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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)
	:	
-----	X	

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' 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.



**DECLARATION OF SEAN M. HARDING IN SUPPORT OF
THE DEBTORS' PROPOSED BIDDING PROCEDURES AND
SALE OF SUBSTANTIALLY ALL ASSETS**

Pursuant to 28 U.S.C. § 1746, I, Sean M. Harding, hereby declare under penalty of perjury that the following is true and correct to the best of my knowledge, information, and belief:

I. Introduction

1. I am a Senior Managing Director of FTI Consulting, Inc. (“**FTI**”), the Debtors’ financial advisor in these Chapter 11 Cases, and the Debtors’ Chief Restructuring Officer. I submit this declaration (this “**Declaration**”) in support of the *Debtors’ Emergency Motion for Orders: (A)(I) Establishing Bidding Procedures Relating to the Sale of Substantially All of the Debtors’ Assets; (II) Establishing Procedures for the Debtors to Enter Into Stalking Horse Agreement with Bid Protections In Connection With a Sale of Substantially All of the Debtors’ Assets; (III) Approving Form and Manner of Notice of All Procedures, Protections, Schedules and Agreements, and (IV) Scheduling a Hearing to Consider the Proposed Sale, and (B)(I) Approving the Sale of the Debtors’ Assets Free and Clear of All Liens, Claims, Encumbrances and Interests; and (II) Granting Certain Related Relief* (the “**Motion**”), filed concurrently herewith.²

2. Except where specifically noted, the statements in this Declaration are based on my personal knowledge, belief, or opinion; information that I have received from the Debtors’ employees or advisors and/or employees of FTI working directly with me or under my supervision, direction, or control; or from the Debtors’ records maintained in the ordinary course of their business.

² Capitalized terms used but not otherwise defined herein shall have the meanings set forth in the Motion.

3. As a professional retained by the Debtors, FTI is charging for services provided in this matter, but I am not being compensated for providing this Declaration or testimony. If I were called upon to testify, I could and would testify competently to the facts set forth herein. I am authorized to submit this Declaration on behalf of the Debtors.

II. Professional Background and Qualifications

4. I am a Senior Managing Director of FTI, which is a full-service financial advisory firm specializing in interim management, restructuring advisory, turnaround consulting, operational due diligence, and performance improvement services across a broad range of industries. FTI and its senior professionals have extensive experience with respect to stabilizing and improving a company's financial position, including developing or validating forecasts, business plans, and related assessments of a business's strategic position; monitoring and managing cash, cash flow, and supplier relationships; assessing and recommending cost reduction strategies; and designing and negotiating financial restructuring packages. I personally have over 22 years of experience advising and executing financing and restructuring transactions. My experience includes representing companies, boards, creditors, and bondholders in a variety of situations. I graduated from the University of Virginia with a B.S. I am a Certified Turnaround Professional and a Certified Insolvency and Restructuring Advisor. Prior to joining FTI, I was a Manager with the U.S. Division of PricewaterhouseCoopers' Business Recovery Services practice.

III. FTI's Engagement

5. I, together with a team of restructuring professionals under my supervision, began working with the Company in July 2019. Since then, I have worked closely with the Debtors' management team and other professional advisors to assist the Debtors in preparing cash-flow forecasts and budgets, formulating communication plans for vendors, customers, and other

stakeholders, and other contingency planning efforts. As a result of my efforts to date, including in my role as the Debtors' Chief Restructuring Officer, I am familiar with the Debtors' business operations and financial affairs, including the Debtors' current liquidity situation and financing requirements.

IV. The Debtors' Revised Cash-Flow Forecasts and Projections

6. [REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

7. [REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

8. [REDACTED]

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[REDACTED]

[REDACTED]

9. [REDACTED]

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10. [REDACTED]

[REDACTED]
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[REDACTED]
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[REDACTED]
[REDACTED]

11. [REDACTED]

[REDACTED]
[REDACTED]
[REDACTED]
[REDACTED]

[REDACTED]

12. [REDACTED]

13. [REDACTED]

V. The Debtors' Sale Process

14. In light of the Debtors' updated revenue forecasts and cash-flow projections as described above, in my opinion, it would be imprudent to delay or lengthen the Debtors' marketing process for multiple reasons. In my opinion, the strategic bidders that operate in the newspaper industry appreciate that the only pathway to longevity is through consolidation, and accordingly, I would expect such bidders to be engaged in the process notwithstanding COVID-19. The industry's movement towards consolidation predates the commencement of the Debtors' chapter 11 cases, and the impacts of the COVID-19 pandemic are likely to accelerate such consolidation in order to ensure the survival of many industry players.

15. Furthermore, the impacts and effects of COVID-19 upon the Debtors' businesses are unprecedented in scale and speed. At the time these chapter 11 cases were commenced, and even at the second-day hearing on March 25, 2020, no one could have predicted these impacts with any certainty. The situation continues to evolve on a daily basis, and the actual magnitude of the impact of COVID-19 on the Debtors' businesses could ultimately be worse than projected. While reasonable professionals may disagree upon the timing and speed of a potential subsequent economic recovery, the Debtors believe that a delay of the sale process in light of the Debtors' liquidity challenges is not in the best interests of the Debtors' estates or their stakeholders.

[REMAINDER OF PAGE INTENTIONALLY LEFT BLANK]

WHEREFORE, pursuant to 28 U.S.C. § 1746, I declare under penalty of perjury that the foregoing statements are true and correct to the best of my knowledge, information, and belief.

Dated: Atlanta, Georgia
May 5, 2020

/s/ Sean M. Harding
Sean M. Harding
Senior Managing Director
FTI Consulting, Inc.
*Financial Advisor to the
Debtors and Debtors in Possession*