

UNITED STATES BANKRUPTCY COURT
Southern District of New York

In Re: The McClatchy Company, et al. (the "Debtors")

Case No.: 20-10418 (MEW)
Reporting Period: Feb 13, 2020 – March 1, 2020

MONTHLY OPERATING REPORT

Submit copy of report to any official committee appointed in the case.

Required Documents	Form No.	Document Attached	Explanation Attached	Affidavit/ Supplement Attached
Schedule of Cash Receipts and Disbursements	MOR-1A	X		
Bank Reconciliation	MOR-1B	X		
Income Statement	MOR-2	X		
Balance Sheet	MOR-3	X		
Status of Post-petition Taxes	MOR-4	X		
Summary of Unpaid Post-petition Debts	MOR-4	X		
Monthly Accounts Receivable Reconciliation and Aging	MOR-5	X		
Summary of Officer & Insider Compensation, Personnel and Insurance	MOR-6	X		
Schedule of Estate Professionals	MOR-7	X		
Calculation of U.S. Trustee Quarterly Fee	MOR-8	X		
Debtor Questionnaire	MOR-9	X		

I declare under penalty of perjury (28 U.S.C. Section 1746) that this report and the attached documents are true and correct to the best of my knowledge and belief.

Signature of Debtor

Date

Signature of Joint Debtor

Date

Signature of Authorized Individual*

Date

Sean M. Harding

Printed Name of Authorized Individual

Chief Restructuring Officer, The McClatchy Company

Title of Authorized Individual

*Authorized individual must be an officer, director or shareholder if debtor is a corporation; a partner if debtor is a partnership; a manager or member if debtor is a limited liability company.



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GENERAL

This MOR includes activity from the following Debtors and related case number:^[1]

Entity Name	Case Number
The McClatchy Company	20-10418 (MEW)
Aboard Publishing, Inc.	20-10419 (MEW)
Bellingham Herald Publishing, LLC	20-10420 (MEW)
Belton Publishing Company, Inc.	20-10421 (MEW)
Biscayne Bay Publishing, Inc.	20-10422 (MEW)
Cass County Publishing Company	20-10423 (MEW)
Columbus-Ledger Enquirer, Inc.	20-10424 (MEW)
Cypress Media, Inc.	20-10417 (MEW)
Cypress Media, LLC	20-10425 (MEW)
East Coast Newspapers, Inc.	20-10426 (MEW)
El Dorado Newspapers	20-10427 (MEW)
Gulf Publishing Company, Inc.	20-10428 (MEW)
Herald Custom Publishing of Mexico, S. de R.L. de C.V.	20-10429 (MEW)
HLB Newspapers, Inc.	20-10430 (MEW)
Idaho Statesman Publishing, LLC	20-10431 (MEW)
Keltatim Publishing Company, Inc.	20-10432 (MEW)
Keynoter Publishing Company, Inc.	20-10433 (MEW)
Lee's Summit Journal, Incorporated	20-10434 (MEW)
Lexington H-L Services, Inc.	20-10435 (MEW)
Macon Telegraph Publishing Company	20-10436 (MEW)
Mail Advertising Corporation	20-10437 (MEW)
McClatchy Big Valley, Inc.	20-10438 (MEW)
McClatchy Interactive LLC	20-10439 (MEW)
McClatchy Interactive West	20-10440 (MEW)
McClatchy International Inc.	20-10441 (MEW)
McClatchy Investment Company	20-10442 (MEW)
McClatchy Management Services, Inc.	20-10443 (MEW)
McClatchy News Services, Inc.	20-10445 (MEW)
McClatchy Newspapers, Inc.	20-10444 (MEW)
McClatchy Property, Inc.	20-10446 (MEW)
McClatchy Resources, Inc.	20-10447 (MEW)
McClatchy Shared Services, Inc.	20-10448 (MEW)
McClatchy U.S.A., Inc.	20-10449 (MEW)
Miami Herald Media Company	20-10450 (MEW)
N & O Holdings, Inc.	20-10451 (MEW)
Newsprint Ventures, Inc.	20-10452 (MEW)
Nittany Printing and Publishing Company	20-10453 (MEW)
Nor-Tex Publishing, Inc.	20-10454 (MEW)
Olympian Publishing, LLC	20-10455 (MEW)
Olympic-Cascade Publishing, Inc.	20-10456 (MEW)
Pacific Northwest Publishing Company, Inc.	20-10457 (MEW)
Quad County Publishing, Inc.	20-10458 (MEW)
San Luis Obispo Tribune, LLC	20-10459 (MEW)
Star-Telegram, Inc.	20-10460 (MEW)
Tacoma News, Inc.	20-10461 (MEW)
The Bradenton Herald, Inc.	20-10462 (MEW)
The Charlotte Observer Publishing Company	20-10463 (MEW)
The News & Observer Publishing Co.	20-10464 (MEW)
The State Media Company	20-10465 (MEW)
The Sun Publishing Company, Inc.	20-10466 (MEW)
Tribune Newsprint Company	20-10467 (MEW)
Tru Measure, LLC	20-10468 (MEW)
Wichita Eagle and Beacon Publishing Company, Inc.	20-10469 (MEW)
Wingate Paper Company	20-10470 (MEW)

[1] Debtor Oak Street Redevelopment Corporation filed a chapter 11 case on March 24, 2020 and is not included in this MOR.

In Re: The McClatchy Company, et al. (the "Debtors")

Case No.: 20-10418 (MEW)
Reporting Period: Feb 13, 2020 – March 1, 2020

MOR 1A: SCHEDULE OF CASH RECEIPTS AND DISBURSEMENTS

\$ in 000's

Debtor Name	Case Number	Net Receipts ^[1]	Net Disbursements ^[1]
The McClatchy Company	20-10418	\$ -	\$ -
Aboard Publishing, Inc.	20-10419	-	(92)
Bellingham Herald Publishing, LLC	20-10420	-	(77)
Belton Publishing Company, Inc.	20-10421	-	-
Biscayne Bay Publishing, Inc.	20-10422	-	-
Cass County Publishing Company	20-10423	-	-
Columbus-Ledger Enquirer, Inc.	20-10424	-	(140)
Cypress Media, Inc.	20-10417	-	-
Cypress Media, LLC	20-10425	-	(1,157)
East Coast Newspapers, Inc.	20-10426	-	(155)
El Dorado Newspapers	20-10427	-	-
Gulf Publishing Company, Inc.	20-10428	-	(90)
Herald Custom Publishing of Mexico, S. de R.L. de C.V.	20-10429	-	(8)
HLB Newspapers, Inc.	20-10430	-	-
Idaho Statesman Publishing, LLC	20-10431	-	(269)
Keltatim Publishing Company, Inc.	20-10432	-	-
Keynoter Publishing Company, Inc.	20-10433	-	-
Lee's Summit Journal, Incorporated	20-10434	-	-
Lexington H-L Services, Inc.	20-10435	-	(330)
Macon Telegraph Publishing Company	20-10436	-	(128)
Mail Advertising Corporation	20-10437	-	-
McClatchy Big Valley, Inc.	20-10438	-	-
McClatchy Interactive LLC	20-10439	-	-
McClatchy Interactive West	20-10440	-	-
McClatchy International Inc.	20-10441	-	-
McClatchy Investment Company	20-10442	-	-
McClatchy Management Services, Inc.	20-10443	-	-
McClatchy News Services, Inc.	20-10445	-	(12)
McClatchy Newspapers, Inc.	20-10444	27,574	(15,525)
McClatchy Property, Inc.	20-10446	-	-
McClatchy Resources, Inc.	20-10447	-	-
McClatchy Shared Services, Inc.	20-10448	1,018	(382)
McClatchy U.S.A., Inc.	20-10449	-	-
Miami Herald Media Company	20-10450	-	(2,088)
N & O Holdings, Inc.	20-10451	-	-
Newsprint Ventures, Inc.	20-10452	-	-
Nittany Printing and Publishing Company	20-10453	-	(191)
Nor-Tex Publishing, Inc.	20-10454	-	-
Olympian Publishing, LLC	20-10455	-	(98)
Olympic-Cascade Publishing, Inc.	20-10456	-	(3)
Pacific Northwest Publishing Company, Inc.	20-10457	-	-
Quad County Publishing, Inc.	20-10458	-	-
San Luis Obispo Tribune, LLC	20-10459	-	(116)
Star-Telegram, Inc.	20-10460	-	(485)
Tacoma News, Inc.	20-10461	-	(381)
The Bradenton Herald, Inc.	20-10462	-	(122)
The Charlotte Observer Publishing Company	20-10463	-	(903)
The News & Observer Publishing Co.	20-10464	2,866	(2,145)
The State Media Company	20-10465	-	(535)
The Sun Publishing Company, Inc.	20-10466	-	(109)
Tribune Newsprint Company	20-10467	-	-
Tru Measure, LLC	20-10468	-	(49)
Wichita Eagle and Beacon Publishing Company, Inc.	20-10469	-	(218)
Wingate Paper Company	20-10470	-	-
Total		\$ 31,457	\$ (25,805)

[1] Net Receipts and Net Disbursements exclude intercompany transactions among Debtors.

MOR 1B: BANK RECONCILIATION

\$ in 000's

COMPANY	CASE #	BANK NAME	ACCOUNT DESCRIPTION	ACCOUNT NUMBER	ENDING BALANCE ^[1]
AVAILABLE CASH					
McClatchy Newspapers, Inc.	20-10444	Wells Fargo, N.A.	Master Depository Account	XXXXXX4393	\$ -
McClatchy Newspapers, Inc.	20-10444	Wells Fargo, N.A.	Master Operating Account	XXXXXX4401	11,304
McClatchy Newspapers, Inc.	20-10444	Wells Fargo, N.A.	Corporate Payroll Disbursement Account	XXXXXX8768	-
McClatchy Newspapers, Inc.	20-10444	Wells Fargo, N.A.	SSC Disbursement Account	XXXXXX8719	-
McClatchy Newspapers, Inc.	20-10444	Wells Fargo, N.A.	SSC ACH Debit Only Account	XXXXXX8776	-
McClatchy Newspapers, Inc.	20-10444	Wells Fargo, N.A.	East Region Depository Account	XXXXXX8792	-
McClatchy Newspapers, Inc.	20-10444	Wells Fargo, N.A.	West Region Depository Account	XXXXXX8800	-
McClatchy Newspapers, Inc.	20-10444	Wells Fargo, N.A.	Central Region Depository Account	XXXXXX4683	-
McClatchy Newspapers, Inc.	20-10444	Wells Fargo, N.A.	Carolinas Region Depository Account	XXXXXX4691	-
McClatchy Newspapers, Inc.	20-10444	Wells Fargo, N.A.	McClatchy Interactive Depository Account	XXXXXX8818	-
McClatchy Newspapers, Inc.	20-10444	Wells Fargo, N.A.	Audience Depository Account	XXXXXX4709	-
McClatchy Newspapers, Inc.	20-10444	Wells Fargo, N.A.	SSC Ach Credit Receivable Depository Account	XXXXXX4717	-
[2] Herald Custom Publishing of Mexico, S. de R.L. de C.V.	20-10429	BBVA Bancomer, S.A.	Depository (MXN)	XXXXXX1361	101
Herald Custom Publishing of Mexico, S. de R.L. de C.V.	20-10429	BBVA Bancomer, S.A.	Depository (USD)	XXXXXX4217	88
AVAILABLE CASH					\$ 11,493
RESTRICTED CASH AND DEPOSITS					
McClatchy Newspapers, Inc.	20-10444	Wells Fargo, N.A.	Letter of Credit Cash Collateral Account	XXXXXX4743	3,000
McClatchy Newspapers, Inc.	20-10444	Wells Fargo, N.A.	Letter of Credit Cash Collateral Account	XXXXXX6917	300
McClatchy Newspapers, Inc.	20-10444	Wells Fargo, N.A.	Letter of Credit Cash Collateral Account	XXXXXX6925	23,350
[3] McClatchy Newspapers, Inc.	20-10444	Wells Fargo, N.A.	Utility Deposit Account	XXXXXX2069	-
[3] McClatchy Newspapers, Inc.	20-10444	Wells Fargo, N.A.	Letter of Credit Additional Collateral Account	XXXXXX2069	650
[3] McClatchy Newspapers, Inc.	20-10444	Wells Fargo, N.A.	Bank Products Collateral Account	XXXXXX2101	6,125
RESTRICTED CASH					\$ 33,426
TOTAL CASH					\$ 44,919
DIP BALANCE - 2/13/20					\$ -
Borrowings in Period					7,898
Payments in Period					(7,898)
DIP BALANCE - 3/1/20					\$ -

[1] Amounts presented in this schedule are the bank balances as of the end of the Reporting Period. The Debtors have completed bank reconciliations for the activity of the Reporting Period. The variance between book cash and bank cash is caused by outstanding check float (\$1.6M) and unrecorded deposits (\$0.1M), offset by deposits in transit (\$0.9M)

[2] This account is denominated in Mexican Pesos (MXN). For purpose of this schedule, amounts are presented in USD, using the exchange rate of 18.79 on January 30, 2020

[3] These accounts are presented in the balance sheet in the 'Other Assets' line item

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MOR 2: INCOME STATEMENT

<i>\$ in 000's</i>	MONTH TOTAL	CUMULATIVE FILING TO DATE
REVENUES		
Operating Revenue	\$ 35,710	\$ 35,710
OPERATING EXPENSE		
Cost of Revenue	(8,895)	(8,895)
Selling, General and Administrative Expense	(6,866)	(6,866)
Payroll and Benefits Expense	(10,309)	(10,309)
Non-Recurring Operating Costs - Other	614	614
OPERATING INCOME	\$ 10,254	\$ 10,254
OTHER OPERATING INCOME (EXPENSE)		
Other Income (Expense)	(1,256)	(1,256)
Interest Income (Expense)	(500)	(500)
Taxes	(58)	(58)
Depreciation and amortization	(4,556)	(4,556)
NET OPERATING INCOME (EXPENSE)	\$ 3,884	\$ 3,884
Restructuring Costs ^[1]	(3,345)	(3,345)
NET PROFIT (LOSS)	\$ 539	\$ 539

[1] Restructuring Costs for the current period relate to \$3.3M of professional fees.

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MOR 3: BALANCE SHEET

\$ in 000's

ASSETS	
Cash and cash equivalents	\$ 10,754
Restricted cash	26,650
Accounts receivable, net	51,780
Inventories, net	4,911
Prepaid expenses	37,177
TOTAL CURRENT ASSETS	\$ 131,272
Property and equipment, net ^[1]	193,274
Other Assets	573,225
TOTAL ASSETS	\$ 897,771
LIABILITIES ^[2]	
<i>CURRENT LIABILITIES</i>	
Accounts payable	\$ 9,796
Accrued salaries and benefits	9,369
Accrued taxes	1,576
TOTAL CURRENT LIABILITIES	\$ 20,742
<i>NON-CURRENT LIABILITIES</i>	
Non-current benefit obligations	9,686
Liabilities subject to compromise	1,614,245
TOTAL NON-CURRENT LIABILITIES	\$ 1,623,931
TOTAL LIABILITIES	\$ 1,644,673
MEMBERS' EQUITY	
Members capital	4,543,371
Accumulated Deficit	(5,290,273)
NET MEMBERS' EQUITY	\$ (746,902)
TOTAL LIABILITIES AND MEMBERS' EQUITY	\$ 897,771

[1] The amounts listed for Property and Equipment are the book value of the assets net of depreciation; the Debtors have not analyzed the salvage value of any property and equipment.

[2] The Debtor is in the process of reviewing accounts payable and liabilities; therefore, these figures may be subject to change.

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MOR 4: MONTHLY TAX REPORT & POST-PETITION OBLIGATIONS

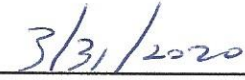
SCHEDULE OF POST-PETITION TAXES

Office of the US Trustee

Re: Monthly Operating Report Attestation Regarding Post Petition Taxes

The Debtor, THE MCCLATCHY COMPANY, and its affiliate Debtors hereby submit this attestation regarding post petition taxes. All post petition taxes, which are not subject to dispute or reconciliation, are current. There are no material disputes or reconciliations.


Signature


Date

Sean M. Harding, Chief Restructuring Officer, The McClatchy Company

SCHEDULE OF POST-PETITION OBLIGATIONS

\$ in 000's

Post-Petition Debts ^[1]	NUMBER OF DAYS PAST DUE						Total
	Current	0-30	31-60	61-90	Over 91		
Accounts Payable ^[2]	\$ 6,393	\$ -	\$ -	\$ -	\$ -	\$	6,393
Salaries and Benefits Payable	9,369	-	-	-	-		9,369
Taxes Payable	1,576	-	-	-	-		1,576
Rent / Leases Payable ^[3]	62	-	-	-	-		62
Professional Fees ^[3]	3,341	-	-	-	-		3,341
Total Post-Petition Debts	\$ 20,742	\$ -	\$ -	\$ -	\$ -	\$	20,742

[1] Schedule of Post-Petition Debts includes obligations incurred in the post-petition period and is subject to ongoing review and analysis.

[2] Does not include unprocessed invoices and subject to further review and validation.

[3] This is included in the 'Accounts Payable' line item on the balance sheet.

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MOR 5: ACCOUNTS RECEIVABLE RECONCILIATION AND AGING

\$ in 000's

Accounts Receivable Reconciliation		Amounts
Total Accounts Receivable at the beginning of the reporting period	\$	55,029
PLUS: Amount of new billings		15,049
MINUS: Amount collected during the period		(17,658)
MINUS: Amount adjusted or written off during the period		(640)
Total Accounts receivable at the end of the reporting period	\$	51,780

Accounts Receivable Aging Detail		Amounts
Current ^[1]	\$	25,968
0-30 days past due		14,233
31-60 days past due		5,799
61-90 days past due		3,948
Over 90 days past due		1,832
Total Accounts Receivable	\$	51,780

[1] Includes estimates for unbilled A/R and adjustments to the A/R balance less any unapplied cash.

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MOR 6 - SUMMARY OF OFFICER & INSIDER COMPENSATION, PERSONNEL AND INSURANCE

\$ in 000's

Summary of Officer & Insider Compensation ^[1]				
Type of Payment		Amount Paid		
		Current Period		Case-to-Date
Payroll and Benefits	\$	112	\$	112
Expense Reimbursements		-		-
Bonuses		-		-
All Payments	\$	112	\$	112

[1] Persons included as "insiders" have been included for informational purposes only. The Debtors do not concede or take any position with respect to (a) such person's influence over the control of the Debtors, (b) the management responsibilities or functions of such individual, (c) the decision-making or corporate authority of such individual, or (d) whether such individual could successfully argue that he or she is not an "insider" under applicable law, including, without limitation, the federal securities laws or with respect to any theories of liability or for any other purpose. Further, the inclusion of a party as an "insider" is not an acknowledgement or concession that such party is an "insider" under applicable bankruptcy law.

MOR 6 - SUMMARY OF OFFICER & INSIDER COMPENSATION, PERSONNEL AND INSURANCE

Confirmation of Insurance				
Agent and/or Carrier	Policy Number	Coverage Type	Expiration Date	Comments
The Travelers Indemnity Company of America		Workers' Compensation	12/31/2020	
		Employer's Liability - Large Deductible		
The Phoenix Insurance Co		Workers' Compensation	12/31/2020	
		Employer's Liability - Retre		
Safety National Casualty Corporation		Excess Workers' Compensation	12/31/2021	
		Employer's Liability - California		
Travelers Property Casualty Company of America		General Liability	12/31/2020	
Travelers Property Casualty Company of America		Automobile Liability	12/31/2020	
Travelers Indemnity Company of Connecticut		Automobile Physical Damage	12/31/2020	
National Union Fire Insurance Company of Pittsburgh, PA (AIG)		Primary Umbrella Liability	12/31/2020	
Continental Insurance Co (CNA)		1st Excess Liability	12/31/2020	
Fireman's Fund Insurance Co		2nd Excess Liability	12/31/2020	
Travelers Property Casualty Company of America		3rd Excess Liability	12/31/2020	
Zurich American Insurance Co		ERISA (401K/Retirement Plan)	1/1/2022	
Columbia Casualty Company (CNA)		Cyber & Privacy Liability	4/1/2020	
Liberty Mutual		Cyber & Privacy Liability-1st Excess	4/1/2020	
Member Companies of Global Aerospace		UAS (Drone) Liability	4/25/2020	
National Union Fire Insurance Company of		Business Travel Accident Insurance	10/12/2022	
Mutual Insurance Company Limited		Media Liability	4/1/2020	
Lloyd's Underwriters		Media Liability - 1st Excess	4/1/2020	
Principia (Lloyd's) / Argo Re Ltd (Bermuda)		Media Liability - 2nd Excess	4/1/2020	
Great American Insurance Co		D&O	7/31/2020	
Beazley Insurance Company, Inc		D&O - 1st Excess	7/31/2020	
Old Republic Insurance Co		D&O - 2nd Excess	7/31/2020	
XL Specialty Insurance Co		D&O - 3rd Excess	7/31/2020	
ACE American Insurance Co		D&O - 4th Excess	7/31/2020	
National Union Fire Insurance Company of		D&O - 5th Excess	7/31/2020	
QBE Insurance Corporation		D&O - 6th Excess	7/31/2020	
Federal Insurance Co		Fiduciary	7/31/2020	
Beazley Insurance Company, Inc		Fiduciary - Excess	7/31/2020	
US Specialty Insurance Co		Special Crime	8/29/2021	
FM Global		Property/Business Interruption	9/30/2020	
Beazley Insurance Company, Inc		Employment Practices Liability	12/31/2020	
Ace American Insurance Co		International Package	12/31/2020	
Wright National Flood Insurance Co		Flood	10/22/2020	1626 E Street, Fresno, CA 93760

The following lapse in insurance coverage occurred this month:

Policy Type	Date Lapsed	Date Reinstated	Reason for Lapse	Comments
No policies lapsed in the reporting period				

MOR 7: SCHEDULE OF PROFESSIONAL FEES AND EXPENSES PAID*SUSD Actual*

Professional Name	Date of Court Order Authorizing Payment	Amount Approved	Amount Paid	Total Paid to Date ^[1]	Total Incurred and Unpaid
Berkeley Research Group, LLC	N/A	\$ -	\$ -	\$ -	\$ -
Dundon Advisers LLC	N/A	-	-	-	-
Evercore Group, L.L.C.	N/A	-	-	-	-
FTI Consulting, Inc.	N/A	-	-	-	-
Groom Law Group, Chartered	N/A	-	-	-	-
Kurtzman Carson Consultants, LLC	N/A	-	-	-	-
Moelis & Company	N/A	-	-	-	-
Skadden Arps Slate Meagher & Flom, LLP	N/A	-	-	-	-
Stroock & Stroock & Lavan LLP	N/A	-	-	-	-
Togut, Segal & Segal LLP	N/A	-	-	-	-

This schedule does not include any professionals discussed in the *Debtors' Motion Pursuant to 11 U.S.C. §§ 105(a), 327, 330, and 331 for Entry of Order Authorizing Debtors to Employ and Pay Professionals Utilized in the Ordinary Course of Business Nunc Pro Tunc to the Petition Date* [Dkt. 97].

[1] Please note that the following professionals are holding retainers or cash on account; these amounts were paid pre-petition:

<i>FTI Consulting, Inc.</i>	\$ 128,172
<i>Groom Law Group, Chartered</i>	37,729
<i>Kurtzman Carson Consultants LLC</i>	47,118
<i>Skadden Arps Slate Meagher & Flom, LLP</i>	239,517

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MOR 8: CALCULATION OF U.S. TRUSTEE QUARTERLY FEE

USD Actual

Debtor Name	Case Number	Total Disbursements		Current Quarter	Case-to-Date
		Current Period	Quarter-to-Date	Calculated Fees	Fees Paid
The McClatchy Company	20-10418	-	-	325	-
Aboard Publishing, Inc.	20-10419	91,813	91,813	975	-
Bellingham Herald Publishing, LLC	20-10420	76,899	76,899	975	-
Belton Publishing Company, Inc.	20-10421	-	-	325	-
Biscayne Bay Publishing, Inc.	20-10422	-	-	325	-
Cass County Publishing Company	20-10423	-	-	325	-
Columbus-Ledger Enquirer, Inc.	20-10424	140,337	140,337	975	-
Cypress Media, Inc.	20-10417	-	-	325	-
Cypress Media, LLC	20-10425	1,156,804	1,156,804	11,568	-
East Coast Newspapers, Inc.	20-10426	154,932	154,932	1,625	-
El Dorado Newspapers	20-10427	-	-	325	-
Gulf Publishing Company, Inc.	20-10428	89,652	89,652	975	-
Herald Custom Publishing of Mexico, S. de R.L. de C.V.	20-10429	8,167	8,167	325	-
HLB Newspapers, Inc.	20-10430	-	-	325	-
Idaho Statesman Publishing, LLC	20-10431	268,855	268,855	1,950	-
Keltatim Publishing Company, Inc.	20-10432	-	-	325	-
Keynoter Publishing Company, Inc.	20-10433	-	-	325	-
Lee's Summit Journal, Incorporated	20-10434	-	-	325	-
Lexington H-L Services, Inc.	20-10435	329,806	329,806	4,875	-
Macon Telegraph Publishing Company	20-10436	127,642	127,642	975	-
Mail Advertising Corporation	20-10437	-	-	325	-
McClatchy Big Valley, Inc.	20-10438	-	-	325	-
McClatchy Interactive LLC	20-10439	-	-	325	-
McClatchy Interactive West	20-10440	-	-	325	-
McClatchy International Inc.	20-10441	-	-	325	-
McClatchy Investment Company	20-10442	-	-	325	-
McClatchy Management Services, Inc.	20-10443	-	-	325	-
McClatchy News Services, Inc.	20-10445	12,136	12,136	325	-
McClatchy Newspapers, Inc.	20-10444	15,524,927	15,524,927	155,249	-
McClatchy Property, Inc.	20-10446	-	-	325	-
McClatchy Resources, Inc.	20-10447	-	-	325	-
McClatchy Shared Services, Inc.	20-10448	381,535	381,535	4,875	-
McClatchy U.S.A., Inc.	20-10449	-	-	325	-
Miami Herald Media Company	20-10450	2,087,729	2,087,729	20,877	-
N & O Holdings, Inc.	20-10451	-	-	325	-
Newsprint Ventures, Inc.	20-10452	-	-	325	-
Nittany Printing and Publishing Company	20-10453	191,200	191,200	1,625	-
Nor-Tex Publishing, Inc.	20-10454	-	-	325	-
Olympian Publishing, LLC	20-10455	97,667	97,667	975	-
Olympic-Cascade Publishing, Inc.	20-10456	3,349	3,349	325	-
Pacific Northwest Publishing Company, Inc.	20-10457	-	-	325	-
Quad County Publishing, Inc.	20-10458	-	-	325	-
San Luis Obispo Tribune, LLC	20-10459	115,798	115,798	975	-
Star-Telegram, Inc.	20-10460	485,206	485,206	4,875	-
Tacoma News, Inc.	20-10461	381,075	381,075	4,875	-
The Bradenton Herald, Inc.	20-10462	121,539	121,539	975	-
The Charlotte Observer Publishing Company	20-10463	902,717	902,717	4,875	-
The News & Observer Publishing Co.	20-10464	2,145,224	2,145,224	21,452	-
The State Media Company	20-10465	534,591	534,591	4,875	-
The Sun Publishing Company, Inc.	20-10466	108,699	108,699	975	-
Tribune Newsprint Company	20-10467	-	-	325	-
Tru Measure, LLC	20-10468	48,805	48,805	650	-
Wichita Eagle and Beacon Publishing Company, Inc.	20-10469	218,177	218,177	1,625	-
Wingate Paper Company	20-10470	-	-	325	-
Total		\$ 25,805,282	\$ 25,805,282	\$ 264,397	\$ -

In Re: The McClatchy Company, et al. (the "Debtors")

Case No.: 20-10418 (MEW)

Reporting Period: Feb 13, 2020 – March 1, 2020

MOR 9: SIGNIFICANT DEVELOPMENTS DURING REPORTING PERIOD

Must be completed each month. If the answer to any of the questions is "Yes", provide a detailed explanation of each item. Attach additional sheets if necessary.		Yes	No
1	Have any assets been sold or transferred outside the normal course of business this reporting period?		X
2	Have any funds been disbursed from any account other than a debtor in possession account this reporting		X
3	Is the Debtor delinquent in the timely filing of any postpetition tax returns?		X
4	Are workers compensation, general liability or other necessary insurance coverages expired or cancelled, or has the debtor received notice of expiration or cancellation of such policies?		X
5	Is the Debtor delinquent in paying any insurance premium payment?		X
6	Have any payments been made on prepetition liabilities this reporting period?	[1]	
7	Are any postpetition receivables (accounts, notes or loans) due from related parties or affiliates?		X
8	Are any postpetition payroll taxes past due?		X
9	Are any postpetition State or Federal income taxes past due?		X
10	Are any postpetition real estate taxes past due?		X
11	Are any other postpetition taxes past due?		X
12	Have any prepetition taxes been paid during this reporting period?	[2]	
13	Are any amounts owed to postpetition creditors delinquent?		X
14	Are any wage payments past due?		X
15	Have any postpetition loans been received by the Debtor from any party?	[3]	
16	Is the Debtor delinquent in paying any U.S. Trustee fees?		X
17	Is the Debtor delinquent with any court ordered payments to attorneys or other professionals?		X
18	Have the owners or shareholders received any compensation outside of the normal course of business?		X

[1] Amounts paid pre-petition were paid under the authority of the First Day Orders.

[2] Pre-petition tax due to the Mexican federal government and pre-petition sales and use tax due to certain state and local jurisdictions have been paid under the *Interim Order Authorizing Debtors to Pay Certain Prepetition Taxes and Related Obligations* [Dkt. 68].

[3] As discussed in the Global Notes, the Debtors received a \$50.0M DIP Facility from Encina Business Credit SPV, LLC. During the Reporting Period, the Debtor's have periodically drawn on the DIP Facility to provide liquidity for their business operations. There is no current balance under the DIP Facility.

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

-----	X
<i>In re</i>	: Chapter 11
	:
THE McCLATCHY COMPANY, <i>et al.</i> ,	: Case No. 20-10418 (MEW)
	:
Debtors. ¹	: (Jointly Administered)
	:
-----	X

**GLOBAL NOTES AND STATEMENTS OF LIMITATIONS AND
DISCLAIMERS REGARDING THE DEBTORS' MONTHLY OPERATING REPORTS**

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**”), submit these global notes and statements of limitations and disclaimers (the “**Global Notes**”) for the Debtors’ Monthly Operating Report (the “**MOR**”). In support of these Global Notes, the Debtors rely upon and incorporate by reference the *Declaration of Sean M. Harding in Support of Chapter 11 Petitions and First Day Papers* [Docket No. 13] (the “**First Day Declaration**”).²

On February 13, 2020 (the “**Petition Date**”), the Debtors each commenced a case by filing a petition for relief under chapter 11 of the Bankruptcy Code (collectively, the “**Chapter 11 Cases**”) in the United States Bankruptcy Court for the Southern District of New York (the “**Bankruptcy Court**”). The Debtors are authorized to operate their businesses and manage their properties as debtors in possession pursuant to sections 1107(a) and 1108 of the Bankruptcy Code. On February 14, 2020, the Bankruptcy Court entered an order authorizing the joint administration of these cases pursuant to Bankruptcy Rule 1015(b) [Docket No. 59]. On February 26, 2020, the Office of the United States Trustee for the Southern District of New York appointed a creditors’ committee in the Chapter 11 Cases [Docket No. 114].

The Debtors are filing this consolidated MOR solely for purposes of complying with the monthly operating requirements applicable in these Chapter 11 Cases. The MOR should not be relied upon by any persons for information relating to current or future financial conditions, events, or

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.

² Capitalized terms used but not otherwise defined herein shall have the meanings ascribed to them in the First Day Declaration.

performance of any of the Debtors or their affiliates. The following notes, statements, and limitations should be referred to, and referenced in connection with, any review of the MOR.

1. **Basis of Presentation.** The accompanying financial statements have been derived from the books and records of the Debtors. The information furnished in this report is unaudited and reflect the Debtors' reasonable efforts to report certain financial information of each Debtor on a stand-alone, unconsolidated basis. This MOR has not been prepared in accordance with accounting principles generally accepted in the United States of America ("U.S. GAAP") and does not include all the information and footnotes required by U.S. GAAP. Accordingly, upon the application of such procedures, the Debtors believe that the financial information may be subject to change, and these changes could be material. Therefore, there can be no assurance that the consolidated financial information presented herein is complete, and readers are strongly cautioned not to place undue reliance on the MOR.

The results of operations contained herein are not necessarily indicative of results that may be expected from any other period or for the full year and may not necessarily reflect the consolidated results of operations and financial position of the Debtors in the future.

2. **Reporting Period.** Unless otherwise noted herein, the MOR generally reflects the Debtors' books and records and financial activity occurring during the applicable reporting period. Except as otherwise noted, no adjustments have been made for activity occurring after the close of the reporting period.
3. **Consolidated Entity Accounts Payable and Disbursement Systems.** As described in the *Debtors' Motion for Entry of Interim and Final Orders (I) Authorizing Continued Use of Existing Cash Management System, Bank Accounts, and Business Forms and Payment of Related Prepetition Obligations; (II) Modifying Certain Deposit Requirements; and (III) Authorizing Continuance of Intercompany Transactions and Honoring Related Prepetition Obligations* [Docket No. 14] (the "**Cash Management Motion**"), the Debtors utilize an integrated, centralized cash management system in the ordinary course of business to collect, concentrate, and disburse funds generated by their operations (the "**Cash Management System**"). The Debtors maintain a consolidated accounts payable and disbursement system to pay operating and administrative expenses through various disbursement accounts. In the ordinary course of business, the Debtors engage in intercompany transactions (the "**Intercompany Transactions**"), which result in intercompany receivables and payables (the "**Intercompany Claims**"). As set forth more fully in the Cash Management Motion, the primary Intercompany Transactions giving rise to Intercompany Claims are in connection with certain shared services, interest expense allocation, and operational support. Historically, Intercompany Claims are not settled by actual transfers of cash among the Debtors. Instead, the Debtors track all Intercompany Transactions in their accounting system, which concurrently are recorded on the applicable Debtor's balance sheets. Because the Debtors generally track and report

their financial information on a consolidated basis some errors may exist and adjustments in future reporting may be necessary.

4. **Accuracy.** Although the Debtors have made good faith reasonable efforts to file a complete and accurate MOR, inadvertent errors or omissions may exist. The financial information disclosed herein was not prepared in accordance with federal or state securities laws or other applicable non-bankruptcy law or in lieu of complying with any periodic reporting requirements thereunder. Persons and entities trading in or otherwise purchasing, selling, or transferring the claims against or equity interests in the Debtors should evaluate this financial information in light of the purposes for which it was prepared. The Debtors are not liable for and undertake no responsibility to indicate variations from securities laws or for any evaluations of the Debtors based on this financial information or any other information.
5. **Debtor in Possession Financing.** On February 13, 2020, the Debtors submitted the *Debtors' Motion for Interim and Final Orders (I) Authorizing the Debtors to Obtain Postpetition Financing, (II) Authorizing the Debtors to Use Cash Collateral, (III) Granting Liens and Providing Superpriority Administrative Expense Status, (IV) Granting Adequate Protection, (V) Modifying the Automatic Stay, (VI) Scheduling a Final Hearing, and (VII) Granting Related Relief* [Docket No. 11] (the “**DIP Motion**”) seeking approval of a facility in an aggregate principal amount of \$50,000,000 (the “**DIP Facility**”). On February 14, 2020, the Debtors received authorization from the Bankruptcy Court to access \$12,500,000 of the DIP Facility on an interim basis (the “**Interim DIP Order**”). On March 26, 2020, the Debtors received authorization from the Bankruptcy Court to access the entire amount of the DIP Facility on a final basis (the “**Final DIP Order**”, and together with the Interim DIP Order, the “**DIP Orders**”). Please see the DIP Motion and the DIP Orders for additional detail.
6. **Payment of Prepetition Claims Pursuant to First Day Orders.** Following the Petition Date, the Bankruptcy Court entered various orders (collectively, the “**First Day Orders**”) authorizing the Debtors to, among other things, pay certain prepetition: (a) service fees and charges assessed by the Debtors' banks and debit and credit card companies; (b) obligations to critical vendors; (c) customer program obligations; (d) employee wages, salaries, and related items (including, but not limited to, employee benefit programs and independent contractor obligations); and (e) taxes and assessments. To the extent any adjustments are necessary for any payments made on account of such claims following the commencement of these Chapter 11 Cases pursuant to the authority granted to the Debtors by the Bankruptcy Court under the First Day Orders, such adjustments have been included in the MOR unless otherwise noted.
7. **Liabilities Subject to Compromise.** The Debtors have not finalized their analysis of liabilities that may be subject to compromise, and hereby expressly reserve all rights to

reclassify, estimate, and/or change any amounts to denote such amounts as liabilities subject to compromise in the future.

8. **Reservation of Rights.** The Debtors reserve all rights to amend or supplement the MOR in all respects, as may be necessary or appropriate. Nothing contained in this MOR shall constitute a waiver of any of the Debtors' rights or an admission with respect to their Chapter 11 Cases.

9. **Specific MOR Disclosures.**

- a. **Notes to MOR-1a:** Cash receipts and disbursements related to Intercompany Transactions among the Debtors are deducted from total cash receipts and disbursements. Cash receipts and disbursements are from February 13, 2020 through March 1, 2020 and are presented on a book basis. As described in the Cash Management Motion, the vast majority of the cash disbursements made by, or on behalf of, each Debtor is made from bank accounts owned by Debtor McClatchy Newspapers, Inc. The Debtors have made a good faith effort to match cash disbursements to the specific Debtor entity for whose benefit the amounts were paid. Debtor Herald Custom Publishing of Mexico, S. de R.L. de C.V. ("HCP Mexico") owns two bank accounts through BBVA Bancomer, S.A., and occasionally makes disbursements from the account denominated in Mexican Pesos ("MXN"). For purposes of this schedule, amounts are translated from MXN to the US Dollar ("USD") based on the prevailing exchange rate on the day of the transaction.
- b. **Notes to MOR-1b.** All amounts listed are the bank balances as of the end of each period. The account ending in 1361 is denominated in Mexican Pesos (MXN). For purposes of this schedule, the amounts have been presented in USD using the exchange rate included in the footnote to the schedule.
- c. **Notes to MOR-3.** The amounts listed for Property and Equipment are the book value of the assets net any depreciation. Other Assets includes, among other things, intangible assets and goodwill; these assets are listed as the book value of these assets net any amortization. The Debtors have not analyzed the salvage value of the assets listed in this schedule. The Debtors are in the process of reviewing accounts payable and liabilities; therefore, these figures may be subject to change. The Debtors have not analyzed the collateral value for the liabilities listed on this schedule and are unable to determine the security of certain of these liabilities at this time.
- d. **Notes to MOR-4.** For the status of post-petition tax payments, see the *Schedule of Post-Petition Taxes* included as part of the MOR. Due to the size and detail of such records, (i) copies of IRS Form 6123 or payment receipts; (ii) copies of tax

returns filed during the reporting period; and (iii) a taxes aging schedule will be made available upon reasonable request in writing to counsel for the Debtors.

The *Schedule of Post-Petition Obligations* includes unpaid liabilities incurred in the post-petition period and is subject to ongoing review and analysis. The Debtors receive invoices from their vendors on a daily basis and it is possible that some invoices have not yet been processed that relate to the Reporting Period; therefore, this schedule is subject to further review and validation.

- e. **Notes to MOR-5.** Accounts receivable information is presented net of the Debtors' allowance for doubtful accounts. As of the end of the Reporting Period, the Debtors' allowance was approximately \$2.0 million.
- f. **Notes to MOR-6.** Persons included as "insiders" have been included for informational purposes only. The Debtors do not concede or take any position with respect to (a) such person's influence over the control of the Debtors, (b) the management responsibilities or functions of such individual, (c) the decision-making or corporate authority of such individual, or (d) whether such individual could successfully argue that he or she is not an "insider" under applicable law, including, without limitation, the federal securities laws or with respect to any theories of liability or for any other purpose. Further, the inclusion of a party as an "insider" is not an acknowledgement or concession that such party is an "insider" under applicable bankruptcy law.
- g. **Notes to MOR-7.** This schedule does not include any professionals discussed in the *Debtors' Motion Pursuant to 11 U.S.C. §§ 105(a), 327, 330, and 331 for Entry of Order Authorizing Debtors to Employ and Pay Professionals Utilized in the Ordinary Course of Business Nunc Pro Tunc to the Petition Date* [Docket No. 97].