549

Re: Knight-Ridder, Inc.: Request for Exclusion of a Shareholder Proposal from the Company's  
2003 Proxy Materials

Dear Ms. Shue:

Enclosed is a duplicate copy of the no-action request letter submitted by Knight Ridder on January 3, 2003, via email to the Commission's mailbox established for that purpose. Please let me know if you have any other questions.

Sincerely,

A handwritten signature in black ink, appearing to read "Adrienne Lilly". The signature is fluid and cursive, with a large, sweeping flourish at the end.

January 3, 2003

VIA EMAIL @ CFLETTERS@SEC.GOV

Office of Chief Counsel  
Division of Corporation Finance  
Securities and Exchange Commission  
450 Fifth Street, N.W.  
Washington, D.C. 20549

Re: Knight-Ridder, Inc.: Request for Exclusion of a Shareholder Proposal from the Company's 2003 Proxy Materials

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As described below, the Company believes that the Proposal may be properly excluded from the Company's Proxy Materials because the Proponent failed to demonstrate his eligibility to submit the Proposal as required by Rules 14a-8(b) and 14a-8(f). Therefore, we request confirmation that the Staff of the Division of Corporation Finance ("Staff") will not recommend any enforcement action to the Securities and Exchange Commission if, in reliance upon Rules 14a-8(b) and 14a-8(f), the Company excludes the Proposal from its Proxy Materials.

### **Background**

The Company received the Proposal on November 22, 2002. Since the Proponent's submission failed to establish his eligibility to submit a shareholder proposal in accordance with Rule 14a-8(b), on December 5, 2002, the Company, in accordance with Rule 14a-8(f)(1), sent the Proponent a letter via federal express, a copy of which is attached as Exhibit B, advising him of the eligibility deficiencies and providing him with an opportunity to cure the defects. The Proponent timely responded to the Company's notice, but failed to cure the eligibility deficiencies.



## Discussion

The Proposal may be excluded under Rules 14a-8(b) and 14a-8(f)(1) because the Proponent failed to prove his eligibility to submit the Proposal. To be eligible to submit a shareholder proposal, Rule 14a-8(b)(1) requires a shareholder proponent, at the time of submission of a proposal, to have continuously held at least \$2,000 in market value, or 1%, of the company's securities entitled to be voted on the proposal at the meeting for at least one year by the date the proponent submits the proposal. If a proponent is a record holder of a company's shares, a company may independently verify that the proponent meets the beneficial ownership requirements by reviewing its shareholder records. See Division of Corporation Finance: Staff Legal Bulletin No. 14 (July 13, 2001) ("SLB 14"). If a proponent is not the record holder, Rule 14a-8(b)(2) requires the proponent to demonstrate his eligibility by submitting to the company a written statement from the record holder of the proponent's shares verifying that, at the time the proposal was submitted, the proponent continuously held the shares for at least one year.

An examination of the Company's shareholder records, which indicates that the Proponent is not a record holder of the Company's shares, failed to verify the Proponent's eligibility. Similarly, the information submitted by the Proponent to prove that he met the beneficial ownership requirements under the rule also failed to meet the requirements for verifying the Proponent's eligibility in accordance with Rule 14a-8(b)(2). As evidence of ownership, the Proponent submitted a copy of a computer screen shot dated November 5, 2002, a copy of which is attached on Exhibit A, which appears to list his accounts with E\*Trade Securities ("E\*Trade"). This information, however, is not a written statement from the record holder of the shares (who appears to be E\*Trade). Nor does it verify whether, at the time the Proposal was submitted, the Proponent continuously held the requisite number of shares of the Company's stock for at least one year. Therefore, the Proponent failed to establish his eligibility to submit the Proposal.

Under Rule 14a-8(f)(1), a company may exclude a shareholder proposal if the proponent fails to demonstrate that he meets the eligibility requirements of Rule 14a-8(b) if the company, within 14 calendar days of receipt of the proposal, notifies the proponent in writing of the deficiency and the time frame for submitting a response, and the proponent fails to cure the deficiency within 14 calendar days of receipt of the company's notice.

Pursuant to Rule 14a-8(f)(1), on December 5, 2002, the Company sent to the Proponent, via overnight mail, a letter (attached hereto as Exhibit B) informing him that he had failed to comply with the eligibility requirements of Rule 14a-8(b) and advising him that, in order to cure the eligibility defects, he needed to provide to the Company, within 14 calendar days of receipt of the company's letter, a written statement from the record holder of the Proponent's shares verifying that, at the time the proposal was submitted, the Proponent had held the shares of the Company's common stock for at least one year.

The Proponent timely responded to the Company's letter, but failed to provide, as required by Rule 14a-8(b)(2), sufficient evidence to verify that he met the beneficial ownership requirements under the rule. Under Rule 14a-8(b)(2), a proponent must provide an "affirmative written statement from the record holder of the securities that specifically verifies that the shareholder owned the securities *continuously* for a period of one year as of the time of submitting the proposal." See SLB 14. Instead, the Company received from the Proponent three monthly account statements from E\*Trade, attached hereto as Exhibit C, which list only the dollar value of Proponent's E\*Trade accounts for the periods 11-01-02 through 11-30-02, 9-01-01 through 9-30-01 and 5-01-01 through

5-31-01. However, the account statements do not constitute a "written statement" from the record holder of the shares, do not identify the shares held in the accounts nor do they indicate that the Proponent held the minimum number of the Company's shares for a continuous one-year period on the date the Proposal was submitted. In addition, a shareholder's periodic investment statements do not sufficiently demonstrate continuous ownership of the shares. See SLB 14. Therefore, the Proponent failed to cure the deficiencies after receipt of timely notice from the Company in accordance with Rule 14a8(f)(1).

The Staff has consistently taken the position that a proposal may be excluded under Rule 14a-8(f) if a proponent fails to provide sufficient evidence that he satisfies the eligibility requirements under Rule 14a-8(b). Recent examples include International Business Machines Corporation (December 26, 2002); Catalyst Semiconductor, Inc. (May 2, 2002); Eastman Kodak Company (February 7, 2001); and Bank of America Corporation (February 12, 2001). In addition, the Staff has consistently permitted companies to exclude proposals based on a shareholder proponent's failure to demonstrate eligibility under Rules 14a-8(b) and 14a-8(f)(1) within 14 days after receipt of timely notification from the company of eligibility defects. Recent no-actions letters to that effect include Comprehensive Care Corp. (April 15, 2002); Xcel Energy Inc. (February 26, 2002); and Exxon Mobil Corporation (January 23, 2001).

### **Conclusion**

Accordingly, because the Proponent failed to provide adequate evidence of his eligibility and to cure such deficiencies after receipt of written notice from the Company, we believe that we may properly exclude the Proposal from the Company's Proxy Materials. The Company respectfully requests the concurrence of the Staff that the Proposal may be excluded from the Company's Proxy Materials. If the Staff disagrees with our conclusion, we would appreciate an opportunity to discuss this matter with the Staff before it issues a final response.

The Company intends to commence mailing definitive copies of its Proxy Materials to its shareholders on or about March 25, 2002, and intends to provide the Proxy Materials to its printer by March 1, 2002. Accordingly, we would appreciate hearing from the Staff as quickly as possible.

Please contact me at 408-928-0260 if you have any questions or would like additional information.

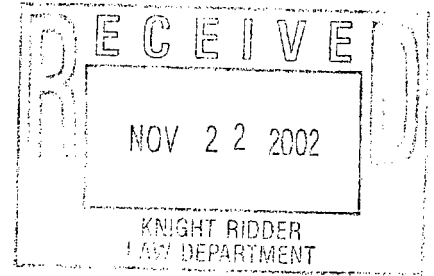
We are filing this No-Action Letter by email to the Commission's mailbox established for that purpose. As confirmation of receipt of this letter and the enclosed documents, please send a return email to me at [alilly@knightridder.com](mailto:alilly@knightridder.com). As required by Rule 14a-8(j), we are sending a copy of this letter to the Proponent.

Sincerely,

/s/ Adrienne Lilly

Exhibit A

November 21, 2002



Mr. Polk Laffoon  
Vice President and Corporate Secretary  
Knight Ridder Inc.  
50 West San Fernando Street  
San Jose, CA 95113

HAND DELIVERED

Dear Mr. Laffoon:

Pursuant to my rights under rule 14(a)-8 of the U.S. Securities and Exchange Commission's proxy regulations, I hereby submit the enclosed shareholder proposal for inclusion in the Knight Ridder Inc. ("KRI") proxy statement for the 2003 annual meeting.

I am the beneficial owner of shares of KRI common stock having a market value in excess of \$2,000 which have been held for over a year from this date. Proof of stock ownership is attached. I intend to hold my KRI stock through the date of the 2003 annual meeting of shareholders. I, or a designated representative, will present the proposal for consideration at the annual meeting of shareholders.

Thank you.

Sincerely,

A handwritten signature in black ink, appearing to read "William Mishler". The signature is fluid and cursive, with a long horizontal stroke at the end.

William Mishler  
748 Northrup Street #334  
San Jose, CA 95126

Enclosure

RESOLVED: That the shareholders of Knight-Ridder, Inc. ("Knight-Ridder") urge the Board of Directors to adopt a policy that Knight-Ridder shall not reprice any stock option already granted to any employee or director without the prior approval of the holders of a majority of Knight-Ridder's outstanding shares of common stock.

For purposes of this proposal, "repricing" is defined as (a) lowering the exercise price of an option that has already been granted, (b) either (i) cancelling an option or (ii) settling it for cash or other consideration, in each case followed by the granting of a replacement award at a lower exercise price within nine months of such cancellation or settlement; provided that any modification to the terms of an option award that reduces the likelihood of exercise will be considered a cancellation; or (c) entering into an oral or written agreement or implied promise to compensate the grantee of an award for the increase in the stock's market price after a cancellation but before grant of a replacement award.

#### SUPPORTING STATEMENT

As a Knight-Ridder stockholder, I favor compensation policies that reward superior performance and align the interests of managers with those of shareholders. In that regard, I am concerned about Knight-Ridder's current policies with respect to stock option repricing.

Knight-Ridder's Employee Stock Option Plan and Compensation Plan for Nonemployee Directors do not prohibit stock option repricing. I am also concerned about repricing because in 2001 Knight-Ridder repriced options to buy shares in Knight Ridder Digital, a wholly owned subsidiary of Knight-Ridder. I believe that repricing options held by Knight-Ridder's managers and directors—the persons in the best position to affect the price of Knight-Ridder's stock—severs the alignment between executives and shareholders that equity-based compensation is supposed to provide.

A recent study has called into question the main reason offered by companies seeking to reprice options—employee retention. A study by Catherine Daily and two others at Indiana University's business school compared companies that repriced with similar companies that did not reprice. The study found that the repricing companies experienced significantly higher executive turnover and poorer stock price performance. (Gene Koretz, "Economic Trends," Business Week, Aug. 13, 2001, available at [www.businessweek.com](http://www.businessweek.com))

Finally, repricing can have a significant impact on a corporation's capital structure, shifting the burden of a stock price drop from all shareholders to only those who do not hold the repriced options.

I recognize that in certain circumstances, the best course of action for a company may be to reprice option awards. However, given the impact of repricing on shareholders, I believe they should have a voice in whether it is undertaken.

I urge shareholders to vote for this proposal.

Options

Get the most out of your stock options exercise proceeds.

Tell me more!

Sell 35 KRI executed

### Know Your Options

Nonqualified Stock Options  
Incentive Stock Options

Executive Services

E\*TRADE Financial

Hello WILLIAM J WISHLER,

logged in via the Web was on 06 November 2002 02:34:23 A.M. (Eastern Time)

Help

### Bond Center Stock Option Plan

Personal

Money Management

Total shares vested

Total shares available for sale

FAQ

100

100

100

Contact

VIEW DETAIL

### Stock Option Share Holdings

Stock Quote

KNIGHT RIDER TRADE OptionsLink account does not show any shares held from INC. KRI stock option exercises on deposit at this time.

11/05/2002 04:02 PM EST, NYSE

Price: ~~300.57~~ Purchase Plan

Bid: 0.01

Ask: 243.2

156

Tick:

Closing

VIEW DETAIL

UPDATE QUOTE

GET FREE RTQ

Real-Time Quotes for UK residents - All communication forwarded to you is approved for distribution in the Real-Time Quotes by E\*TRADE UK Limited, which is regulated by the SFA and the London Stock Exchange. UK investors FREE service and note that the regulatory regime applying in the USA, including compensation arrangements, differs E\*TRADE in the UK. Your investments may fluctuate in price and value AGAINST YOUR INTERESTS. If you customers, you should seek independent financial, legal and legal advice. Real-Time Quotes RTQ brings you LIVE market quotes. Click the "GET FREE RTQ" button to receive this valuable service at no charge.

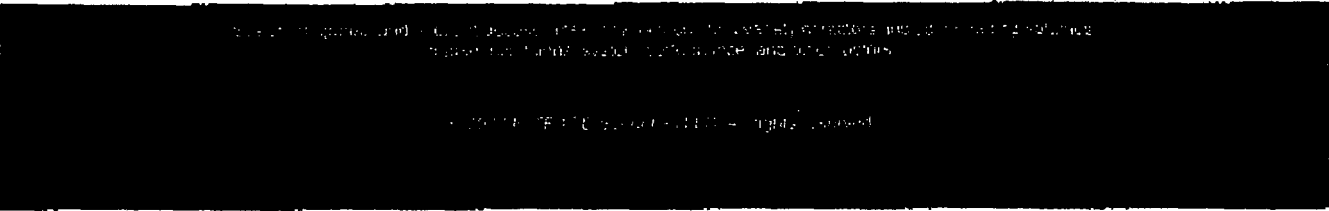


Exhibit B



ADRIENNE LILLY  
ASSISTANT GENERAL COUNSEL

KNIGHT RIDDER  
50 W. SAN FERNANDO ST.  
SUITE 1500  
SAN JOSE, CA 95113-2413  
TEL: (408) 938-0260  
FAX: (408) 938-7863  
ALILLY@KNIGHTRIDDER.COM

December 5, 2002

**VIA FEDERAL EXPRESS**

Mr. William Mishler  
748 Northrup Street #334  
San Jose, CA 95126

Re: Shareholder Proposal

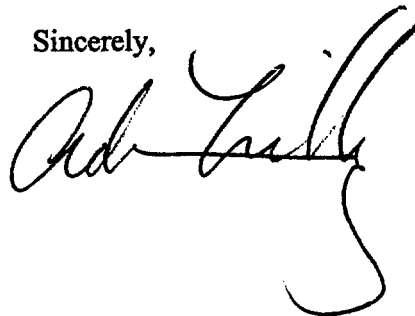
Dear Mr. Mishler:

On November 22, 2002, Knight Ridder received your letter dated November 21, 2002, enclosing a proposal regarding option repricing for inclusion in Knight Ridder's 2003 proxy statement. Please note that we believe that you have failed to comply with the eligibility requirements of Rule 14a-8(b). To be eligible to submit a proposal for inclusion in Knight Ridder's 2003 proxy statement, Rule 14a-8(b) requires you to have continuously held at least \$2,000 in market value of Knight Ridder's common stock for at least one year by the date you submitted the proposal. Knight Ridder's records do not reflect that you are a record holder of the company's common stock. If you are not the record holder of Knight Ridder common stock, you must demonstrate that you meet the requisite ownership requirements, which you failed to do.

If you intend to seek to inclusion of the proposal in Knight Ridder's 2003 proxy statement, pursuant to Rule 14a-8(f), within 14 calendar days after you receive this letter, you must submit to Knight Ridder a written statement from the record holder of the shares (which appears to be eTrade based on the documentation you submitted with your proposal) verifying that at the time the proposal was submitted, you continuously held the shares for at least one year. Your response to this letter must be postmarked or transmitted electronically within this 14-day period.

Please feel free to contact me if you have any questions.

Sincerely,





# Ship Manager

- ▶ [Ship Inside U.S.](#)
- ▶ [Ship Outside U.S.](#)
- ▶ [Ship Inside U.S.-Freight](#)
- ▶ [Ship Outside U.S.-Freight](#)
- ▶ [Track Shipment](#)
- ▶ [Cancel Shipment](#)
- ▶ [Schedule Courier](#)
- ▶ [Address Book](#)
- ▶ [Fast Ship Profiles](#)
- ▶ [Shipping History](#)
- ▶ [Report Manager](#)

- ▶ [Update Shipping Profile](#)
- ▶ [Help/FAQs](#)
- ▶ [Tutorial](#)
- ▶ [Contact Information](#)

- ▶ [My Profile](#)
- ▶ [Go to fedex.com](#)
- ▶ [Go to My FedEx](#)
- ▶ [Go to Ship Manager Login](#)

- ▶ [Order Supplies](#)

## Shipment Tracking

FedEx has processed your shipment shown below. If you have any questions about this shipment, you can [email](#) us or contact your [customer service representative](#).

**Tracking Number** 790647583940  
**Reference Number**  
**Ship Date** 12/05/2002  
**Delivered To** Recipient  
**Delivery Location** SAN JOSE CA  
**Delivery Date/Time** 12/06/2002 10:08  
**Signed For By** 3785346  
**Service Type** Priority Letter

Scan Activity	Date/Time	Comments
Delivered SANTA CLARA CA	12/06/2002 10:08	No signature required - release waiver on file
Delivered SANTA CLARA CA	12/06/2002 10:08	No signature required - release waiver on file
On FedEx vehicle for delivery SANTA CLARA CA	12/06/2002 08:31	
Arrived at FedEx destination SANTA CLARA CA	12/06/2002 08:31	
Arrived at Sort Facility OAKLAND CA	12/05/2002 20:40	
Arrived at FedEx facility SANTA CLARA CA	12/05/2002 08:31	
Arrived at FedEx Ramp SAN JOSE CA	12/05/2002 18:37	
Arrived at FedEx facility SANTA CLARA CA	12/05/2002 08:31	

[Return to Shipping History](#)

[Return to Shipping](#)

Exhibit C

E\*TRADE Securities LLC  
 10877 White Rock Road  
 Rancho Cordova, CA 95670  
 1-800-786-2575

**HOW DO I...**

[View My Monthly Statement](#)

[Request Duplicat](#)

### Account Statement

Please refer to the Terms and Conditions link for a complete discussion of terms and conditions governing your account.

For the account of:  
 WILLIAM J MISHLER  
 748 NORTHRUP ST #334  
 SAN JOSE CA 95126

[PRINT - FRIENDLY VERSION](#)

[Terms & Conditions](#)

What do you want to see

Account Number	For the Period
4763-6302	11-01-02 Through 11-30-02

### Account Value Summary

Description	Amount
<b>Total Account Valuation</b>	
This statement's closing equity	\$10,002.34
Last statement's closing equity	9,565.45
<b>Net Change in Equity</b>	\$436.89
<b>Security Values</b>	
Stocks Long	\$ 9,782.76
Total Long Value	9,782.76
<b>Net Money Value</b>	\$219.58
<b>Closing Money Balances</b>	
Money Market Funds	\$219.58
<b>Net Closing Money Balances</b>	\$219.58

[Return to Top ^](#)

### Income & Expense Summary

Description	Dividend/Interest	Capital Gains
Dividends (Taxable)	\$ 42.12	\$ 142.12
Dividends (Non-Taxable)	0.00	0.43
<b>Net Income</b>	\$ 42.12	\$ 142.55

[Return to Top ^](#)

### Money Activity Summary

Description	Amount
<b>Combined Opening Balance</b>	\$177.37
<b>Debits</b>	
Total Debits	\$0.00
<b>Credits</b>	
Dividend and Interest Income	42.21
Total Credits	\$42.21
<b>Combined Closing Balance</b>	\$219.58

[Return to Top ^](#)



[HOW DO I...?](#)

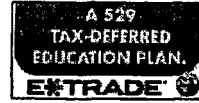
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# View Official Monthly Statement

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For the account of:  
 WILLIAM J MISHLER  
 748 NORTHRUP ST #334  
 SAN JOSE CA 95126



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What do you want to see

Account Number	For the Period
4763-6302	09-01-01 Through 09-30-01

## Account Value Summary

Description	Amount
<b>Total Account Valuation</b>	
This statement's closing equity	\$6,526.33
Last statement's closing equity	5,319.93
<b>Net Long Equity</b>	<b>\$1,206.40</b>
<b>Security Values</b>	
Stocks Long	\$ 6,478.60
Total Long Value	6,478.60
<b>Net Market Value</b>	<b>\$6,478.60</b>
<b>Closing Money Balances</b>	
Money Market Funds	\$47.73
<b>Net Available Money Balances</b>	<b>\$47.73</b>

[Return to Top](#)

## Income & Expense Summary

Description	Current Period	Year to Date
Dividends (Taxable)	\$ 0.00	\$ 42.50
Dividends (Non-Taxable)	0.00	0.21
Credit Interest	0.00	0.01
<b>Total Income</b>	<b>\$0.00</b>	<b>\$42.72</b>

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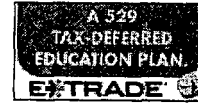
## Money Activity Summary

Description	Amount
<b>Combined Opening Balance</b>	<b>\$47.73</b>
<b>Debits</b>	
Total Debits	\$0.00
<b>Credits</b>	
Total Credits	\$0.00
<b>Combined Closing Balance</b>	<b>\$47.73</b>

# View Official Monthly Statement

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For the account of:  
 WILLIAM J MISHLER  
 748 NORTHRUP ST #334  
 SAN JOSE CA 95126



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What do you want to see

Account Number	For the Period
4763-6302	05-01-01 Through 05-31-01

## Account Value Summary

Description	Amount
<b>Total Account Valuation</b>	
This month's closing equity	\$3,102.62
Last month's closing equity	3,044.37
<b>Net Change in Equity</b>	<b>\$58.25</b>
<b>Security Values</b>	
Stocks Long	\$ 3,076.64
Total Long Value	3,076.64
<b>Net Market Value</b>	<b>\$3,076.64</b>
<b>Closing Money Balances</b>	
Money Market Funds	\$25.97
Cash	0.01
<b>Net Closing Money Balances</b>	<b>\$25.98</b>

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## Income & Expense Summary

Description	Current Period	Year to Date
Dividends (Taxable)	\$ 14.00	\$ 20.75
Dividends (Non-Taxable)	0.00	0.21
Credit Interest	0.01	0.01
<b>Net Income</b>	<b>\$14.01</b>	<b>\$20.97</b>

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## Money Activity Summary

Description	Amount
<b>Combined Opening Balance</b>	<b>\$11.97</b>
<b>Debits</b>	
Other Debits	(27.65)
<b>Total Debits</b>	<b>\$(27.65)</b>
<b>Credits</b>	
Dividend and Interest Income	14.01
Other Credits	27.65
<b>Total Credits</b>	<b>\$41.66</b>
<b>Combined Closing Balance</b>	<b>\$25.98</b>

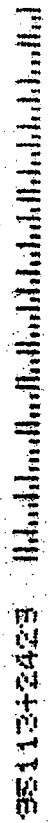
[Return to Top](#)

William Mishler  
748 Northrup St. Apt. 334  
San Jose, CA 95126-3778

Rule 14a-8(b)

RECEIVED  
DEC 12 2002  
KNIGHT RIDDER  
LAW DEPARTMENT

Adrienne Lilly 90 Knight Ridder  
50 W. San Fernando St. Suite 1500  
San Jose CA 95113-2413



**DIVISION OF CORPORATION FINANCE  
INFORMAL PROCEDURES REGARDING SHAREHOLDER PROPOSALS**

The Division of Corporation Finance believes that its responsibility with respect to matters arising under Rule 14a-8 [17 CFR 240.14a-8], as with other matters under the proxy rules, is to aid those who must comply with the rule by offering informal advice and suggestions and to determine, initially, whether or not it may be appropriate in a particular matter to recommend enforcement action to the Commission. In connection with a shareholder proposal under Rule 14a-8, the Division's staff considers the information furnished to it by the Company in support of its intention to exclude the proposals from the Company's proxy materials, as well as any information furnished by the proponent or the proponent's representative.

Although Rule 14a-8(k) does not require any communications from shareholders to the Commission's staff, the staff will always consider information concerning alleged violations of the statutes administered by the Commission, including argument as to whether or not activities proposed to be taken would be violative of the statute or rule involved. The receipt by the staff of such information, however, should not be construed as changing the staff's informal procedures and proxy review into a formal or adversary procedure.

It is important to note that the staff's and Commission's no-action responses to Rule 14a-8(j) submissions reflect only informal views. The determinations reached in these no-action letters do not and cannot adjudicate the merits of a company's position with respect to the proposal. Only a court such as a U.S. District Court can decide whether a company is obligated to include shareholder proposals in its proxy materials. Accordingly a discretionary determination not to recommend or take Commission enforcement action, does not preclude a proponent, or any shareholder of a company, from pursuing any rights he or she may have against the company in court, should the management omit the proposal from the company's proxy material.



February 28, 2003

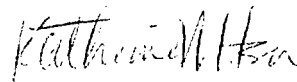
**Response of the Office of Chief Counsel  
Division of Corporation Finance**

Re: Knight-Ridder, Inc.  
Incoming letter dated January 3, 2003

The proposal relates to repricing stock options granted to any employee or director.

There appears to be some basis for your view that Knight Ridder may exclude the proposal under rule 14a-8(f). We note that the proponent has failed to supply, within 14 days of receipt of Knight Ridder's request, documentary support sufficiently evidencing that he satisfied the minimum ownership requirement for the one-year period required by rule 14a-8(b). Accordingly, we will not recommend enforcement action to the Commission if Knight Ridder omits the proposal from its proxy materials in reliance on rules 14a-8(b) and 14a-8(f).

Sincerely,



Katherine W. Hsu  
Attorney-Advisor