

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: March 2, 2020 – March 29, 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.



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

Case No.: 20-10418 (MEW)

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

**GENERAL**

This MOR includes activity from the following Debtors and related case numbers

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)
Oak Street Redevelopment Corporation	20-10888 (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)

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

Case No.: 20-10418 (MEW)

Reporting Period: March 2, 2020 – March 29, 2020

**MOR 1A: SCHEDULE OF CASH RECEIPTS AND DISBURSEMENTS**

\$ in 000's

Debtor Name	Case Number	Net Receipts <sup>[1]</sup>	Net Disbursements <sup>[1]</sup>
The McClatchy Company	20-10418	\$ -	\$ -
Aboard Publishing, Inc.	20-10419	-	(74)
Bellingham Herald Publishing, LLC	20-10420	-	(142)
Belton Publishing Company, Inc.	20-10421	-	-
Biscayne Bay Publishing, Inc.	20-10422	-	-
Cass County Publishing Company	20-10423	-	-
Columbus-Ledger Enquirer, Inc.	20-10424	-	(222)
Cypress Media, Inc.	20-10417	-	-
Cypress Media, LLC	20-10425	-	(2,476)
East Coast Newspapers, Inc.	20-10426	-	(238)
El Dorado Newspapers	20-10427	-	-
Gulf Publishing Company, Inc.	20-10428	-	(149)
Herald Custom Publishing of Mexico, S. de R.L. de C.V.	20-10429	-	(57)
HLB Newspapers, Inc.	20-10430	-	-
Idaho Statesman Publishing, LLC	20-10431	-	(330)
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	-	(527)
Macon Telegraph Publishing Company	20-10436	-	(254)
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	-	-
McClatchy Newspapers, Inc.	20-10444	43,822	(26,019)
McClatchy Property, Inc.	20-10446	-	-
McClatchy Resources, Inc.	20-10447	-	-
McClatchy Shared Services, Inc.	20-10448	1,878	(2,199)
McClatchy U.S.A., Inc.	20-10449	-	-
Miami Herald Media Company	20-10450	-	(4,339)
N & O Holdings, Inc.	20-10451	-	-
Newsprint Ventures, Inc.	20-10452	-	-
Nittany Printing and Publishing Company	20-10453	-	(184)
Nor-Tex Publishing, Inc.	20-10454	-	-
Oak Street Redevelopment Corporation	20-10888	-	-
Olympian Publishing, LLC	20-10455	-	(149)
Olympic-Cascade Publishing, Inc.	20-10456	-	(8)
Pacific Northwest Publishing Company, Inc.	20-10457	-	-
Quad County Publishing, Inc.	20-10458	-	-
San Luis Obispo Tribune, LLC	20-10459	-	(172)
Star-Telegram, Inc.	20-10460	-	(760)
Tacoma News, Inc.	20-10461	-	(531)
The Bradenton Herald, Inc.	20-10462	-	(171)
The Charlotte Observer Publishing Company	20-10463	-	(1,270)
The News & Observer Publishing Co.	20-10464	3,927	(4,155)
The State Media Company	20-10465	-	(797)
The Sun Publishing Company, Inc.	20-10466	-	(199)
Tribune Newsprint Company	20-10467	-	-
Tru Measure, LLC	20-10468	-	(40)
Wichita Eagle and Beacon Publishing Company, Inc.	20-10469	-	(381)
Wingate Paper Company	20-10470	-	-
<b>Total</b>		<b>\$ 49,627</b>	<b>\$ (45,841)</b>

[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 <sup>[1]</sup>
<b>AVAILABLE CASH</b>					
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	17,264
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)	XXXXXX4217	121
Herald Custom Publishing of Mexico, S. de R.L. de C.V.	20-10429	BBVA Bancomer, S.A.	Depository (USD)	XXXXXX1361	100
<b>AVAILABLE CASH</b>					<b>\$ 17,486</b>
<b>RESTRICTED CASH AND DEPOSITS</b>					
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
McClatchy Newspapers, Inc.	20-10444	Wells Fargo, N.A.	LC Additional Collateral Account – Collatera	XXXXXX2069	533
[3] McClatchy Newspapers, Inc.	20-10444	Wells Fargo, N.A.	LC Additional Collateral Account – Est. Fees/Int	XXXXXX2069	117
[3] McClatchy Newspapers, Inc.	20-10444	Wells Fargo, N.A.	Utility Deposit Account	XXXXXX3832	371
[3] McClatchy Newspapers, Inc.	20-10444	Wells Fargo, N.A.	Bank Products Collateral Account	XXXXXX2101	6,126
<b>RESTRICTED CASH</b>					<b>\$ 33,798</b>
<b>TOTAL CASH</b>					<b>\$ 51,283</b>
<b>DIP BALANCE - 3/2/20</b>					<b>\$ -</b>
Borrowings in Period					-
Payments in Period					-
<b>DIP BALANCE - 3/29/20</b>					<b>\$ -</b>

[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 (\$3.9M), offset by deposits in transit (\$1.0M).

[2] This account is denominated in Mexican Pesos (MXN). For purpose of this schedule, amounts are presented in USD, using the exchange rate of 23.5122 on March 29, 2020.

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

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Case No.: 20-10418 (MEW)

Reporting Period: March 2, 2020 – March 29, 2020

**MOR 2: INCOME STATEMENT**

<i>\$ in 000's</i>	MONTH TOTAL	CUMULATIVE FILING TO DATE
<b>REVENUES</b>		
Operating Revenue	\$ 47,891	\$ 83,601
<b>OPERATING EXPENSE</b>		
Cost of Revenue	(14,125)	(23,020)
Selling, General and Administrative Expense	(10,541)	(17,407)
Payroll and Benefits Expense	(16,601)	(26,910)
Non-Recurring Operating Costs - Other	(1,078)	(464)
<b>OPERATING INCOME</b>	<b>\$ 5,546</b>	<b>\$ 15,800</b>
<b>OTHER OPERATING INCOME (EXPENSE)</b>		
Other Income (Expense)	221	(1,035)
Interest Income (Expense)	(3,204)	(3,704)
Taxes	7,955	7,897
Depreciation and Amortization	(4,527)	(9,083)
Impairment of Goodwill and Other Intangibles <sup>[1]</sup>	-	-
<b>NET OPERATING INCOME (EXPENSE)</b>	<b>\$ 5,991</b>	<b>\$ 9,875</b>
Restructuring Costs <sup>[2]</sup>	(92,461)	(95,806)
<b>NET PROFIT (LOSS)</b>	<b>\$ (86,470)</b>	<b>\$ (85,931)</b>

[1] The Debtors are in the process of testing and analyzing goodwill and other intangible assets for impairment during their first fiscal quarter. The impact of any impairment entries could materially affect the Debtors' income statement and balance sheet for the period ending March 29, 2020.

[2] Restructuring Costs for the current period relate to \$83.1M of write off of debt issuance fees, \$8.6M of professional fees, and \$0.8M of lease termination costs.

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

Case No.: 20-10418 (MEW)

Reporting Period: March 2, 2020 – March 29, 2020

### MOR 3: BALANCE SHEET

\$ in 000's

<b>ASSETS</b>	
Cash and cash equivalents	\$ 14,540
Accounts receivable, net	63,699
Inventories, net	4,794
Prepaid expenses and other current assets	35,416
<b>TOTAL CURRENT ASSETS</b>	<b>\$ 118,449</b>
Restricted cash	27,183
Property and equipment, net <sup>[1]</sup>	187,563
Other Assets <sup>[2]</sup>	574,638
<b>TOTAL ASSETS</b>	<b>\$ 907,833</b>
<b>LIABILITIES <sup>[3]</sup></b>	
<i>CURRENT LIABILITIES</i>	
Accounts payable	\$ 32,477
Accrued salaries and benefits	19,432
Accrued taxes	4,324
Unearned revenue	55,279
Accrued interest	13,986
Other current liabilities	23,593
<b>TOTAL CURRENT LIABILITIES</b>	<b>\$ 149,091</b>
<i>NON-CURRENT LIABILITIES</i>	
Non-current liabilities	468,667
Liabilities subject to compromise	1,123,713
<b>TOTAL NON-CURRENT LIABILITIES</b>	<b>\$ 1,592,380</b>
<b>TOTAL LIABILITIES</b>	<b>\$ 1,741,471</b>
<b>MEMBERS' EQUITY</b>	
Members capital	2,218,305
Accumulated Deficit	(3,051,943)
<b>NET MEMBERS' EQUITY</b>	<b>\$ (833,638)</b>
<b>TOTAL LIABILITIES AND MEMBERS' EQUITY</b>	<b>\$ 907,833</b>

[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 Debtors are in the process of testing and analyzing goodwill and other intangible assets for impairment during their first fiscal quarter. The impact of any impairment entries could materially affect the Debtors' income statement and balance sheet for the period ending March 29, 2020.

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

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

Case No.: 20-10418 (MEW)  
Reporting Period: March 2, 2020 – March 29, 2020

**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 <sup>[1]</sup>	NUMBER OF DAYS PAST DUE						Total
	Current	0-30	31-60	61-90	Over 91		
Accounts Payable <sup>[2]</sup>	\$ 20,506	\$ -	\$ -	\$ -	\$ -		\$ 20,506
Salaries and Benefits Payable	19,432	-	-	-	-		19,432
Taxes Payable	4,324	-	-	-	-		4,324
Rent / Leases Payable <sup>[3]</sup>	62	-	-	-	-		62
Professional Fees <sup>[3]</sup>	11,909	-	-	-	-		11,909
<b>Total Post-Petition Debts</b>	<b>\$ 56,233</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>		<b>\$ 56,233</b>

[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.

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

Case No.: 20-10418 (MEW)

Reporting Period: March 2, 2020 – March 29, 2020

**MOR 5: ACCOUNTS RECEIVABLE RECONCILIATION AND AGING**

*\$ in 000's*

<b>Accounts Receivable Reconciliation</b>	<b>Amounts</b>
Total Accounts Receivable at the beginning of the reporting period	\$ 51,780
PLUS: Amount of new billings	37,481
MINUS: Amount collected during the period	(24,474)
MINUS: Amount adjusted or written off during the period	(1,088)
<b>Total Accounts receivable at the end of the reporting period</b>	<b>\$ 63,699</b>

<b>Accounts Receivable Aging Detail</b>	<b>Amounts</b>
Current <sup>[1]</sup>	\$ 37,573
0-30 days past due	13,317
31-60 days past due	6,180
61-90 days past due	3,045
Over 90 days past due	3,585
<b>Total Accounts Receivable</b>	<b>\$ 63,699</b>

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



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

Case No.: 20-10418 (MEW)

Reporting Period: March 2, 2020 – March 29, 2020

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

\$ in 000's

<b>Summary of Officer &amp; Insider Compensation <sup>[1]</sup></b>			
Type of Payment	Amount Paid		
	Current Period	Case-to-Date	
Payroll and Benefits	\$ 311	\$	424
Expense Reimbursements	-	-	-
Bonuses	-	-	-
<b>All Payments</b>	<b>\$ 311</b>	<b>\$</b>	<b>424</b>

- [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 &amp; 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	TC2HUB-7436L27-0-19	Workers' Compensation	12/31/2020	
The Phoenix Insurance Co.	TRNUB-7436L28-2-19	Employer's Liability - Large Deductible		
		Workers' Compensation	12/31/2020	
		Employer's Liability - Retiree		
Safety National Casualty Corporation	SP4061856	Excess Workers' Compensation	12/31/2021	
		Employer's Liability - California		
Travelers Property Casualty Company of America	TC2J-GLSA-6076C053-19	General Liability	12/31/2020	
Travelers Property Casualty Company of America	TC2JCAP-6076C065-19	Automobile Liability	12/31/2020	
Travelers Indemnity Company of Connecticut	TJ-BAP-6076C077-TIL-19	Automobile Physical Damage	12/31/2020	
National Union Fire Insurance Company of Pittsburgh, PA (AIG)	BE 012781428	Primary Umbrella Liability	12/31/2020	
Continental Insurance Co. (CNA)	FFX 6076182244	1st Excess Liability	12/31/2020	
Fireman's Fund Insurance Co.	USL003461193	2nd Excess Liability	12/31/2020	
Travelers Property Casualty Company of America	ZUP-31M90915-19-NF	3rd Excess Liability	12/31/2020	
Zurich American Insurance Co	CCP ZF5126030CCP ZF5126029	ERISA (401K/Retirement Plan)	1/1/2022	
Columbia Casualty Company (CNA)	425321276	Cyber & Privacy Liability	4/1/2020	
Liberty Mutual	EO4NAAAY2PQ005	Cyber & Privacy Liability-1st Excess	4/1/2020	
Member Companies of Global Aerospace	9002760	UAS (Drone) Liability	4/25/2020	
National Union Fire Insurance Company of Mutual Insurance Company Limited	GTP 0009111580-C	Business Travel Accident Insurance	10/12/2022	
	0414-10065-18	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.	DOL9924533	D&O	7/31/2020	
Beazley Insurance Company, Inc	V11B41190901	D&O - 1st Excess	7/31/2020	
Old Republic Insurance Co.	ORPRO42999	D&O - 2nd Excess	7/31/2020	
XL Specialty Insurance Co.	ELU163050-19	D&O - 3rd Excess	7/31/2020	
ACE American Insurance Co.	DOXG25545217004	D&O - 4th Excess	7/31/2020	
National Union Fire Insurance Company of	01-613-60-98	D&O - 5th Excess	7/31/2020	
QBE Insurance Corporation	QPL0025908	D&O - 6th Excess	7/31/2020	
Federal Insurance Co.	6804-7166	Fiduciary	7/31/2020	
Beazley Insurance Company, Inc	V1BD34190401	Fiduciary - Excess	7/31/2020	
US Specialty Insurance Co.	U718-89071	Special Crime	8/29/2021	
FM Global	1056794	Property/Business Interruption	9/30/2020	
Beazley Insurance Company, Inc	V25950190201	Employment Practices Liability	12/31/2020	
Ace American Insurance Co.	PHFD37569136 006	International Package	12/31/2020	
Wright National Flood Insurance Co.	04-1150990919 (NFIP Policy#1150990919)	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**

\$USD Actual

Professional Name	Date of Court Order Authorizing Payment	Amount Approved	Amount Paid	Total Paid to Date <sup>[1]</sup>	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 &amp; Flom, LLP</i>	239,517

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

Case No.: 20-10418 (MEW)

Reporting Period: March 2, 2020 – March 29, 2020

**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	73,795	165,608	1,625	-
Bellingham Herald Publishing, LLC	20-10420	141,624	218,523	1,625	-
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	221,694	362,031	4,875	-
Cypress Media, Inc.	20-10417	-	-	325	-
Cypress Media, LLC	20-10425	2,475,635	3,632,438	36,324	-
East Coast Newspapers, Inc.	20-10426	238,491	393,423	4,875	-
El Dorado Newspapers	20-10427	-	-	325	-
Gulf Publishing Company, Inc.	20-10428	148,816	238,468	1,950	-
Herald Custom Publishing of Mexico, S. de R.L. de C.V.	20-10429	57,361	65,528	650	-
HLB Newspapers, Inc.	20-10430	-	-	325	-
Idaho Statesman Publishing, LLC	20-10431	329,655	598,510	4,875	-
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	526,701	856,507	4,875	-
Macon Telegraph Publishing Company	20-10436	253,810	381,452	4,875	-
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	325	-
McClatchy Newspapers, Inc.	20-10444	26,019,179	41,544,106	250,000	-
McClatchy Property, Inc.	20-10446	-	-	325	-
McClatchy Resources, Inc.	20-10447	-	-	325	-
McClatchy Shared Services, Inc.	20-10448	2,198,639	2,580,175	25,802	-
McClatchy U.S.A., Inc.	20-10449	-	-	325	-
Miami Herald Media Company	20-10450	4,338,981	6,426,710	64,267	-
N & O Holdings, Inc.	20-10451	-	-	325	-
Newsprint Ventures, Inc.	20-10452	-	-	325	-
Nittany Printing and Publishing Company	20-10453	183,791	374,991	4,875	-
Nor-Tex Publishing, Inc.	20-10454	-	-	325	-
Oak Street Redevelopment Corporation	20-10888	-	-	325	-
Olympian Publishing, LLC	20-10455	149,122	246,790	1,950	-
Olympic-Cascade Publishing, Inc.	20-10456	7,642	10,990	325	-
Pacific Northwest Publishing Company, Inc.	20-10457	-	-	325	-
Quad County Publishing, Inc.	20-10458	-	-	325	-
San Luis Obispo Tribune, LLC	20-10459	172,093	287,891	1,950	-
Star-Telegram, Inc.	20-10460	759,504	1,244,709	12,447	-
Tacoma News, Inc.	20-10461	530,860	911,935	4,875	-
The Bradenton Herald, Inc.	20-10462	171,259	292,798	1,950	-
The Charlotte Observer Publishing Company	20-10463	1,269,549	2,172,266	21,723	-
The News & Observer Publishing Co.	20-10464	4,154,776	6,300,000	63,000	-
The State Media Company	20-10465	796,668	1,331,259	13,313	-
The Sun Publishing Company, Inc.	20-10466	199,249	307,948	4,875	-
Tribune Newsprint Company	20-10467	-	-	325	-
Tru Measure, LLC	20-10468	40,490	89,295	975	-
Wichita Eagle and Beacon Publishing Company, Inc.	20-10469	381,480	599,657	4,875	-
Wingate Paper Company	20-10470	-	-	325	-
<b>Total</b>		<b>\$ 45,840,862</b>	<b>\$ 71,646,143</b>	<b>\$ 553,176</b>	<b>\$ -</b>

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

Case No.: 20-10418 (MEW)

Reporting Period: March 2, 2020 – March 29, 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>	: <b>Chapter 11</b>
	:
<b>THE McCLATCHY COMPANY, et al.,</b>	: <b>Case No. 20-10418 (MEW)</b>
	:
<b>Debtors.<sup>1</sup></b>	: <b>(Jointly Administered)</b>
	:
-----	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**”).<sup>2</sup>

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]. On March 24, 2020, Oak Street Redevelopment Corporation, a wholly owned subsidiary of Debtor Cypress Media, Inc. commenced a case by filing a petition for relief under chapter 11 of the Bankruptcy Code in the Bankruptcy Court and is jointly administered and included within the Chapter 11 Cases.

<sup>1</sup> 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.kcellc.net/McClatchy>. The location of the Debtors’ service address for purposes of these chapter 11 cases is: 2100 Q Street, Sacramento, California 95816.

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

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 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 March 2, 2020 through March 29, 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].