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Proposed Counsel for Debtors and Debtors in Possession

**UNITED STATES BANKRUPTCY COURT
SOUTHERN DISTRICT OF NEW YORK**

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<i>In re</i>	:	Chapter 11
	:	
THE McCLATCHY COMPANY, <i>et al.</i>,	:	Case No. 20-10418 (MEW)
	:	
Debtors.¹	:	(Jointly Administered)
	:	
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¹ The last four digits of Debtor The McClatchy Company's tax identification number are 0478. Due to the large number of debtor entities in these jointly administered chapter 11 cases, a complete list of the debtor entities and the last four digits of their federal tax identification numbers is not provided herein. A complete list of such information may be obtained on the website of the Debtors' proposed claims and noticing agent at <http://www.kccllc.net/McClatchy>. The location of the Debtors' service address for purposes of these chapter 11 cases is: 2100 Q Street, Sacramento, California 95816.



**DEBTORS' REPLY TO RESPONSE OF P. ANTHONY RIDDER, GEORGE RIGGS,
AND THE FORMER KNIGHT RIDDER AND McCLATCHY SALARIED EMPLOYEES
ASSOCIATION TO THE DEBTORS' MOTION FOR ENTRY OF INTERIM AND
FINAL ORDERS AUTHORIZING DEBTORS TO PAY
PREPETITION WAGES, COMPENSATION, AND EMPLOYEE BENEFITS**

The McClatchy Company and certain of its affiliates, the debtors and debtors in possession in the above-captioned cases (collectively, the “**Debtors**,” the “**Company**,” or “**McClatchy**”), hereby submit this reply (this “**Reply**”) to the response [ECF No. 134] (the “**Response**”) filed by P. Anthony Ridder, George Riggs, and the Former Knight Ridder and McClatchy Salaried Employees Association (collectively, the “**Former Executives**”) to the *Debtors' Motion for Entry of Interim and Final Orders Authorizing Debtors to Pay Prepetition Wages, Compensation, and Employee Benefits* [ECF No. 15]² (the “**Motion**”).³ In support of this Reply, the Debtors, by and through their undersigned proposed counsel, respectfully represent as follows:

PRELIMINARY STATEMENT

1. The Response does not contain any objection to the relief requested in the Motion, and for that reason alone, it should be overruled and the Motion granted. Rather, the Response seems to be an affirmative request for relief, which should be brought by formal motion on notice. Nonetheless, the Debtors have been engaging with the Former Executives to respond to information requests, and are willing to facilitate sharing contact information of the Association with other retirees at the expense of the Former Executives' or the Association.

² The Response erroneously cites the Motion as filed at Docket No. 14.

³ Capitalized terms not otherwise defined herein shall have the meanings ascribed to them in the Motion.

REPLY

I. The Response Is Not an Objection to the Motion

2. Although both the Supplemental Income Plans and Special Arrangements are disclosed in the Motion, the Debtors are not seeking authority to pay any outstanding amounts on account of the Supplemental Income Plans or Special Arrangements through the Motion or otherwise at the initial stages of these Chapter 11 Cases. *See* Motion ¶ 79; *see also* Interim Order Authorizing Debtors to Pay Certain Prepetition Wages, Compensation, and Employee Benefits [ECF No. 65] ¶ 2 (noting that “the Debtors have not sought permission to make payments on an interim basis pursuant to . . . the Supplemental Income Plans [and] the “Special Arrangements” under the separation agreements with employees . . .”).

3. Instead, the Debtors seek relief through the Motion to, among other things, pay certain prepetition obligations to current employees, temporary employees and independent contractors, honor and continue certain employee benefits obligations in the ordinary course, and to “honor and continue in the ordinary course of business, until further notice, and pay (but not assume) the prepetition amounts associated with the Debtors’ Retiree Welfare Program . . .” *See* Motion ¶ 1.

4. The Debtors empathize with the difficulties that the Former Executives may be facing as a result of the Debtors’ current financial constraints. However, because the Former Executives do not object to any of the aforementioned relief in the Response, nor to any of the additional relief sought by the Debtors in the Motion, the Response should not be considered as an objection to the Motion, and the Motion should be granted for the reasons set forth therein.

II. The Debtors Have Engaged with the Former Executives and Provided Certain Documentation in Response to the Former Executives' Information Requests

5. The Former Executives attach as Exhibits B and C to the Declaration of P. Anthony Ridder in support of the Response (the “**Ridder Declaration**”) copies of two emails sent to the proposed special employee benefits counsel to the Debtors, The Groom Law Group, Chartered (“**Groom**”), on February 21, 2020 and February 28, 2020, requesting information from the Debtors, and state that if the requested “information is not promptly provided, they intend to bring the dispute before the Court.” *See* Response ¶ 10. Although the Debtors have responded to such requests, including directly to the emails attached as Exhibits B and C to the Ridder Declaration, the Former Executives fail to include any reference to such voluntary engagement by the Debtors. *See also* Response, Ex. C at 2 (email from Israel Goldowitz to counsel at Groom referencing “our call earlier this week,” and setting forth Mr. Goldowitz’s understanding regarding the Debtors’ responses to the Former Executives’ information requests). To date, the Debtors have provided to the Former Executives copies of the plan documents, with all amendments for all nonqualified deferred compensation or excess benefit plans of the Knight-Ridder Company or The McClatchy Company, and copies of the plans’ procedures for making benefit claims in each of the aforementioned plans. The Debtors plan to continue working voluntarily to provide additional information to the Former Executives as appropriate.

6. In addition, one of the Former Executives, P. Anthony Ridder, is also a member of the Official Committee of Unsecured Creditors of the Debtors (the “**Committee**”). *See* Notice of Appointment of Official Committee of Unsecured Creditors [ECF No. 114] ¶ 3. The Debtors have been working to diligently respond to requests from the Committee, and have provided many documents as well as access to a virtual data room to the Committee’s advisors. Furthermore, some of the materials requested by the Former Executives are also materials that

the Committee and the Pension Benefit Guaranty Corporation (the “**PBGC**”) have requested in relation to the upcoming mediation among the Debtors, the Committee, the PBGC and other parties. Accordingly, in his capacity as a member of the Committee, Mr. Ridder has access to such materials.

7. That said, neither the Former Executives’ requests for information nor the Debtors’ voluntary engagement with the Former Executives or provision of materials in response to such requests, have any bearing on the relief sought in the Motion. Accordingly, the Response should be disregarded as it is not a true objection to the Motion or the relief sought therein.

III. The Debtors Agree to Facilitate Information Sharing Among Retirees

8. The Former Executives also express concerns in the Response that they do not have access to “the identities and basic information on the 450 affected retirees so that their professionals can compute the claims on a collective basis.” *See* Response ¶ 10. As the Court ruled on February 14, 2020, sharing personal identification information of retirees puts such retirees at unacceptable risk. Nonetheless, if the Former Executives provide a reasonable notice identifying the Association and its purpose, with contact information, the Debtors are willing to post such notice on the KCC website, and, at the expense of the Former Executives and the Association (paid in advance), to mail such notice to the participants of the Supplemental Income Plans and retirees with Special Arrangements. This should resolve the Former Executives’ issues without unnecessarily disseminating the personal identification information of retirees.

[REMAINDER OF PAGE INTENTIONALLY LEFT BLANK]

CONCLUSION

For the reasons articulated above, the Debtors respectfully request that this Court overrule any part of the Response that may be deemed an objection to the Motion, and grant, on a final basis, the relief requested in the Motion and such other and further relief as may be just and proper.

Dated: New York, New York
March 5, 2020

SKADDEN, ARPS, SLATE, MEAGHER & FLOM LLP

/s/ Van C. Durrer, II

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