

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

-----	x	
<i>In re</i>	:	Chapter 11
	:	
JCK LEGACY COMPANY, et al.,	:	Case No. 20-10418 (MEW)
	:	
Debtors.¹	:	(Jointly Administered)
	:	
-----	x	Related Docket Nos. 856

DECLARATION OF SEAN M. HARDING IN SUPPORT OF THE D&O SETTLEMENT

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 with FTI Consulting, Inc. (together with its wholly owned subsidiaries, agents, independent contractors, and employees, “**FTI**”), financial advisor to the above-captioned debtors (the “**Debtors**”), and I have been retained as Chief Restructuring Officer to the Debtors.

2. I 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.

¹ The last four digits of Debtor JCK Legacy 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.kcellc.net/McClatchy>. The location of the Debtors’ service address for purposes of these chapter 11 cases is: 2100 Q Street, Sacramento, California 95816.

(cont’d)



Prior to joining FTI, I was a Manager with the U.S. Division of PricewaterhouseCoopers' Business Recovery Services practice.

3. I submit this declaration (the "**Declaration**") in support of the settlement of D&O Claims² (the "**D&O Settlement**") as reflected and embodied in the updated *Joint Chapter 11 Plan of Distribution of JCK Legacy Company and its Affiliated Debtors and Debtors in Possession* (as it may be further amended, supplemented, and/or modified from time to time and including all exhibits and supplements thereto, the "**Plan**") and the updated proposed *Findings of Fact, Conclusions of Law, and Order Approving the Disclosure Statement and Confirming the Joint Chapter 11 Plan of Distribution of JCK Legacy Company and its Affiliated Debtors and Debtors in Possession* (as it may be further amended, the "**Confirmation Order**"), each of which were filed as exhibits to the Notice of Implementation of the D&O Settlement, filed at ECF No. 856.

4. 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; from the Debtors' records maintained in the ordinary course of their business; or my discussion with other representatives of the Debtors, including the Debtors' counsel.

II. The D&O Settlement

5. I understand that in accordance with the Committee Settlement, and pursuant to section 6.3 of the prior version of the Plan filed at ECF No, 780, the Debtors previously contemplated the transfer to the trust established for the benefit of general unsecured creditors (the "**GUC Recovery Trust**") the Debtors' Causes of Action (the "**D&O Claims**") against its

² Capitalized terms used but not otherwise defined shall have the meanings ascribed to them in the Plan or the Confirmation Order, as applicable.

directors, officers, and managers (collectively, the “**Ds&Os**”) and any rights to assert claims with respect to the Ds&Os’ insurance policies (the “**D&O Insurance**”).

6. With that framework in place, the Official Committee of Unsecured Creditors (the “**Committee**”), the Ds&Os, the D&O Insurance carriers and the Debtors continued to work diligently to negotiate the consensual D&O Settlement, which has now been achieved. Pursuant to the D&O Settlement, the terms of which are now embodied in the Plan and Confirmation Order, the D&O Claims will be settled through a payment of \$4,587,500 in cash by the D&O Insurance carriers to an escrow account for the benefit of the GUC Recovery Trust on or prior to the Effective Date. In exchange, the Ds&Os will be granted consensual releases under the Plan by the Releasing Parties, each of whom has consented to such releases. The Ds&Os will also grant consensual releases of the other Releasing Parties.

7. The D&O Settlement is the product of extensive good-faith, arms’-length negotiations conducted between the Committee, the Ds&Os and the D&O Insurance carriers. The Debtors support the D&O Settlement, which I believe is well within the range of reasonableness. In my opinion, the D&O Settlement reflects the impact of the Debtors’ valuation achieved by the Sale Transaction and the estates’ limited resources to continue to pursue litigation relating to the D&O Claims, particularly in light of the uncertainty of such litigation. Moreover, the D&O Settlement was achieved only after the Committee’s investigation of the 2018/2019 financing transactions and the potential D&O Claims. Accordingly, the Committee’s judgment to settle the D&O claims as set forth in the D&O Settlement is further evidence that the settlement is within the range of reasonableness. I believe that the D&O Settlement is in the best interests of the Debtors’ estates and other parties in interest.

[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: New York, New York
September 21, 2020

/s/ Sean M. Harding
Sean M. Harding
Chief Restructuring Officer
The McClatchy Company