UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 10-Q

☒ QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the quarterly period ended: April 1, 2018

or

☐ TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the transition period from ________ to ________

Commission file number: 1-9824

MCCLATCHY

The McClatchy Company
(Exact name of registrant as specified in its charter)

Delaware	52-2080478
(State or other jurisdiction of incorporation or organization)	(I.R.S. Employer Identification No.)
2100 "Q" Street, Sacramento, CA	95816
(Address of principal executive offices)	(Zip Code)

916-321-1844
(Registrant's telephone number, including area code)

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days.

Yes ☒ No ☐

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files).

Yes ☒ No ☐

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, a smaller reporting company, or an emerging growth company. See the definitions of "large accelerated filer," "accelerated filer," "smaller reporting company," and "emerging growth company" in Rule 12b-2 of the Exchange Act.

Large accelerated filer ☐ Accelerated filer ☒

Non-accelerated filer (Do not check if smaller reporting company) ☐ Smaller reporting company ☐ Emerging growth company ☐

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act. ☐

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12-b of the Exchange Act).

Yes ☐ No ☒

As of May 4, 2018, the registrant had shares of common stock as listed below outstanding:

Class A Common Stock	5,328,547
Class B Common Stock	2,428,191

THE MCCLATCHY COMPANY

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PART I – FINANCIAL INFORMATION

ITEM 1. FINANCIAL STATEMENTS.

THE MCCLATCHY COMPANY
CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS
(Unaudited; amounts in thousands, except per share amounts)

	Three Months Ended	
	April 1, 2018	March 26, 2017
REVENUES — NET:		
Advertising	$ 99,887	$ 119,889
Audience	86,278	91,416
Other	12,693	9,907
	198,858	221,212
OPERATING EXPENSES:		
Compensation	79,212	91,408
Newsprint, supplements and printing expenses	13,659	17,845
Depreciation and amortization	19,233	19,804
Other operating expenses	89,649	94,717
Other asset write-downs	59	1,957
	201,812	225,731
OPERATING LOSS	(2,954)	(4,519)
NON-OPERATING INCOME (EXPENSE):		
Interest expense	(18,896)	(20,454)
Interest income	137	153
Equity income (loss) in unconsolidated companies, net	(1,268)	63
Impairments related to equity investments, net	—	(123,000)
Loss on extinguishment of debt, net	(5,349)	—
Retirement benefit expense	(2,778)	(3,327)
Other — net	39	60
	(28,115)	(146,505)
Loss before income taxes	(31,069)	(151,024)
Income tax (benefit) expense	7,872	(55,449)
NET LOSS	$ (38,941)	$ (95,575)
Net loss per common share:		
Basic	$ (5.04)	$ (12.60)
Diluted	$ (5.04)	$ (12.60)
Weighted average number of common shares:		
Basic	7,721	7,588
Diluted	7,721	7,588

See notes to the condensed consolidated financial statements.

THE MCCLATCHY COMPANY
CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE LOSS
(Unaudited; amounts in thousands)

	Three Months Ended	
	April 1, 2018	**March 26, 2017**
NET LOSS	$ (38,941)	$ (95,575)
OTHER COMPREHENSIVE INCOME (LOSS):		
Pension and post retirement plans: [1]		
Change in pension and post-retirement benefit plans, net of taxes of $0 and $(1,714)	5,550	2,571
Investment in unconsolidated companies:		
Other comprehensive income, net of taxes of $0 and $(48)	—	72
Other comprehensive income	5,550	2,643
Comprehensive loss	$ (33,391)	$ (92,932)

[1] There is no income tax benefit associated with three months ended April 1, 2018, due to the recognition of a valuation allowance.

See notes to the condensed consolidated financial statements.

THE MCCLATCHY COMPANY
CONDENSED CONSOLIDATED BALANCE SHEETS
(Unaudited; amounts in thousands, except share amounts)

	April 1, 2018	December 31, 2017
ASSETS		
Current assets:		
Cash and cash equivalents	$ 19,976	$ 99,387
Trade receivables (net of allowances of $3,804 and $3,225)	74,955	101,081
Other receivables	10,936	11,556
Newsprint, ink and other inventories	8,995	7,918
Assets held for sale	6,068	6,332
Other current assets	22,054	19,000
	142,984	245,274
Property, plant and equipment, net	252,780	257,639
Intangible assets:		
Identifiable intangibles — net	216,186	228,222
Goodwill	705,174	705,174
	921,360	933,396
Investments and other assets:		
Investments in unconsolidated companies	6,453	7,172
Other assets	61,684	62,437
	68,137	69,609
	$ 1,385,261	$ 1,505,918
LIABILITIES AND STOCKHOLDERS' EQUITY (DEFICIT)		
Current liabilities:		
Current portion of long-term debt	$ —	$ 74,140
Accounts payable	30,371	31,856
Accrued pension liabilities	8,941	8,941
Accrued compensation	25,044	24,050
Income taxes payable	17,741	10,133
Unearned revenue	62,513	60,436
Accrued interest	12,226	7,954
Other accrued liabilities	18,459	18,832
	175,295	236,342
Non-current liabilities:		
Long-term debt	688,182	707,252
Deferred income taxes	28,206	28,062
Pension and postretirement obligations	594,500	599,763
Financing obligations	92,677	91,905
Other long-term obligations	46,358	46,926
	1,449,923	1,473,908
Commitments and contingencies		
Stockholders' equity (deficit):		
Common stock $.01 par value:		
Class A (authorized 200,000,000 shares, issued 5,315,434 shares and 5,256,325 shares)	53	52
Class B (authorized 60,000,000 shares, issued 2,443,191 shares and 2,443,191 shares)	24	24
Additional paid-in-capital	2,215,849	2,215,109
Accumulated deficit	(2,011,706)	(1,970,097)
Treasury stock at cost, 25,689 shares and 3,157 shares	(358)	(51)
Accumulated other comprehensive loss	(443,819)	(449,369)
	(239,957)	(204,332)
	$ 1,385,261	$ 1,505,918

See notes to the condensed consolidated financial statements.

THE MCCLATCHY COMPANY
CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS
(Unaudited; amounts in thousands)

	Three Months Ended	
	April 1, 2018	March 26, 2017
CASH FLOWS FROM OPERATING ACTIVITIES:		
Net loss	$ (38,941)	$ (95,575)
Reconciliation to net cash provided by (used in) operating activities:		
Depreciation and amortization	19,233	19,804
Gain on disposal of property and equipment (excluding other asset write-downs)	(3,016)	(384)
Retirement benefit expense	2,778	3,327
Stock-based compensation expense	741	1,029
Equity (income) loss in unconsolidated companies	1,268	(63)
Impairments related to equity investments, net	—	123,000
Distributions of income from equity investments	56	—
Loss on extinguishment of debt, net	5,349	—
Other asset write-downs	59	1,957
Other	(1,769)	(1,716)
Changes in certain assets and liabilities:		
Trade receivables	23,458	23,177
Inventories	(1,077)	686
Other assets	(1,713)	(2,076)
Accounts payable	(1,485)	(3,655)
Accrued compensation	994	(1,352)
Income taxes	7,784	(55,646)
Accrued interest	4,272	7,656
Other liabilities	221	305
Net cash provided by operating activities	18,212	20,474
CASH FLOWS FROM INVESTING ACTIVITIES:		
Purchases of property, plant and equipment	(2,088)	(1,680)
Proceeds from sale of property, plant and equipment and other	3,708	392
Contributions to cost and equity investments	(500)	(1,808)
Other-net	—	(11)
Net cash provided by (used in) investing activities	1,120	(3,107)
CASH FLOWS FROM FINANCING ACTIVITIES:		
Repurchase of public notes	(99,284)	—
Purchase of treasury shares	(307)	(285)
Other	848	407
Net cash provided by (used in) financing activities	(98,743)	122
Increase (decrease) in cash, cash equivalents and restricted cash	(79,411)	17,489
Cash, cash equivalents and restricted cash at beginning of period	131,354	36,248
CASH, CASH EQUIVALENTS AND RESTRICTED CASH AT END OF PERIOD	$ 51,943	$ 53,737

See notes to the condensed consolidated financial statements

THE MCCLATCHY COMPANY
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
(UNAUDITED)

1. SIGNIFICANT ACCOUNTING POLICIES

Business and Basis of Accounting

The McClatchy Company (the "Company," "we," "us" or "our") operates 30 media companies in 14 states, providing each of its communities with high-quality news and advertising services in a wide array of digital and print formats. We are a publisher of brands such as the *Miami Herald*, *The Kansas City Star*, *The Sacramento Bee*, *The Charlotte Observer*, *The* (Raleigh) *News & Observer*, and the (Fort Worth) *Star-Telegram*. We are headquartered in Sacramento, California, and our Class A Common Stock is listed on the NYSE American under the symbol MNI.

Preparation of the financial statements in conformity with accounting principles generally accepted in the United States and pursuant to the rules and regulation of the Securities and Exchange Commission requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ materially from those estimates. The condensed consolidated financial statements include the Company and our subsidiaries. Intercompany items and transactions are eliminated.

In our opinion, the accompanying unaudited condensed consolidated financial statements reflect all adjustments, which are of a normal recurring nature, that are necessary to present fairly our financial position, results of operations, and cash flows for the interim periods presented. The financial statements contained in this report are not necessarily indicative of the results to be expected for the full year. These unaudited condensed consolidated financial statements should be read in conjunction with the audited consolidated financial statements and notes thereto included in our Annual Report on Form 10-K for the year ended December 31, 2017 ("Form 10-K"). Each of the three-month fiscal periods included herein comprise 13 weeks.

Fair Value of Financial Instruments

We account for certain assets and liabilities at fair value. The hierarchy below lists three levels of fair value based on the extent to which inputs used in measuring fair value are observable in the market. We categorize each of our fair value measurements in one of these three levels based on the lowest level input that is significant to the fair value measurement in its entirety. These levels are:

Level 1 – Unadjusted quoted prices available in active markets for identical investments as of the reporting date.

Level 2 – Observable inputs to the valuation methodology are other than Level 1 inputs and are either directly or indirectly observable as of the reporting date and fair value can be determined through the use of models or other valuation methodologies.

Level 3 – Inputs to the valuation methodology are unobservable inputs in situations where there is little or no market activity for the asset or liability, and the reporting entity makes estimates and assumptions related to the pricing of the asset or liability including assumptions regarding risk.

Our policy is to recognize significant transfers between levels at the actual date of the event or circumstance that caused the transfer.

The following methods and assumptions were used to estimate the fair value of each class of financial instruments:

Cash and cash equivalents, accounts receivable and accounts payable. As of April 1, 2018, and December 31, 2017, the carrying amount of these items approximates fair value because of the short maturity of these financial instruments.

Long-term debt. The fair value of our long-term debt is determined using quoted market prices and other inputs that were derived from available market information, including the current market activity of our publicly-traded notes and bank debt, trends in investor demand for debt and market values of comparable publicly-traded debt. These are considered to be Level 2 inputs under the fair value measurements and disclosure guidance and may not be representative of actual value. At April 1, 2018 and December 31, 2017, the estimated fair value of long-term debt, including the current portion of long-term debt, was $790.2 million and $810.7 million, respectively. At April 1, 2018, and December 31, 2017, the carrying value of our long-term debt, including the current portion of long-term debt, if any, was $688.2 million and $781.4 million, respectively.

Certain assets are measured at fair value on a nonrecurring basis; that is, they are subject to fair value adjustments only in certain circumstances (for example, when there is evidence of impairment). Our non-financial assets that may be measured at fair value on a nonrecurring basis are assets held for sale, goodwill, intangible assets not subject to amortization and equity method investments. All of these are measured using Level 3 inputs. We utilize valuation techniques that seek to maximize the use of observable inputs and minimize the use of unobservable inputs. The significant unobservable inputs include our expected cash flows and the discount rates that we estimate market participants would seek for bearing the risk associated with such assets.

Newsprint, ink and other inventories

Newsprint, ink and other inventories are stated at the lower of cost (based principally on the first-in, first-out method) and net realizable value. During the three months ended March 26, 2017, we recorded a $2.0 million write-down of non-newsprint inventory, which is reflected in the other asset write-downs line on our condensed consolidated statement of operations. There were no similar write-downs of newsprint, ink or other inventories during the three months ended April 1, 2018.

Property, Plant and Equipment

Depreciation expense with respect to property, plant and equipment is summarized below:

	Three Months Ended	
(in thousands)	**April 1, 2018**	**March 26, 2017**
Depreciation expense	$ 7,197	$ 7,721

Assets Held for Sale

During the three months ended April 1, 2018, we began to actively market for sale the land and buildings at two of our media companies. In connection with classifying these assets as assets held for sale, the carrying value of the land and building at one of the properties was reduced to its estimated fair value less selling costs, as determined based on the current market conditions and the selling price. As a result, an impairment charge of $0.1 million was recorded during the three months ended April 1, 2018, and is included in other asset write-downs on our condensed consolidated statement of operations.

Intangible Assets and Goodwill

We test for impairment of goodwill annually at year-end, or whenever events occur or circumstances change that would more likely than not reduce the fair value of a reporting unit below its carrying amount. The required approach uses accounting judgments and estimates of future operating results. Changes in estimates or the application of alternative assumptions could produce significantly different results. Impairment testing is done at a reporting unit level. We perform this testing on operating segments, which are also considered our reporting units. An impairment loss is recognized when the carrying amount of the reporting unit's net assets exceeds the estimated fair value of the reporting unit. The fair value of our reporting units is determined using a combination of a discounted cash flow model and market based approaches. The estimates and judgments that most significantly affect the fair value calculation are assumptions related to revenue growth, newsprint prices, compensation levels, discount rate, hypothetical transaction structures, and for the market based approach, private and public market trading multiples for newspaper assets. We consider current market capitalization, based upon the recent stock market prices, plus an estimated control premium in determining the reasonableness of the aggregate fair value of the reporting units. We had no impairment of goodwill during the three months ended April 1, 2018 or March 26, 2017.

Newspaper mastheads (newspaper titles and website domain names) are not subject to amortization and are tested for impairment annually at year-end, or more frequently if events or changes in circumstances indicate that the asset might be impaired. The impairment test consists of a comparison of the fair value of each newspaper masthead with its carrying amount. We use a relief-from-royalty approach, which utilizes the discounted cash flow model to determine the fair value of each newspaper masthead. We had no impairment of newspaper mastheads during the three months ended April 1, 2018, or March 26, 2017.

Long-lived assets such as intangible assets subject to amortization (primarily advertiser and subscriber lists) are tested for recoverability whenever events or changes in circumstances indicate that their carrying amounts may not be recoverable. The carrying amount of each asset group is not recoverable if it exceeds the sum of the undiscounted cash flows expected to result from the use of such asset group. We had no impairment of long-lived assets subject to amortization during the three months ended April 1, 2018, or March 26, 2017.

Financial Obligations

Financial obligations consists of contributions of real properties to the Pension Plan in 2016 and 2011, and real property previously owned by *The Sacramento Bee* that was sold and leased back during the third quarter of 2017. In April 2018, we sold and leased back real property owned by *The State* in Columbia, SC. As a result, our long-term financial obligations will increase by approximately $14.6 million during the second quarter of 2018.

Segment Reporting

We operate 30 media companies, providing each of our communities with high-quality news and advertising services in a wide array of digital and print formats. We have two operating segments that we aggregate into a single reportable segment because each has similar economic characteristics, products, customers and distribution methods. Our operating segments are based on how our chief executive officer, who is also our Chief Operating Decision Maker ("CODM"), makes decisions about allocating resources and assessing performance. The CODM is provided discrete financial information for the two operating segments. Each operating segment consists of a group of media companies and both operating segments report to the same segment manager. One of our operating segments ("Western Segment") consists of our media companies' operations in the West and Midwest, while the other operating segment ("Eastern Segment") consists primarily of media operations in the Carolinas and East.

Accumulated Other Comprehensive Loss

Our accumulated other comprehensive loss ("AOCL") and reclassifications from AOCL, net of tax, consisted of the following:

(in thousands)	Minimum Pension and Post-Retirement Liability	Other Comprehensive Loss Related to Equity Investments	Total
Balance at December 31, 2017	$ (442,406)	$ (6,963)	$ (449,369)
Other comprehensive income (loss) before reclassifications	—	—	—
Amounts reclassified from AOCL	5,550	—	5,550
Other comprehensive income	5,550	—	5,550
Balance at April 1, 2018	$ (436,856)	$ (6,963)	$ (443,819)

(in thousands) AOCL Component	Amount Reclassified from AOCL Three Months Ended April 1, 2018	March 26, 2017	Affected Line in the Condensed Consolidated Statements of Operations
Minimum pension and post-retirement liability	$ 5,550	$ 4,285	Retirement benefit expense
	—	(1,714)	Benefit for income taxes [1]
	$ 5,550	$ 2,571	Net of tax

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[1] There is no income tax benefit associated with the three months ended April 1, 2018, due to the recognition of a valuation allowance.

Income Taxes

We account for income taxes using the liability method. Under this method, deferred tax assets and liabilities are determined based on differences between the financial reporting and tax bases of assets and liabilities and are measured using the enacted tax rates and laws that are expected to be in effect when the differences are expected to reverse.

On December 22, 2017, the Tax Cuts and Jobs Act of 2017 ("Tax Act") was enacted. The Tax Act makes broad and complex changes to the U.S. tax code, including, but not limited to, (i) reducing the U.S. federal corporate rate from 35% to 21%; (ii) eliminating the corporate alternative minimum tax ("AMT") and changing how existing AMT credits can be realized; (iii) creating a new limitation on deductible interest expense; (iv) changing rules related to uses and limitations of net operating loss carryforwards created in tax years beginning after December 31, 2017; (v) bonus depreciation that will allow for full expensing of qualified property; and (vi) limitations on the deductibility of certain executive compensation.

The SEC staff issued Staff Accounting Bulletin 118 ("SAB 118") in December 2017, which provides guidance on accounting for the tax effects of the Tax Act. SAB 118 provides that the measurement period for the tax effects of the Tax Act should not extend more than one year from the date the Tax Act was enacted. To the extent that a company's accounting for certain income tax effects of the Tax Act is incomplete but the company is able to determine a reasonable estimate, the company must record a provisional estimate in the financial statements. If a company cannot determine a provisional estimate to be included in the financial statements, it should continue to apply ASC 740, *Income Taxes*, on the basis of the provisions of the tax laws that were in effect immediately before the Tax Act was enacted. We continue to evaluate the tax implications of the changes to the Tax Act for which our accounting was incomplete, including the impact on state taxes, certain compensation arrangements and depreciation. We will record appropriate adjustments, if any, in the periods in which we conclude our analysis.

The timing of recording or releasing a valuation allowance requires significant judgment. A valuation allowance is required when it is more-likely-than-not that all or a portion of deferred tax assets may not be realized. Establishment and removal of a valuation allowance requires us to consider all positive and negative evidence and to make a judgmental decision regarding the amount of valuation allowance required as of a reporting date. The assessment takes into account expectations of future taxable income or loss, available tax planning strategies and the reversal of temporary differences. The development of these expectations involves the use of estimates such as operating profitability. The weight given to the evidence is commensurate with the extent to which it can be objectively verified.

We performed our assessment of the deferred tax assets during the third and fourth quarters of 2017, weighing the positive and negative evidence as outlined in ASC 740-10, *Income Taxes*. As we have incurred three years of cumulative pre-tax losses, such objective negative evidence limits our ability to give significant weight to other positive subjective evidence, such as projections for future growth and profitability. Accordingly, we recorded a valuation allowance charge of $192.3 million in the fiscal year 2017, which is recorded in income tax (benefit) expense on our condensed consolidated statements of operations. As of December 31, 2017, our valuation allowance against a majority of our deferred tax assets was $109.7 million. For the three months ended April 1, 2018, we recorded a valuation allowance charge of $14.3 million, which is recorded in income tax (benefit) expense on our condensed consolidated statements of operations. Our valuation allowance as of April 1, 2018, was $124.0 million.

We will continue to maintain a valuation allowance against our deferred tax assets until we believe it is more likely than not that these assets will be realized in the future. If sufficient positive evidence, such as three-year cumulative pre-tax income, arises in the future that provides an indication that all of or a portion of the deferred tax assets meet the more likely than not standard, the valuation allowance may be reversed, in whole or in part, in the period that such determination is made.

Current generally accepted accounting principles prescribe a recognition threshold and measurement of a tax position taken or expected to be taken in an enterprise's tax returns. We recognize accrued interest related to unrecognized tax benefits in interest expense. Accrued penalties are recognized as a component of income tax expense.

Earnings Per Share (EPS)

Basic EPS excludes dilution from common stock equivalents and reflects income divided by the weighted average number of common shares outstanding for the period. Diluted EPS is based upon the weighted average number of outstanding shares of common stock and dilutive common stock equivalents in the period. Common stock equivalents arise from dilutive stock appreciation rights and restricted stock units, and are computed using the treasury stock method. Anti-dilutive common stock equivalents are excluded from diluted EPS. The weighted average anti-dilutive common stock equivalents that could potentially dilute basic EPS in the future, but were not included in the weighted average share calculation, consisted of the following:

	Three Months Ended	
(shares in thousands)	**April 1, 2018**	**March 26, 2017**
Anti-dilutive common stock equivalents	224	340

Cash Flow Information

Reconciliation of cash, cash equivalents and restricted cash as reported in the condensed consolidated balance sheets to the total of the same such amounts shown above:

(in thousands)	**April 1, 2018**	**December 31, 2017**
Cash and equivalents	$ 19,976	$ 99,387
Restricted cash included in other assets[1]	31,967	31,967
Total cash, cash equivalents and restricted cash	$ 51,943	$ 131,354

[1] Restricted cash balances are certificates of deposits secured against letters of credit primarily related to contractual agreements with our workers' compensation insurance carrier and a certain property lease.

Cash paid for interest and income taxes and other non-cash activities consisted of the following:

	Three Months Ended	
(in thousands)	**April 1, 2018**	**March 26, 2017**
Interest paid (net of amount capitalized)	$ 10,592	$ 9,980
Income taxes paid (net of refunds)	44	12

Recently Adopted Accounting Pronouncements

In May 2014, the FASB issued Accounting Standards Update ("ASU") No. 2014-09 ("Topic 606"), " *Revenue from Contracts with Customers.*" Topic 606 supersedes the revenue recognition requirements in Topic 605 "*Revenue Recognition.*" ASU 2014-09 outlines a new, single comprehensive model for entities to use in accounting for revenue arising from contracts with customers and supersedes most current revenue recognition guidance. Topic 606 requires revenue recognition to depict the transfer of promised goods or services to customers in an amount that reflects the consideration a company expects to receive in exchange for those goods or services. In 2016 and 2017, the FASB issued additional updates: ASU No. 2016-08, 2016-10, 2016-11, 2016-12, 2016-20 and 2017-05. These updates provided further guidance and clarification on specific items within the previously issued update. We adopted Topic 606 as of January 1, 2018, using the modified retrospective transition method. See Note 2 for further details.

In January 2016, the FASB issued ASU No. 2016-01, "*Financial Instruments – Overall (Subtopic 825-10): Recognition and Measurement of Financial Assets and Financial Liabilities.*" ASU 2016-01 addresses certain aspects of recognition, measurement, presentation, and disclosure of financial instruments. We adopted ASU 2016-01 as of January 1, 2018, on a prospective basis but it did not have an impact on our condensed consolidated financial statements.

In August 2016, the FASB issued ASU No. 2016-15, " *Statement of Cash Flows (Topic 230): Classification of Certain Cash Receipts and Cash Payments.*" ASU 2016-15 addresses eight specific cash flow issues and is intended to reduce diversity in practice in how certain cash receipts and cash payments are presented and classified in the statement of cash flows. We adopted ASU 2016-15 as of January 1, 2018, retrospectively but it did not have an impact on our condensed consolidated financial statements.

In November 2016, the FASB issued ASU No. 2016-18, "*Statement of Cash Flows (Topic 230): Restricted Cash.*" ASU 2016-18 addresses the presentation of restricted cash in the statement of cash flows. The standard requires an entity to include restricted amounts with cash and cash equivalents in the statement of cash flows. An entity will no longer present transfers between cash and cash equivalents and restricted amounts on the statement of cash flows. We adopted ASU 2016-18 as of January 1, 2018, using the retrospective transition method to each period presented. As a result of the adoption, net cash provided by operating activities was adjusted to exclude the changes in restricted cash, resulting in a decrease of $1.0 million in the three months ended March 26, 2017, on our condensed consolidated financial statements.

Recently Issued Accounting Pronouncements Not Yet Adopted

In February 2016, the FASB issued ASU No. 2016-02, "*Leases*" (Accounting Standards Codification 842 ("ASC 842")) and it replaces the existing guidance in ASC 840, "*Leases.*" ASC 842 requires lessees to recognize most leases on their balance sheets as lease liabilities with corresponding right-of-use assets. The new lease standard does not substantially change lessor accounting. In 2018, the FASB issued ASU No. 2018-01 that provides further guidance and clarification on specific items within the previously issued update. ASC 842 is effective for us for interim and annual reporting periods beginning after December 15, 2018, with early adoption permitted. We are in the process of reviewing the impact this standard will have on our existing lease population and the impact the adoption will have on our condensed consolidated financial statements. We plan to finalize our determination of the impact by the end of the fourth quarter of 2018.

In June 2016, the FASB issued ASU No. 2016-13, "*Financial Instruments – Credit Losses (Topic 326): Measurement of Credit Losses on Financial Instruments.*" ASU 2016-13 requires that financial assets measured at amortized cost be presented at the net amount expected to be collected. The allowance for credit losses is a valuation account that is deducted from the amortized cost basis. The income statement reflects the measurement of credit losses for newly recognized financial assets, as well as the expected credit losses during the period. The measurement of expected credit losses is based upon historical experience, current conditions, and reasonable and supportable forecasts that affect the collectability of the reported amount. It is effective for us for interim and annual reporting periods beginning after December 15, 2019, and early adoption is permitted for interim or annual reporting periods beginning after December 15, 2018. We are currently in the process of evaluating the impact of the adoption on our condensed consolidated financial statements.

In February 2018, the FASB issued ASU No. 2018-02, "*Income Statement-Reporting Comprehensive Income (Topic 220): Reclassification of Certain Tax Effects from Accumulated Other Comprehensive Income.*" ASU 2018-02 allows for reclassification of stranded tax effects resulting from the Tax Act from accumulated other comprehensive income to retained earnings. Consequently, the standard eliminates the stranded tax effects resulting from the Tax Act and will improve the usefulness of information reported to financial statement users. However, because the standard only relates to the reclassification of the income tax effects of the Tax Act, the underlying guidance that requires that the effect of a change in tax laws or rates be included in income from continuing operations is not affected. This standard also requires certain disclosures about the stranded tax effects. It is effective for us for interim and annual reporting periods beginning after December 15, 2018, and early adoption is permitted. We are currently in the process of evaluating the impact of the adoption on our condensed consolidated financial statements.

2. REVENUES

Adoption of ASC 2014-09 (Topic 606), "Revenue from Contracts with Customers"

On January 1, 2018, we adopted Topic 606 using the modified retrospective method applied to those contracts which were not completed as of January 1, 2018. Results for reporting periods beginning after January 1, 2018, are presented under Topic 606, while prior period amounts are not adjusted and continue to be reported in accordance with our historic accounting under Topic 605.

We recorded a net increase to opening accumulated deficit of $2.7 million as of January 1, 2018, due to the cumulative impact of adopting Topic 606, with the impact primarily related to our audience revenues. The impact to revenues as a result of applying Topic 606 was an increase of $0.3 million for the three months ended April 1, 2018.

Revenue Recognition

Revenues are recognized when control of the promised goods or services is transferred to our customers, in an amount that reflects the consideration we expect to be entitled to in exchange for those goods or services.

All revenues recognized on the condensed consolidated statements of operations are the result of contracts with customers, except for revenues associated with lease income where we are the lessor through a sublease arrangement ,as these are out of the scope of Topic 606.

Advertising Revenues

We generate revenues primarily by delivering advertising on our digital media sites, on our partners' websites and in our newspapers. These advertising revenues are generated through digital and print performance obligations that are included in contracts with customers, which are typically one year or less in duration or commitment. There are no differences in the treatment of digital and print advertising performance obligations or the recognition of revenues for retail, national, classified, and direct marketing revenue categories under Topic 606.

We generate advertising revenues through digital products that are sold on cost-per-thousand impressions ("CPM") which means that an advertiser pays based upon number of times their ad is displayed on our owned and operated websites, our partners' websites, ad exchanges, in a video pre-roll or a programmatic bidding exchange. Such revenues are recognized according to the timing outlined in the contract.

There are also monthly marketing campaigns which may include multiple products such as items sold by CPM, reputation management, search engine marketing and search engine optimization. In these arrangements as well as in a CPM sale, the contracted goods and services are performed over the specific contract term and the transfer of the performance obligation occurs as the benefits are consumed by the customer. As such, revenue is recognized daily regardless of the performance obligations classification of timing of being point in time or overtime.

Print advertising is advertising that is printed in a publication, inserted into a publication, or physically mailed to a customer. Our performance obligations for print products are directly associated with the inclusion of the advertisement in the final publication and delivery of the product on the contracted distribution day. Revenues are recognized at the point in time that the newspaper publication is delivered and distribution of the advertisement is satisfied.

Certain customers may receive cash-based incentives or credits, which are accounted for as variable consideration. We estimate these amounts based on the expected value approach.

For ads placed on our partners' websites or selling a product hosted or managed by partners, we evaluate whether we are the principal or agent. Generally, we report advertising revenues for ads placed on our partners' websites or for the resale of their products on a gross basis; that is, the amounts billed to our customers are recorded as revenues, and amounts paid to our partners for their products or advertising space are recorded as operating expenses. Where we are the principal, we are primarily responsible to our customers for fulfillment of the contract goals through, from time to time, the use of third party goods or services. Our control is further supported by our level of discretion in establishing price and in some cases, controlling inventory before it is transferred to the customer.

Most products, including the printed newspaper advertising product, banner ads on our website, video on our owned and operated player are reported on a gross basis. However, there are some third party products and services that we offer to customers, such as Cars.com and various revenue share arrangements such as exchange platforms, that are reported on a net basis. Revenues are earned through being a reseller of a product or participating in an exchange where control over the service provided is minimized and costs of the arrangement are net of revenue received.

Audience Revenues

Audience revenues include digital and print subscriptions or a combination of both at various frequencies of delivery. Our subscribers typically pay us in advance of their subscription start or shortly thereafter. Our performance obligation to subscribers of our digital products is the real-time access to news and information delivered through multiple digital platforms. Our performance obligation to our traditional print subscribers is delivery of the physical newspaper according to their subscription plan. Revenues related to digital and print subscriptions are recognized each day that a product is delivered to the subscriber.

Digital subscriptions may be purchased for a day, month, quarter, or year, and revenue is reported daily over the term of the contract.

Traditional print subscriptions may have various frequencies of delivery based upon the subscribers delivery preference. Revenues are recognized based upon each delivery, therefore at a point in time.

Certain subscribers may enter into a grace period ("grace") after their previous contract term has expired but before payment has be received on the renewal. Grace is granted as a continuation of the subscription contract, in order to not disrupt service, and the extension is accounted for as variable consideration. We estimate these revenue amounts based on the expected amount to be received, taking into account the expected discontinuation of service or nonpayment based on historical experience.

Other Revenues

Other revenues include primarily commercial printing and distribution revenues. The commercial print agreements are between us and a third party publisher to print and make available for distribution the finished products. Commercial print contracts are for a daily finished product and each day's product is unique, or a separate performance obligation. Revenue is recorded at a point in time upon completion of each day's print project.

The performance obligation for distribution revenues is the transportation of third-party published products to their subscribers or stores for resale. Distribution is performed substantially the same over the life of the contract and revenue is recognized at the point in time each performance obligation is completed.

We report distribution revenues from the third-party publishers on a gross basis. That is, the amounts that we bill to third party publishers to deliver their finished product to their customers is recorded as revenues, and the amounts paid to our independent carriers to deliver the third party product is recorded as operating expenses.

Arrangements with Multiple Performance Obligations

Our contracts with customers may include multiple performance obligations. For such arrangements, we allocate revenue to each performance obligation based on its standalone selling price. We generally determine standalone selling prices for audience revenue contracts based upon observable market values and the adjusted market assessment. For advertising revenue contracts with multiple performance obligations, stand alone selling price is based on the prices charged to customers or on an adjusted market assessment.

Unearned Revenues

We record unearned revenues when cash payments are received or due in advance of our performance, including amounts which are refundable. The increase in the unearned revenue balance for the three months ended April 1, 2018, was primarily driven by cash payments received or due in advance of satisfying our performance obligations, offset by $35.6 million of revenues recognized that were included in the unearned revenue balance as of December 31, 2017.

Our payment terms vary for advertising and subscriber customers. Subscribers generally pay in advance of up to one year. Advertiser payments are due within 30 days of invoice issuance and therefore amounts paid in advance are not significant. For advertisers that are considered to be at a higher risk of collectability due to payment history or credit processing, we require payment before the products or services are delivered to the customer.

Practical Expedients and Exemptions

We expense sales commissions when incurred because the amortization period would have been one year or less if capitalized. These costs are recorded within compensation expenses.

We record usage-based royalties promised in exchange for use of our intellectual property, including but not limited to photographs and articles. These royalty revenues are accrued when estimates of usage and recoverability are made. These revenues are recorded within other revenues.

We do not disclose the value of unsatisfied performance obligations for (i) contracts with an original expected length of one year or less and (ii) contracts for which we recognize revenue at the amount to which we have the right to invoice for services performed.

3. INTANGIBLE ASSETS AND GOODWILL

Intangible assets subject to amortization (primarily advertiser lists, subscriber lists and developed technology), mastheads and goodwill consisted of the following:

(in thousands)	December 31, 2017	Amortization Expense	April 1, 2018
Intangible assets subject to amortization	$ 839,284	$ —	$ 839,284
Accumulated amortization	(761,013)	(12,036)	(773,049)
	78,271	(12,036)	66,235
Mastheads	149,951	—	149,951
Goodwill	705,174	—	705,174
Total	$ 933,396	$ (12,036)	$ 921,360

Amortization expense with respect to intangible assets is summarized below:

	Three Months Ended	
(in thousands)	April 1, 2018	March 26, 2017
Amortization expense	$ 12,036	$ 12,083

The estimated amortization expense for the remainder of fiscal year 2018 and the five succeeding fiscal years is as follows:

Year	Amortization Expense (in thousands)
2018 (Remainder)	$ 35,624
2019	24,154
2020	803
2021	680
2022	655
2023	667

4. INVESTMENTS IN UNCONSOLIDATED COMPANIES

On June 19, 2017, we along with the then-existing ownership group of CareerBuilder, LLC ("CareerBuilder") announced that we had entered into an agreement to sell a majority of the collective ownership interest in CareerBuilder to an investor group. The transaction closed on July 31, 2017. We received $73.9 million from the closing of the transaction, consisting of approximately $7.3 million in normal distributions and $66.6 million of gross proceeds.

As a result of the closing of the transaction, our ownership interest in CareerBuilder was reduced to approximately 3.0% from 15.0%. As a result, we recorded $123.0 million in pre-tax impairment charges on our equity investment in CareerBuilder during the quarter ended March 26, 2017.

5. LONG-TERM DEBT

Our long-term debt consisted of the following:

	Face Value at	Carrying Value	
(in thousands)	April 1, 2018	April 1, 2018	December 31, 2017
Notes:			
9.00% senior secured notes due in 2022	$ 344,630	$ 340,204	$ 433,819
7.150% debentures due in 2027	89,188	85,360	85,262
6.875% debentures due in 2029	276,230	262,618	262,311
Long-term debt	$ 710,048	$ 688,182	$ 781,392
Less current portion	—	—	74,140
Total long-term debt, net of current	$ 710,048	$ 688,182	$ 707,252

Our outstanding notes are stated net of unamortized debt issuance costs, and unamortized discounts, if applicable, totaling $21.9 million and $23.7 million as of April 1, 2018, and December 31, 2017, respectively.

Debt Redemptions, Repurchases and Loss on Extinguishment of Debt

During the three months ended April 1, 2018, we redeemed $75.0 million of our 9.00% senior secured notes due in 2022 ("9.00% Notes"), which we had previously announced in December 2017, and we repurchased $20.0 million of the 9.00% Notes through a privately negotiated transaction. We repurchased these notes at a premium and wrote off the associated debt issuance costs, which resulted in a loss on the extinguishment of debt of $5.3 million during the three months ended April 1, 2018. There were no debt repurchases during the three months ended March 26, 2017.

Credit Agreement

Our Third Amended and Restated Credit Agreement, as amended ("Credit Agreement"), is secured by a first-priority security interest in certain of our assets as described below. The Credit Agreement, among other things, provides for commitments of $65.0 million and has a maturity date of December 18, 2019. Pursuant to the terms of Issuance and Reimbursement Agreement ("LC Agreement"), we may request letters of credit be issued on our behalf in an aggregate face amount not to exceed $35.0 million. We are required to provide cash collateral equal to 101% of the aggregate undrawn stated amount of each outstanding letter of credit. This cash collateral is classified in our condensed consolidated balance sheets in other assets.

As of April 1, 2018, there were standby letters of credit outstanding under the LC Agreement with an aggregate face amount of $29.7 million. There were no borrowings outstanding under the Credit Agreement as of April 1, 2018.

Under the Credit Agreement, we may borrow at either the London Interbank Offered Rate plus a spread ranging from 275 basis points to 425 basis points, or at a base rate plus a spread ranging from 175 basis points to 325 basis points, in each case based upon our consolidated total leverage ratio. The Credit Agreement provides for a commitment fee payable on the unused revolving credit ranging from 50 basis points to 62.5 basis points, based upon our consolidated total leverage ratio.

Senior Secured Notes and Indenture

Substantially all of our subsidiaries guarantee the obligations under the 9.00% Notes and the Credit Agreement. We own 100% of each of the guarantor subsidiaries and we have no significant independent assets or operations separate from the subsidiaries that guarantee our 9.00% Notes and the Credit Agreement. The guarantees provided by the guarantor subsidiaries are full and unconditional and joint and several, and the subsidiaries other than the subsidiary guarantors are minor.

In addition, we have granted a security interest to the banks that are a party to the Credit Agreement and the trustee under the indenture governing the 9.00% Notes that includes, but is not limited to, intangible assets, inventory, receivables and certain minority investments as collateral for the debt. The security interest does not include any property, plant & equipment ("PP&E"), leasehold interests or improvements with respect to such PP&E which would be reflected on our condensed consolidated balance sheets or shares of stock and indebtedness of our subsidiaries.

Covenants under the Senior Debt Agreements

Under the Credit Agreement, we are required to comply with a maximum consolidated total leverage ratio measured on a quarterly basis. As of April 1, 2018, we are required to maintain a consolidated total leverage ratio of not more than 6.00 to 1.00. For purposes of the consolidated total leverage ratio, debt is largely defined as debt, net of cash on hand in excess of $20.0 million. As of April 1, 2018, we were in compliance with our financial covenants.

The Credit Agreement also prohibits the payment of a dividend if a payment would not be permitted under the indenture for the 9.00% Notes (discussed below). Dividends under the indenture for the 9.00% Notes are allowed if the consolidated leverage ratio (as defined in the indenture) is less than 5.25 to 1.00 and we have sufficient amounts under our restricted payments basket (as determined pursuant to the indenture), or if we use other available exceptions provided for under the indenture.

The indenture for the 9.00% Notes and the Credit Agreement include a number of restrictive covenants that are applicable to us and our restricted subsidiaries. The covenants are subject to a number of important exceptions and qualifications set forth in those agreements. These covenants include, among other things, restrictions on our ability to incur additional debt; make investments and other restricted payments; pay dividends on capital stock or redeem or repurchase capital stock or certain of our outstanding notes or debentures prior to stated maturity; sell assets or enter into sale/leaseback transactions; create specified liens; create or permit restrictions on the ability of our restricted subsidiaries to pay dividends or make other distributions; engage in certain transactions with affiliates; and consolidate or merge with or into other companies or sell all or substantially all of the Company's and our subsidiaries' assets, taken as a whole.

6. EMPLOYEE BENEFITS

Pension Plan

We maintain a qualified defined benefit pension plan ("Pension Plan"), which covers certain eligible current and former employees and has been frozen since March 31, 2009. No new participants may enter the Pension Plan and no further benefits will accrue. However, years of service continue to count toward early retirement calculations and vesting of benefits previously earned.

We also have a limited number of supplemental retirement plans to provide certain key current and former employees with additional retirement benefits. These plans are funded on a pay-as-you-go basis and the accrued pension obligation is largely included in other long-term obligations.

The elements of retirement expense are as follows:

	Three Months Ended	
(in thousands)	**April 1, 2018**	**March 26, 2017**
Pension plans:		
Interest Cost	$ 19,788	$ 21,367
Expected return on plan assets	(22,624)	(22,392)
Actuarial loss	6,295	5,084
Net pension expense	3,459	4,059
Net post-retirement benefit credit	(681)	(732)
Net retirement benefit expenses	$ 2,778	$ 3,327

401(k) Plan

We have a deferred compensation plan ("401(k) plan"), which enables eligible employees to voluntarily defer compensation. During the fourth quarter of 2017, we announced the reinstatement of a company matching contribution program beginning with the first pay check paid in 2018. Our matching contributions in the quarter ended April 1, 2018, were $0.7 million and are recorded in our compensation line item of our condensed consolidated statement of operations. Also during the fourth quarter of 2017, we terminated the 401(k) plan supplemental contribution that was tied to performance.

7. COMMITMENTS AND CONTINGENCIES

In December 2008, carriers of *The Fresno Bee* filed a class action lawsuit against us and *The Fresno Bee* in the Superior Court of the State of California in Fresno County captioned *Becerra v. The McClatchy Company* ("Fresno case") alleging that the carriers were misclassified as independent contractors and seeking mileage reimbursement. In February 2009, a substantially similar lawsuit, *Sawin v. The McClatchy Company*, involving similar allegations was filed by carriers of *The Sacramento Bee* ("Sacramento case") in the Superior Court of the State of California in Sacramento County. The class consists of roughly 5,000 carriers in the Sacramento case and 3,500 carriers in the Fresno case. The plaintiffs in both cases are seeking unspecified restitution for mileage reimbursement. With respect to the Sacramento case, in September 2013, all wage and hour claims were dismissed and the only remaining claim is an equitable claim for mileage reimbursement under the California Civil Code. In the Fresno case, in March 2014, all wage and hour claims were dismissed and the only remaining claim is an equitable claim for mileage reimbursement under the California Civil Code.

The court in the Sacramento case trifurcated the trial into three separate phases, independent contractor status, liability and restitution. On September 22, 2014, the court in the Sacramento case issued a tentative decision following the first phase, finding that the carriers that contracted directly with *The Sacramento Bee* during the period from February 2005 to July 2009 were misclassified as independent contractors. We objected to the tentative decision but the court ultimately adopted it as final. In June 2016, The McClatchy Company was dismissed from the lawsuit, leaving *The Sacramento Bee* as the sole defendant. On August 30, 2017, the court issued a statement of decision ruling that the court would not hold a phase two trial but would, instead, assume liability from the evidence previously submitted and from the independent contractor agreements. We objected to this decision but the court adopted it as final. The third phase has not yet been defined.

The court in the Fresno case bifurcated the trial into two separate phases: the first phase addressed independent contractor status and liability for mileage reimbursement and the second phase was designated to address restitution, if any. The first phase of the Fresno case began in the fourth quarter of 2014 and concluded in late March 2015. On April 14, 2016, the court in the Fresno case issued a statement of final decision in favor of us and *The Fresno Bee*. Accordingly, there will be no second phase. The plaintiffs filed a Notice of Appeal on November 10, 2016.

We continue to defend these actions vigorously and expect that we will ultimately prevail. As a result, we have not established a reserve in connection with the cases. While we believe that a material impact on our condensed consolidated financial position, results of operations or cash flows from these claims is unlikely, given the inherent uncertainty of litigation, a possibility exists that future adverse rulings or unfavorable developments could result in future charges that could have a material impact. We have and will continue to periodically reexamine our estimates of probable liabilities and any associated expenses and make appropriate adjustments to such estimates based on experience and developments in litigation.

Other than the cases described above, we are subject to a variety of legal proceedings (including libel, employment, wage and hour, independent contractor and other legal actions) and governmental proceedings (including environmental matters) that arise from time to time in the ordinary course of our business. We are unable to estimate the amount or range of reasonably possible losses for these matters. However, we currently believe, after reviewing such actions with counsel, that the expected outcome of pending actions will not have a material effect on our condensed consolidated financial statements. No material amounts for any losses from litigation that may ultimately occur have been recorded in the condensed consolidated financial statements as we believe that any such losses are not probable.

We have certain indemnification obligations related to the sale of assets including but not limited to insurance claims and multi-employer pension plans of disposed newspaper operations. We believe the remaining obligations related to disposed assets will not be material to our financial position, results of operations or cash flows.

As of April 1, 2018, we had $29.7 million of standby letters of credit secured under the LC Agreement.

8. STOCK PLANS

Stock Plans Activity

The following table summarizes the restricted stock units ("RSUs") activity during the three months ended April 1, 2018:

	RSUs	Weighted Average Grant Date Fair Value
Nonvested — December 31, 2017	245,794	$ 11.55
Granted	217,530	$ 9.10
Vested	(93,994)	$ 13.48
Forfeited	(1,560)	$ 11.52
Nonvested — April 1, 2018	367,770	$ 9.61

The total fair value of the RSUs that vested during the three months ended April 1, 2018, was $0.9 million.

The following table summarizes the stock appreciation rights ("SARs") activity during the three months ended April 1, 2018:

	SARs	Weighted Average Exercise Price	Aggregate Intrinsic Value (in thousands)
Outstanding December 31, 2017	156,175	$ 32.12	$ —
Expired	(2,500)	$ 65.31	
Outstanding April 1, 2018	153,675	$ 31.58	$ —

Stock-Based Compensation

All stock-based payments, including grants of stock appreciation rights, restricted stock units and common stock under equity incentive plans, are recognized in the financial statements based on their grant date fair values. As of April 1, 2018, we had two stock-based compensation plans. Stock-based compensation expenses are reported in the compensation line item in the condensed consolidated statements of operations. Total stock-based compensation expense for the periods presented in this report, are as follows:

	Three Months Ended	
(in thousands)	**April 1, 2018**	**March 26, 2017**
Stock-based compensation expense	$ 741	$ 1,029

9. SUBSEQUENT EVENTS

Asset sale and leaseback

On April 23, 2018, we closed a sale and leaseback of real property in Columbia, SC. The transaction resulted in gross proceeds of $16.6 million. We are leasing back the Columbia property under a 15-year lease with initial annual payments totaling approximately $1.6 million. The lease includes a repurchase clause allowing us to repurchase the property after the 15-year lease term. Accordingly, the lease will be treated as a financing lease, and we will continue to depreciate the carrying value of the property in our financial statements. No gain or loss will be recognized on the sale and leaseback of the property until we no longer have a continuing involvement in the property.

Under the terms of the indenture for the 9.00% Notes we are required to use the net after tax proceeds of $13.0 million from the Columbia transaction to reinvest in the company within 365 days from the date of the sale or to make an offer to the holders of the 9.00% Notes to purchase their notes at 100% of the principal amount plus accrued and unpaid interest. On April 25, 2018, we announced an offer to purchase all $13.0 million of the 9.00% Notes using the net after tax proceeds from the Columbia transaction at par plus accrued and unpaid interest. The offer expires May 22, 2018.

Agreement to Refinance Unsecured Debt

On April 26, 2018, we entered into a term sheet framework agreement (the "Framework Agreement") between the Company and Chatham Asset Management, LLC ("Chatham") that provides for approximately $418.5 million of loans that will be used to repay a significant portion of our unsecured notes due in 2027 and 2029 and to refinance our 9.00% Notes.

The Framework Agreement includes customary representations and warranties of the parties. The closing of the Term Loan Restructuring (as defined below) is subject to various closing conditions set forth in the Framework Agreement, including the negotiation of credit documentation in a form that is reasonably satisfactory to the parties and the contemporaneous refinancing of our outstanding 9.00% Notes (such refinanced debt, the "New First Lien Debt").

According to the Framework Agreement, we agreed to the terms of a credit arrangement whereby Chatham will make loans ("Loans") to one of our wholly-owned subsidiaries. The Loans will consist of a $250.0 million Tranche A Term Loan Facility ("Tranche A") and an approximately $168.5 million Tranche B Term Loan Facility ("Tranche B") (collectively, the "Facilities"). The Loans plus certain premiums set forth in the Framework Agreement will be used to repurchase approximately $82.1 million aggregate principal amount of our 7.15% notes due November 1, 2027 and approximately $274.0 million aggregate principal amount of the 6.875% notes due March 15, 2029, in each case, held by Chatham, with the remaining proceeds used for the refinancing of our 9.00% Notes ("Term Loan Restructuring").

Amounts borrowed under Tranche A will bear interest at a rate of 7.372% per annum and mature on July 1, 2030. Amounts borrowed under Tranche B will bear interest at a rate of 6.875% and mature on July 1, 2031. Interest under the Facilities will be payable semi-annually in arrears and calculated on the basis of 12 months of 30 days each.

Amounts borrowed under Tranche A will be secured by the same collateral securing the New First Lien Debt, and such liens will be subordinated to liens securing the New First Lien Debt and certain other of our first lien debt. The liens securing the Loans extended under Tranche B will be subordinated to the liens securing the New First Lien Debt, Tranche A and certain other of our first lien debt.

The loan agreement for the Facilities will contain affirmative covenants and negative covenants related to limitations on liens and limitations on sale and leaseback transactions, in each case, that will be consistent with those set forth in the documentation governing the New First Lien Debt.

For Tranche B, we will have the right to prepay at any time at amounts equal to the aggregate principal amount to be repaid plus a make-whole premium. For Tranche A, we will have the right to prepay at amounts equal to the aggregate principal amount to be repaid plus a make-whole premium or, after the third anniversary of the closing date, an applicable prepayment premium.

ITEM 2. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS.

Forward-Looking Information

This quarterly report on Form 10-Q contains forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995, as amended, including statements relating to future financial performance and operations, trends in advertising, uses of cash, including offers for or repurchases of our debt, the refinancing of our debt and our pension plan obligations. These statements are based upon our current expectations and knowledge of factors impacting our business and are generally preceded by, followed by or are a part of sentences that include the words "believes," "expects," "anticipates," "estimates" or similar expressions. All statements, other than statements of historical fact, are statements that could be deemed forward-looking statements. For all of those statements, we claim the protection of the safe harbor for forward-looking statements contained in the Private Securities Litigation Reform Act of 1995. Such statements are subject to risks, trends and uncertainties. A detailed discussion of these and other risks and uncertainties that could cause actual results and events to differ materially from such forward-looking statements is included in the section entitled "Risk Factors" in Part I, Item 1A of our 2017 Annual Report on Form 10-K as well as our other filings with the Securities and Exchange Commission, including our disclosures herein. We undertake no obligation to revise or update any forward-looking statements except as required under applicable law.

The following Management's Discussion and Analysis of Financial Condition and Results of Operations ("MD&A") is intended to help the reader understand our results of operations and financial condition. This MD&A should be read in conjunction with our unaudited condensed consolidated financial statements and accompanying notes to the financial statements ("Notes") as of and for the three months ended April 1, 2018, included in Item 1 of this Quarterly Report on Form 10-Q, as well as with our audited consolidated financial statements and accompanying notes to the financial statements and MD&A contained in our 2017 Annual Report filed on Form 10-K with the Securities and Exchange Commission on March 12, 2018. All period references are to our fiscal periods unless otherwise indicated.

Overview

We operate 30 media companies in 14 states, providing each of its communities with high-quality news and advertising services in a wide array of digital and print formats. We are a publisher of brands such as the *Miami Herald*, *The Kansas City Star*, *The Sacramento Bee*, *The Charlotte Observer*, *The* (Raleigh) *News & Observer*, and the (Fort Worth) *Star-Telegram*. We are headquartered in Sacramento, California, and our Class A Common Stock is listed on the NYSE American under the symbol MNI.

The following table reflects our sources of revenues as a percentage of total revenues for the periods presented:

	Three Months Ended	
	April 1, 2018	**March 26, 2017**
Revenues:		
Advertising	50.2 %	54.2 %
Audience	43.4 %	41.3 %
Other	6.4 %	4.5 %
Total revenues	100.0 %	100.0 %

Our primary sources of revenues are digital and print advertising and audience subscriptions. All categories (retail, national and classified) of advertising discussed below include both digital and print advertising. Advertising revenues include advertising delivered digitally, advertising carried as a part of newspapers (run of press ("ROP") advertising), and/or advertising inserts placed in newspapers ("preprint" advertising). Audience revenues include either digital-only subscriptions, or bundled subscriptions, which include digital and print. Our print newspapers are delivered by large distributors and independent contractors. Other revenues include, among others, commercial printing and distribution revenues.

See "Results of Operations" below for a discussion of our revenue performance and contribution by category for the three months ended April 1, 2018, and March 26, 2017.

Recent Developments

Asset sales and leasebacks

In the first quarter of 2018, we sold land and buildings in two of our markets, and we recognized a gain on the sale of these properties of $3.1 million.

We also have various sales agreements or letters of intent to sell other properties that are expected to close in 2018. On April 23, 2018, we closed a sale and leaseback of real property in Columbia, SC. The transaction resulted in gross proceeds of $16.6 million. We are leasing back the Columbia property under a 15-year lease with initial annual payments totaling approximately $1.6 million. The lease includes a repurchase clause allowing us to repurchase the property after the 15-year lease term. Accordingly, the lease will be treated as a financing lease, and we will continue to depreciate the carrying value of the property in our financial statements. No gain or loss will be recognized on the sale and leaseback of the property until we no longer have a continuing involvement in the property.

Under the terms of the indenture for the 9.00% Notes we are required to use the net after tax proceeds of $13.0 million from the Columbia transaction to reinvest in the company within 365 days from the date of the sale or to make an offer to the holders of the 9.00% Notes to purchase their notes at 100% of the principal amount plus accrued and unpaid interest. On April 25, 2018, we announced an offer to purchase all $13.0 million of the 9.00% Notes using the net after tax proceeds from the Columbia transaction at par plus accrued and unpaid interest. The offer expires May 22, 2018.

Debt Repurchase and Extinguishment of Debt

In January 2018, pursuant to the terms of the indenture for the 9.00% Notes, we redeemed $75.0 million aggregate principal amount of our 9.00% Notes at a premium and we wrote off the associated debt issuance costs. In addition, in February 2018, we repurchased $20.0 million of our 9.00% Notes and wrote off the associated debt issuance costs. As a result of these transactions, we recorded a loss on the extinguishment of debt of $5.3 million during the quarter ended April 1, 2018.

Agreement to Refinance Unsecured Debt

On April 26, 2018, we entered into a term sheet Framework Agreement that provides for approximately $418.5 million of loans that will be used to repurchase a significant portion of our unsecured notes due in 2027 and 2029 and to refinance our 9.00% Notes. The closing is subject to various closing conditions set forth in the Framework Agreement, including the negotiation of credit documentation in a form that is reasonably satisfactory to the parties and the contemporaneous refinancing of our outstanding 9.00% Notes. See Note 9 for a more detailed discussion.

Results of Operations

The following table reflects our financial results on a consolidated basis for the three months ended April 1, 2018, and March 26, 2017:

(in thousands, except per share amounts)	Three Months Ended April 1, 2018	Three Months Ended March 26, 2017
Net loss	$ (38,941)	$ (95,575)
Net loss per diluted common share	$ (5.04)	$ (12.60)

The decrease in the net loss in the three months ended April 1, 2018, compared to the same period in 2017, was primarily due to a pre-tax impairment charge of $123.0 million recorded in the three months ended March 26, 2017, related to our CareerBuilder investment (see Note 4). This decrease was partially offset by a charge of $14.3 million related to the current year impact of the valuation allowance on deferred taxes during the three months ended April 1, 2018. In addition, advertising revenues were lower in the first three months of 2018, but the decrease was partially offset by a decrease in expenses, as described in greater detail below.

Revenues

During the three months ended April 1, 2018, total revenues decreased 10.1% compared to the same period in 2017 primarily due to the continued decline in demand for print advertising. Consistent with 2017, the decline in print advertising was primarily a result of large retail advertisers continuing to reduce preprinted insert advertising and in-newspaper ROP advertising. The decline in print advertising revenues is the result of the desire of advertisers to reach online customers directly, and the secular shift in advertising demand from print to digital products. We expect these trends to continue for the foreseeable future.

The following table summarizes our revenues by category:

	Three Months Ended			
(in thousands)	**April 1, 2018**	**March 26, 2017**	**$ Change**	**% Change**
Advertising:				
Retail	$ 44,330	$ 56,227	$ (11,897)	(21.2)
National	9,757	8,837	920	10.4
Classified	27,564	31,428	(3,864)	(12.3)
Direct marketing and other	18,236	23,397	(5,161)	(22.1)
Total advertising	99,887	119,889	(20,002)	(16.7)
Audience	86,278	91,416	(5,138)	(5.6)
Other	12,693	9,907	2,786	28.1
Total revenues	$ 198,858	$ 221,212	$ (22,354)	(10.1)

Advertising Revenues

Total advertising revenues decreased 16.7% during the three months ended April 1, 2018 compared to the same period in 2017. While we experienced declines in all of our advertising revenue categories, except national, the total decrease was primarily related to declines in print retail and classified advertising revenues. These decreases in advertising revenues were partially offset by increases in all of our digital revenue categories, as discussed below.

The following table reflects the category of advertising revenue as a percentage of total advertising revenue for the periods presented:

	Three Months Ended	
	April 1, 2018	**March 26, 2017**
Advertising:		
Retail	44.4 %	46.9 %
National	9.8 %	7.4 %
Classified	27.6 %	26.2 %
Direct marketing and other	18.2 %	19.5 %
Total advertising	100.0 %	100.0 %

Retail:

During the three months ended April 1, 2018, retail advertising revenues decreased 21.2% compared to the same period in 2017. In the first three months of 2018, the decrease in retail advertising revenues was primarily due to decreases of 27.4% in print ROP advertising revenues and 38.4% in preprint advertising revenues, compared to the same period in 2017. These decreases were partially offset by an increase in digital retail advertising of 0.7% in the first three months of

2018 compared to the same period in 2017. The overall decreases in retail advertising revenues for the three months ended April 1, 2018, were spread among various ROP and preprint categories.

National:

National advertising revenues increased 10.4% during the three months ended April 1, 2018 compared to the same period in 2017. We had an increase of 23.0% in digital national advertising partially offset by a 14.0% decrease in print national advertising during the first three months of 2018 compared to the same period in 2017. Overall, the increase in digital national advertising revenues during the first three months of 2018 was largely led by programmatic digital advertising, including mobile and video revenues.

Classified:

During the three months ended April 1, 2018, total classified advertising revenues decreased 12.3% compared to the same period in 2017. Automotive, employment and real estate advertising combined for 50.1% and 55.5% of our classified advertising revenues during the three months ended April 1, 2018, and March 26, 2017, respectively. Other classified advertising revenues, which includes legal, remembrance and celebration notices and miscellaneous classified advertising, represents the remaining classified advertising revenues. During the first three months of 2018 compared to the same period in 2017, we experienced an 11.3% increase in digital classified advertising led by other classified advertising and a 31.1% decrease in print classified advertising. During the first quarter of 2018, we revisited the sales activity in remembrance/obituary sales noting that digital advertising has, over time, become the predominate source of obituary sales. As a result, we revised the classification of such sales, which allocates a greater amount of obituary sales from print/digital bundled advertising to digital-only advertising. See definition of digital-only below. Additionally, we continued to see a shift of print advertising to digital platforms.

Digital:

Digital advertising revenues, which are included in each of the advertising categories discussed above, constituted 43.1% of total advertising revenues in the three months ended April 1, 2018, compared to 33.3% for the same period in 2017. Total digital advertising includes digital-only advertising and digital advertising bundled with print. In the first three months of 2018, total digital advertising revenues increased 7.6% to $43.0 million compared to the same period in 2017 partially reflecting the change in allocation from print/digital bundled sales to digital-only sales as discussed above in classified advertising.

Digital-only advertising is defined as digital advertising sold on a stand-alone basis or as the primary advertising buy with print sold as an “up-sell.” Digital-only advertising revenues increased 21.6% to $36.3 million in the first three months of 2018 compared to the same period in 2017.

Digital advertising revenues bundled with print products declined 33.6% in the first three months of 2018 compared to the same period in 2017 as a result of fewer print advertising sales. The advertising industry continues to experience a secular shift in advertising demand from print to digital products as advertisers look for multiple advertising channels to reach their customers and are increasingly focused on online customers. While our product offerings and collaboration efforts in digital advertising have grown, we expect to continue to face intense competition in the digital advertising space.

Direct Marketing and Other:

Direct marketing and other advertising revenues decreased 22.1% during the three months ended April 1, 2018, compared to the same period in 2017. The decrease was largely due to declines in preprint advertising by large retail customers as described above and, to a lesser extent to, decreases in our niche products.

Audience Revenues

Audience revenues decreased 5.6% during the three months ended April 1, 2018, compared to the same period in 2017. Overall, digital audience revenues increased 2.6% during the first three months of 2018. Digital-only audience revenues increased 14.4% in the first three months of 2018 compared to the same period in 2017. The increase in digital-only audience revenues during the first three months of 2018 was a result of a 32.8% increase in our digital-only subscribers to 112,200 as of the end of the first quarter of 2018 compared to 84,500 as of the end of the first quarter in 2017.

Print audience revenues decreased 8.7% in the first three months of 2018 compared to the same period in 2017, primarily due to lower print circulation volumes and were partially offset by pricing adjustments. We have a dynamic pricing model for our traditional subscriptions for which pricing is constantly being adjusted. Print circulation volumes continue to decline as a result of fragmentation of audiences faced by our industry as available media outlets proliferate and readership trends change. To help reduce potential attrition due to the increased pricing, we also increased our subscription-related marketing and promotion efforts.

Operating Expenses

Total operating expenses decreased 10.6% in the three months ended April 1, 2018, compared to the same period in 2017. The decrease during the first three months of 2018 was primarily due to decreases in compensation and other operating expenses compared to the same period in 2017, as discussed below. Our total operating expenses reflect our continued effort to reduce costs through streamlining processes to gain efficiencies.

The following table summarizes operating expenses:

	Three Months Ended			
(in thousands)	**April 1, 2018**	**March 26, 2017**	**$ Change**	**% Change**
Compensation expenses	$ 79,212	$ 91,408	$ (12,196)	(13.3)
Newsprint, supplements and printing expenses	13,659	17,845	(4,186)	(23.5)
Depreciation and amortization expenses	19,233	19,804	(571)	(2.9)
Other operating expenses	89,649	94,717	(5,068)	(5.4)
Other asset write-downs	59	1,957	(1,898)	(97.0)
	$ 201,812	$ 225,731	$ (23,919)	(10.6)

Compensation expenses, which included both payroll and fringe benefit costs, decreased 13.3% in the three months ended April 1, 2018, compared to the same period in 2017. Payroll expenses declined 14.3% during the first three months of 2018 compared to the same period in 2017, reflecting a 15.7% decline in average full-time equivalent employees. Similarly, fringe benefits costs decreased 8.5% in the first three months of 2018 compared to the same period in 2017. These decreases were primarily due to decreases in health benefit costs and other fringe benefit costs, such as the employer portion of taxes. These decreases were partially offset by the implementation of a 401k employer match in the first three months of 2018 of $0.7 million with no comparable expense in the same period in 2017.

Newsprint, supplements and printing expenses decreased 23.5% in the three months ended April 1, 2018, compared to the same period in 2017. Newsprint expense declined 24.3% during the first three months of 2018 compared to the same period in 2017 primarily due to the decrease of newsprint usage of 23.3% and a slight decline in newsprint prices. During this same period, printing expenses, which are primarily outsourced printing costs, decreased 24.7%.

Depreciation and amortization expenses decreased 2.9% in the three months ended April 1, 2018, compared to the same period in 2017. Depreciation expense decreased $0.5 million in the first three months of 2018 compared to the same periods in 2017, as a result of assets becoming fully depreciated in previous periods. Amortization expense remained flat in the first three months of 2018 compared to the same period in 2017.

Other operating expenses decreased 5.4% in the three months ended April 1, 2018, compared to the same period in 2017. The decrease was primarily a result of cost savings initiatives and other efforts to reduce operational costs. We have had decreases in various categories, such as travel, bad debt, postage, circulation delivery costs and other miscellaneous expenses that were partially offset by increases for software for various enterprise-wide IT projects.

Other asset write-downs include an impairment charge of $0.1 million related to classifying certain land and buildings as assets held for sale during the three months ended April 1, 2018, and a write down of $2.0 million of non-newsprint inventory during the three months ended March 26, 2017.

Non-Operating Expenses

Interest Expense:

Total interest expense decreased 7.6% in the three months ended April 1, 2018, compared to the same period in 2017. Interest expense related to debt balances decreased by $2.8 million, in the first three months of 2018, as a result of lower overall debt balances reflecting repurchases of debt made during early 2018 and throughout fiscal year 2017. In the first three months of 2018, this was offset by a $1.2 million increase of non-cash imputed interest related to our financing obligations due to the sale and leaseback of our Sacramento, CA real property in the third quarter of 2017.

Equity Income (Loss) in Unconsolidated Companies, Net:

During the three months ended April 1, 2018, we recorded equity losses in unconsolidated companies of $1.3 million compared to income of $0.1 million in the same period in 2017. Our share of income in the first three months of 2017 included income from our investment in CareerBuilder but there is no comparable income in the first three months of 2018.

Impairments Related to Equity Investments, Net:

As described more fully in Note 4, during the three months ended March 26, 2017, we recorded a $123.0 million pre-tax impairment charge related to our equity investment in CareerBuilder. We had no impairment charges related to equity investments during the three months ended April 1, 2018.

Extinguishment of Debt:

During the three months ended April 1, 2018, we redeemed or repurchased $95.0 million aggregate principal amount of 9.00% Notes. We repurchased these notes at prices higher than par value and we wrote off historical debt issuance costs. As a result, we recorded losses on the extinguishment of debt totaling $5.3 million during the first three months of 2018. See Note 5 for further discussion.

Income Taxes:

In the three months ended April 1, 2018, we recorded an income tax expense of $7.9 million. As discussed more fully in Note 1 under *Income Taxes*, during the three months ended April 1, 2018, we recorded a charge of $14.3 million related to the current year impact of the valuation allowance on deferred taxes. The remaining income tax benefit differed from the expected federal tax amounts primarily due to the inclusion of state income taxes, the tax impact of stock compensation and certain permanently non-deductible expenses.

Liquidity and Capital Resources

Sources and Uses of Liquidity and Capital Resources:

Our cash and cash equivalents were $20.0 million as of April 1, 2018, compared to $23.8 million and $99.4 million as of March 26, 2017, and December 31, 2017, respectively.

We expect that most of our cash and cash equivalents, and our cash generated from operations, for the foreseeable future will be used to repay debt, pay income taxes, fund our capital expenditures, invest in new revenue initiatives, digital investments and enterprise-wide operating systems, make required contributions to the Pension Plan, and for other corporate uses as determined by management and our Board of Directors. As of April 1, 2018, we had approximately $710.0 million in total aggregate principal amount of debt outstanding, consisting of $344.6 million of our 9.00% Notes and $365.4 million of our notes maturing in 2027 and 2029. We expect to continue to opportunistically repurchase or restructure our debt from time to time if market conditions are favorable, whether through privately negotiated repurchases of debt using cash from operations, or other types of tender offers or exchange offers or other means. We also expect that we will refinance or restructure a significant portion of this debt prior to the scheduled maturity of such debt. However, we may not be able to do so on terms favorable to us or at all. We believe that our cash from operations is sufficient to satisfy our liquidity needs over the next 12 months, while maintaining adequate cash and cash equivalents to fund our operations.

See Note 9 and *Recent Developments* above, regarding an agreement we entered into in April 2018 related to the restructuring and refinancing of certain of our debt. Also see *Recent Developments* previously, related to the asset sale and leaseback of our Columbia real property.

The following table summarizes our cash flows:

	Three Months Ended	
(in thousands)	**April 1, 2018**	**March 26, 2017**
Cash flows provided by (used in)		
Operating activities	$ 18,212	$ 20,474
Investing activities	1,120	(3,107)
Financing activities	(98,743)	122
Increase (decrease) in cash, cash equivalents and restricted cash	$ (79,411)	$ 17,489

Operating Activities:

We generated $18.2 million of cash from operating activities in the three months ended April 1, 2018, compared to $20.5 million in the three months ended March 26, 2017. The decrease in operating cash flows primarily reflects a $1.8 million change in our inventory balances in the first three months of 2018 compared to the same period in 2017. The remaining changes in operating activities related to miscellaneous timing differences in various payments and receipts.

Pension Plan Matters

We made no cash contributions to the Pension Plan during the first three months of 2018 or 2017. After applying credits, which resulted from contributing more than the Pension Plan's minimum required contribution amounts in prior years, we did not have a required cash contribution for 2017 and we do not expect to have a required pension contribution under the Employee Retirement Income Security Act in fiscal year 2018. However, we expect to have material contributions in the future.

Investing Activities:

We generated $1.1 million of cash from investing activities in the three months ended April 1, 2018. We received proceeds from the sale of property, plant and equipment ("PP&E") of $3.7 million. These amounts were partially offset by the purchase of PP&E for $2.1 million and contributions to equity investments of $0.5 million. We expect total capital expenditures for the full year of 2018 to be approximately $12.0 million. We used $3.1 million of cash from investing activities in the three months ended March 26, 2017, which was primarily due to the purchase of PP&E of $1.7 million and contributions to equity investments of $1.8 million.

Financing Activities:

We used $98.7 million of cash for financing activities in the three months ended April 1, 2018, compared to generating $0.1 million in the three months ended March 26, 2017. During the three months ended April 1, 2018, we repurchased or redeemed $95.0 million principal amount of our 9.00% Notes, for $99.3 million in cash. See Note 5 for further discussion. We had no debt repurchases and an immaterial amount of treasury repurchases during the first three months of 2017.

Contractual Obligations:

As of April 1, 2018, there have been no significant changes to our "Contractual Obligations" table in Part II, Item 7, "Management's Discussion and Analysis of Financial Condition and Results of Operations" included in our 2017 Annual Report on Form 10-K.

Off-Balance-Sheet Arrangements

As of April 1, 2018, we did not have any off-balance-sheet arrangements as defined in Item 303(a)(4)(ii) of Regulation S-K.

Critical Accounting Policies

Critical accounting policies are those accounting policies that we believe are important to the portrayal of our financial condition and results and require our most difficult, subjective or complex judgments, often as a result of the need to make estimates about the effect of matters that are inherently uncertain. Our 2017 Annual Report on Form 10-K includes a description of certain critical accounting policies, including those with respect to goodwill and intangible impairment, pension and post-retirement benefits and income taxes. There have been no material changes to our critical accounting policies described in our 2017 Annual Report on Form 10-K, other than the adoption of Topic 606 (see Note 1 under the "*Recently Adopted Accounting Pronouncements*" subheader).

ITEM 3. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK.

Part II, Item 7A, "Quantitative and Qualitative Disclosures About Market Risk", included in our 2017 Annual Report on Form 10-K contains certain disclosures about our exposure to market risk for changes in discount rates on our qualified defined benefit pension plan obligations. There have been no material changes to the information provided which would require additional disclosures as of the date of this filing.

ITEM 4. CONTROLS AND PROCEDURES.

Evaluation of Disclosure Controls and Procedures

Our management evaluated, with the participation of our Chief Executive Officer ("CEO") and Chief Financial Officer ("CFO"), the effectiveness of the design and operation of our disclosure controls and procedures (as defined in Rules 13a - 15(e) or 15d - 15(e) under the Securities Exchange Act of 1934, as amended) as of the end of the period covered by this Quarterly Report on Form 10-Q. Based on this evaluation, our management, including the CEO and CFO, concluded that our disclosure controls and procedures were effective at that time to ensure that information we are required to disclose in reports that we file or submit under the Securities Exchange Act of 1934 is accumulated and communicated to our management, including our principal executive and principal financial officers, as appropriate, to allow timely decisions regarding required disclosure and that such information is recorded, processed, summarized and reported within the time periods specified in the Securities and Exchange Commission rules and forms.

Changes in Internal Control over Financial Reporting

There was no change in our internal control over financial reporting that occurred during the quarter ended April 1, 2018, that has materially affected, or is reasonably likely to materially affect, our internal control over financial reporting.

PART II - OTHER INFORMATION

ITEM 1. LEGAL PROCEEDINGS.

See Note 7 included as part of this Quarterly Report on Form 10-Q for a discussion of our legal proceedings.

ITEM 1A. RISK FACTORS.

Except for as set forth below, there have been no material changes in our risk factors from those disclosed in Part I, Item 1A to our Annual Report on Form 10-K for the fiscal year ended December 31, 2017.

We have entered into a term sheet framework agreement with Chatham Asset Management LLC ("Chatham") for the restructuring and refinancing of certain of our long-term debt. The obligations of Chatham under the agreement are subject to various closing conditions. Failure to satisfy the closing conditions and enter into definitive agreements related to the transactions contemplated by the term sheet framework agreement could impact our ability to refinance our 9.00% Senior Secured Notes due December 2022 ("9.00% Notes").

We have entered into a term sheet framework agreement with Chatham for the restructuring and refinancing of certain of our long-term debt. The obligations under the agreement are subject to various closing conditions including negotiation of credit documentation in a form that is reasonably satisfactory to the parties and the contemporaneous refinancing of our outstanding 9.00% Notes. We may not be able to agree with Chatham on the terms of definitive documentation in a timely manner, if at all. We may also be unable to satisfy the other closing conditions in a timely manner. If we are unable to execute definitive agreements with Chatham, the term sheet framework agreement will terminate. As a result, any refinancing of the 9.00% Notes may be on terms less favorable than we would have been able to negotiate if the transactions contemplated by the framework agreement were consummated, and the refinancing of the 9.00% Notes may be delayed or otherwise adversely affected. Any of the foregoing could adversely affect our stock price.

ITEM 6. EXHIBITS

Exhibit Number		Description	Incorporated by reference herein Form	Exhibit	File Date
10.1		Term Loan Framework Agreement , dated as of April 26, 2018, between The McClatchy Company and Chatham Asset Management, LLC			
31.1		Certification of the Chief Executive Officer of The McClatchy Company pursuant to Rule 13a-14(a) under the Exchange Act			
31.2		Certification of the Chief Financial Officer of The McClatchy Company pursuant to Rule 13a-14(a) under the Exchange Act			
32.1	**	Certification of the Chief Executive Officer of The McClatchy Company pursuant to 18 U.S.C. Section 1350			
32.2	**	Certification of the Chief Financial Officer of The McClatchy Company pursuant to 18 U.S.C. Section 1350			
101.INS		XBRL Instance Document			
101.SCH		XBRL Taxonomy Extension Schema			
101.CAL		XBRL Taxonomy Extension Calculation Linkbase			
101.DEF		XBRL Extension Definition Linkbase			
101.LAB		XBRL Taxonomy Extension Label Linkbase			
101.PRE		XBRL Taxonomy Extension Presentation Linkbase			

** Furnished, not filed

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

	The McClatchy Company
	(Registrant)
May 10, 2018	/s/Craig I. Forman
Date	Craig I. Forman Chief Executive Officer
May 10, 2018	/s/R. Elaine Lintecum
Date	R. Elaine Lintecum Chief Financial Officer

Exhibit 10.1

EXECUTION VERSION

TERM LOAN FRAMEWORK AGREEMENT

This Term Loan Framework Agreement (as amended, restated, modified or otherwise supplemented from time to time, the "**Agreement**"), dated as of April 26, 2018, is entered into between The McClatchy Company, a Delaware Corporation (the "**Company**"), and Chatham Asset Management, LLC (the "**Lender**"), for itself and on behalf of the beneficial owners of the Outstanding Debt Securities listed on Exhibit A hereto ("**Accounts**") for whom the Lender holds contractual and investment authority (each Account, as well as the Lender if it is exchanging Outstanding Debt Securities hereunder, a "**Holder**").

RECITALS

WHEREAS, the Holders are certain holders of, among other of the Company's securities, the Company's 2027 Debentures and 2029 Debentures (collectively, the "**Outstanding Debt Securities**").

WHEREAS, the Lender and the Borrower Parties desire to enter into the Facilities for the Loans (including, without limitation, the provision by the Lender of $50,000,000 of cash in immediately available funds funded to the Borrower under the Facilities) on the terms and conditions described in the term sheet set forth in Exhibit B hereto (the "**Term Sheet**") and, in connection therewith, to use a portion of the proceeds from such Loans plus a certain premium specified in the Term Sheet (the "**Premium Amounts**") to repurchase for
cash or exchange (A)(i) $82,083,000 aggregate principal amount of the 2027 Debentures (the "**2027 Debentures Amount**"); and (ii) $105,417,000 aggregate principal amount of the 2029 Debentures, in each case, under the Tranche A Term Loan Facility (the "**Tranche A 2029 Debentures Amount**"); and (B) $168,476,000 aggregate principal amount of the 2029 Debentures under the Tranche B Term Loan Facility (the "**Tranche B 2029 Debentures Amount**"), in each case, held by the Holders (the "**Term Loan Restructuring**").

WHEREAS, the effectiveness of the Term Loan Restructuring will be subject to, among other conditions, the consummation of the 2022 Debt Refinancing.

AGREEMENT

NOW, THEREFORE, on and subject to the terms and conditions set forth in this Agreement, the parties hereto agree as follows:

Article I: Definitions

As used in this Agreement, the following terms have the following meanings unless otherwise defined herein or in the Term Sheet:

"**2027 Debentures**" shall have the meaning set forth in the Term Sheet.

"**2029 Debentures**" shall have the meaning set forth in the Term Sheet.

"**2027 Debentures Amount**" shall have the meaning set forth in the recitals.

"**2022 Debt Refinancing**" shall mean the incurrence by the Borrower of first lien debt in an amount no greater than the amount required to redeem, refinance or otherwise acquire the outstanding amount of the Existing Credit Agreement and 2022 Notes, including any premiums thereon, plus accrued and unpaid interest, and fees and expenses in connection with such redemption, refinancing or acquisition (the "**New Secured Debt**"), the proceeds of which, together with the proceeds from the Term Loan Restructuring, and cash on hand, are applied to redeem, refinance or otherwise acquire 100% of the Company's issued and outstanding 2022 Notes.

"**2022 Notes**" shall have the meaning set forth in the Term Sheet.

"**Accounts**" shall have the meaning set forth in the preamble hereto.

"**Agreement**" shall have the meaning set forth in the preamble hereto.

"**Borrower**" shall have the meaning set forth in the Term Sheet.

"**Borrower Parties**" shall mean the Company, the Borrower and the other Guarantors.

"**Cash Amount**" shall mean the amounts provided to the Borrower from the Facilities plus the Premium Amounts.

"**Closing**" has the meaning set forth in **Article II**.

"**Closing Date**" has the meaning set forth in **Article II**.

"Commission" has the meaning set forth in Section 5.1.

"**Common Stock**" shall mean the Class A common stock, par value $0.01 per share, of the Company.

"**Company**" shall have the meaning set forth in the preamble hereto. "**Credit Documentation**" has the meaning set forth in the term sheet. "**DTC**" means The Depository Trust Company.

"**Enforceability Exceptions**" shall mean (a) bankruptcy, insolvency, fraudulent transfer, reorganization, moratorium or other similar laws affecting or relating to enforcement of creditors' rights generally, and (b) the general principles of equity, whether such enforceability is considered in a proceeding at law or in equity.

"**Exchange**" has the meaning set forth in Section 5.1.

"**Existing Credit Agreement**" has the meaning set forth in Section 5.1(h).

"**Guarantors**" has the meaning set forth in the Term Sheet.

"**Guaranty and Security Agreement**" has the meaning set forth in Section 5.1(n).

"**Holder**" shall have the meaning set forth in the preamble hereto.

"**Liens**" shall mean any mortgage, lien, pledge, charge, security interest, encumbrance, title retention agreement, option, equity or other adverse claim thereto.

"**Materials**" has the meaning set forth in Section 3.6.

"**Outstanding Debt Securities**" shall have the meaning set forth in the recitals.

"**Outstanding Debt Securities Indenture**" means the Indenture, dated November 4, 1997, between the Company (as successor in interest to Knight-Ridder, Inc.) and The Bank of New York Mellon Trust Company, N.A. (as successor in interest to The Chase Manhattan Bank), as amended and supplemented from time to time.

"**Premium Amounts**" has the meaning specified in the recitals.

"**Public Filings**" has the meaning set forth in Section 3.6.

"**Related Party**" has the meaning set forth in Section 3.5.

"**SEC**" shall mean the Securities and Exchange Commission.

"**Securities Act**" shall mean the Securities Act of 1933, as amended.

"**Term Loan Restructuring**" shall have the meaning set forth in the recitals.

"**Term Sheet**" shall have the meaning set forth in the recitals.

"**Tranche A 2029 Debentures Amount**" shall have the meaning set forth in the recitals.

"**Tranche B 2029 Debentures Amount**" shall have the meaning set forth in the recitals.

"**Voting Party**" has the meaning set forth in Section 3.5.

Article II: The Term Loan Restructuring

At the Closing, the Lender hereby agrees to cause the Holders to fund the Loans to the Borrower pursuant to the terms of this Agreement and the Term Sheet and will deliver to the Borrower the Premium Amounts in immediately available funds, and the Borrower shall use the Cash Amount to repurchase or exchange the Holders' respective beneficial interests in the Outstanding Debt Securities set forth on Exhibit A hereto in accordance with the DTC's applicable procedures and the Outstanding Debt Securities Indenture. Pursuant to the terms of the Term Loan Restructuring, and in connection with the Term Loan Restructuring, the Borrower Parties and the Lender hereby agree to execute and deliver the Credit Documentation in accordance with the terms of this Agreement and the Term Sheet.

The closing of the Term Loan Restructuring (the "**Closing**") shall be conducted, subject to the satisfaction of the closing conditions set forth in **Article V**, on the date of the closing of the 2022 Debt Refinancing (the "**Closing Date**") and at a mutually agreeable location or by the exchange of electronic documentation. At the Closing, (a) each Holder shall deliver or cause to be delivered to the Company all right, title and interest in and to its Outstanding Debt Securities free and clear of any Liens, together with any documents of conveyance or transfer required by the Company to evidence such transfer and to confirm all right, title and interest in and to the Outstanding Debt Securities free and clear of any Liens, (b) the Lender shall fund, or shall cause the Holders to fund, the Cash Amount by wire transfer of immediately available funds to the Borrower, (c) the Borrower and the Lender shall enter into the Loans and (d) the Borrower shall repurchase or exchange the Holders' respective beneficial interests in the Outstanding Debt Securities set forth on Exhibit A hereto. The parties will mutually agree whether the Holders' beneficial interest in the Outstanding Debt Securities shall be repurchased or exchanged.

Article III: Covenants, Representations and Warranties of the Holders

Each Holder (unless limited below to the Lender) hereby covenants (solely as to itself), as follows, and makes the following representations and warranties (solely as to itself), and all such covenants, representations and warranties shall survive the Closing:

Section 3.1 Power and Authorization. The Holder is duly organized, validly existing and in good standing, and has the power, authority and capacity to execute and deliver this Agreement, to perform its obligations hereunder, and to consummate the Term Loan Restructuring contemplated hereby. If the Lender is executing this Agreement on behalf of Accounts, (a) the Lender has all requisite discretionary and contractual authority to enter into this Agreement on behalf of, and bind, each Account, and (b) Exhibit A hereto is a true, correct and complete list of (i) the name of each Account, and (ii) the aggregate principal amount of Outstanding Debt Securities held by the Accounts.

Section 3.2 **Valid and Enforceable Agreement; No Violations.** This Agreement has been duly executed and delivered by the Lender and the Holder and constitutes a legal, valid and binding obligation of the Lender and the Holder, enforceable against the Lender and the Holder in accordance with its terms, except that such enforcement may be subject to the Enforceability Exceptions. This Agreement and consummation of the Term Loan Restructuring will not violate, conflict with or result in a breach of or default under (i) the Lender's or the Holder's organizational documents, (ii) any agreement or instrument to which the Lender or the Holder is a party or by which the Lender or the Holder or any of their respective assets are bound, or (iii) any laws, regulations or governmental or judicial decrees, injunctions or orders applicable to the Lender or the Holder, except for such violations, conflicts or breaches under clause (iii) above that would not, individually or in the aggregate, reasonably be likely to prevent, materially delay or materially impair the consummation of the Term Loan Restructuring.

Section 3.3 **Title to the Outstanding Debt Securities.** The Holders are the sole legal and beneficial owners of the aggregate principal amount of Outstanding Debt Securities set forth on Exhibit A hereto (or, if there are no Accounts, the Lender is the sole legal and beneficial owner of all of the Outstanding Debt Securities). The Holder has good and valid title to its Outstanding Debt Securities, free and clear of any Liens (other than (i) pledges or security interests that such Holder may have created in favor of a prime broker under and in accordance with its prime brokerage agreement with such broker and (ii) Liens that would not, individually or in the aggregate, reasonably be likely to prevent, materially delay or materially impair the consummation of the Term Loan Restructuring). Upon the Holder's delivery of its Outstanding Debt Securities to the Company pursuant to the Term Loan Restructuring, such Outstanding Debt Securities shall be free and clear of all Liens created by the Holder, other than Liens that would not, individually or in the aggregate, reasonably be likely to prevent, materially delay or materially impair the consummation of the Term Loan Restructuring.

Section 3.4 **Institutional Accredited Investor or Qualified Institutional Buyer**. The Holder is either (i) an institutional "accredited investor" within the meaning of Rule 501(a)(1), (2), (3) or (7) of Regulation D promulgated under the Securities Act, or (ii) a "qualified institutional buyer" within the meaning of Rule 144A promulgated under the Securities Act.

Section 3.5 **Adequate Information; No Reliance**. The Holder acknowledges and agrees that(a) the Holder has been furnished with all materials it considers relevant to making an investment decision to enter into the Term Loan Restructuring and has had the opportunity to review (and has carefully reviewed)the Company's filings and submissions with the SEC, including, without limitation, all information filed or furnished pursuant to the Securities Exchange Act of 1934, as amended (collectively, the "Public Filings"), and this Agreement (including the exhibits hereto) (the "Materials"), (b) the Holder has had a full opportunity to ask questions of the Company concerning the Company, its business, operations, financial performance, financial condition and prospects, and the terms and conditions of the Term Loan Restructuring, and to obtain from the Company any information that it considers necessary in making an informed investment decision and to verify the accuracy of the information set forth in the Public Filings and the Materials, (c) the Holder has had the opportunity to consult with its accounting, tax, financial and legal advisors to be able to evaluate the risks involved in the Term Loan Restructuring and to make an informed investment decision with respect to such Term Loan Restructuring, (d) the Holder is not relying, and has not relied, upon any statement, advice (whether accounting, tax, financial, legal or other), representation or warranty made by the Company or any of its affiliates or representatives or any other entity or person, (e) no statement or written material contrary to the Public Filings or the Materials has been made or given to the Holder by or on behalf of the Company, (f) the Holder is able to fend for itself in the Term Loan Restructuring, and (g) the Holder is not relying on any information or statements provided by Agent in connection with the Term Loan Restructuring.

Section 3.6 Further Action. The Holder agrees that it will, upon request, execute and deliver any additional documents deemed by the Company or the trustee of the applicable series of Outstanding Debt Securities to be necessary to complete the Term Loan Restructuring.

Section 3.7 Credit Documentation. Subject to Section 5.1, the Lender shall enter into the Credit Documentation for the Loans in accordance with the terms of this Agreement and the Term Sheet on the Closing Date.

Section 3.8 Term Loan Restructuring. The terms of the Term Loan Restructuring are the result of bilateral negotiations between the parties.

Article IV: Covenants, Representations and Warranties of the Borrower Parties

Each Borrower Party hereby covenants as follows, and makes the following representations and warranties, to the Lender and the Holders, and all such covenants, representations and warranties shall survive the Closing:

Section 4.1 Power and Authorization. Each Borrower Party is duly incorporated, validly existing and in good standing under the laws of its state of incorporation, and has the power, authority and capacity to execute and deliver this Agreement, to perform its obligations hereunder and thereunder, and to consummate the Term Loan Restructuring contemplated hereby.

Section 4.2 Valid and Enforceable Agreements; No Violations. This Agreement has been duly executed and delivered by each Borrower Party and constitutes a legal, valid and binding obligation of such Borrower Party, enforceable against such Borrower Party in accordance with its terms, except that such enforcement may be subject to the Enforceability Exceptions. This Agreement and consummation of the Term Loan Restructuring will not violate, conflict with or result in a breach of or default under (i) the charter, bylaws or other organizational documents of such Borrower Party, (ii) any material agreement or instrument to which such Borrower Party is a party or by which the Borrower Party or any of its assets are bound (other than the Existing Credit Agreement, the 2022 Notes, the 2027 Debentures, the 2029 Debentures and, in each case, related documentation), or (iii) any laws, regulations or governmental or judicial decrees, injunctions or orders applicable to such Borrower Party, except for such violations, conflicts or breaches under clause (iii) above that would not, individually or in the aggregate, have a material adverse effect on the business, financial position, results of operations or prospects of such Borrower Party and its subsidiaries taken as a whole or on its performance of its obligations under this Agreement or on the consummation of the transactions contemplated thereby.

Section 4.3 Use of Proceeds. The Borrower shall use the proceeds from the Facilities in the manner set forth in the Term Sheet.

Section 4.4 Further Action. Each Borrower Party agrees that it will, upon request, execute and deliver any additional documents deemed by the Holders to be necessary to complete the Term Loan Restructuring.

Section 4.5 Credit Documentation. Subject to Section 5.2, each Borrower Party shall enter into the Credit Documentation for the Loans in accordance with the terms of this Agreement and the Term Sheet on the Closing Date.

Section 4.6 Term Loan Restructuring. The terms of the Term Loan Restructuring are the result of bilateral negotiations between the parties.

Article V: Closing Conditions

Section 5.1 Closing Conditions of the Lender. The obligations of the Lender to participate in the Term Loan Restructuring is subject to the fulfillment, on or prior to the Closing Date, of all of the following conditions, any of which may be waived in whole or in part by the Lender:

(a) *Representations and Warranties*. The representations and warranties made by the Borrower Parties in **Article III** hereof and in the Credit Documentation shall be true and correct on the date hereof and on the Closing Date.

(b) *Authorization*. At the Closing, the Lender shall have obtained all requisite corporate authorizations to enter into the Term Loan Restructuring and the related Credit Documentation.

(c) *Legal Requirements*. At the Closing, the Term Loan Restructuring shall be legally permitted by all laws and regulations to which the parties hereto are subject.

(d) *Transaction Documents*. The Company and the other Borrower Parties shall have duly executed and delivered to the Lender the Credit Documentation.

(e) *Satisfactory Credit Documentation*. The Credit Documentation shall be in form and substance reasonably satisfactory to the Lender.

(f) *Facilities Proceeds*. Substantially concurrent with the Closing and on the Closing Date, the Company shall have used the Cash Amount to repurchase or exchange, as applicable, the Holders' respective beneficial interests in the Outstanding Debt Securities set forth on Exhibit A hereto.

(g) *Refinancing of the 2022 Notes*. Substantially concurrent with the Term Loan Restructuring, the Company shall have effected the 2022 Debt Refinancing.

(h) *Credit Agreement*. The Company shall have obtained effective amendments to (or amendment and restatement of), or refinanced, its Third Amended and Restated Credit Agreement, dated as of December 12, 2012, among the Company, the lenders party thereto and Bank of America, N.A., as Administrative Agent, Swing Line Lender and L/C Issuer (as amended, restated, modified or otherwise supplemented from time to time, the "**Existing Credit Agreement**") and related loan documents in order to permit the 2022 Debt Refinancing and the transactions contemplated by this Agreement, and all other documentation required by the agent and lenders thereunder in order to permit the New First Lien Debt and the transactions contemplated by this Agreement.

(i) Intercreditor Agreement(s). The administrative agent, on behalf of the lenders party to the Existing Credit Agreement (or any refinancing or replacement thereof), the collateral agent for the New First Lien Debt and the Administrative Agent shall have entered into one or more intercreditor agreements on terms and conditions reasonably satisfactory to the Company and the Lender.

(j) *Supplemental Indentures*. Supplemental Indentures shall have become effective with respect to the 2027 Debentures and the 2029 Debentures eliminating the restrictions with respect to the granting of liens and sale-and-leaseback transactions, on terms and conditions reasonably satisfactory to the Company and the Lender.

(k) *Legal Opinions*. The Lender shall have received duly executed favorable opinions of counsel to the Borrower Parties addressed to the Administrative Agent and the Lender and addressing such matters as the Lender may reasonably request.

(l) *Financial Officer's Certificate*. The Lender shall have received a certificate of a financial officer of the Company to the effect that (A) each condition set forth in Section 5.1(a) has been satisfied, (B) no default or event of default under the Credit Documentation shall have occurred and be continuing and (C) both the Borrower Parties taken as a whole and the Borrower are solvent after giving effect to the Loans, the consummation of the Term Loan Restructuring, the application of the proceeds thereof in accordance with the Term Sheet and the payment of all estimated legal, accounting and other fees and expenses related hereto and thereto.

(m) *Secretary's Certificate*. The Lender shall have received a certificate from the Company attaching thereto and certifying such documents and certificates as the Lender may reasonably request relating to the organization, existence and good standing of the Borrower Parties, the authorization of the transactions contemplated by this Agreement, the Term Sheet and the Term Loan Restructuring and any other legal matters relating to each Borrower Party, this Agreement or the transactions contemplated hereby, all in form and substance reasonably satisfactory to the Lender.

(n) *Guaranty and Security Documentation*. The Lender shall have received a guaranty and security agreement (the "**Guaranty and Security Agreement**"), duly executed by each Borrower Party, in form and substance reasonably satisfactory to the Lender, covering all of such Borrower Party's Collateral, together with the following, each in form and substance reasonably satisfactory to the Lender:

a. financing statements (Form UCC-1) in proper form for filing under the UCC in the jurisdiction of incorporation or formation, as applicable, of the applicable Borrower Party as may be necessary or, in the reasonable opinion of the Lender, desirable, to perfect the security interests purported to be created by the Guaranty and Security Agreement to the extent they can be perfected by such filings;

b. results of searches, certified copies of requests for information or other evidence or copies, or equivalent reports as of a recent date in the jurisdiction of incorporation or formation, as applicable, of the applicable Borrower Party, listing all effective financing statements that name any Borrower Party as debtor and that are filed in the in which Collateral is located on the Closing Date, together with copies of the financing statements that are identified in such search results (none of which shall cover any of the Collateral except (x) to the extent evidencing permitted liens (to be agreed in the Credit Documentation) or (y) those in respect of which the Lender shall have received termination statements (Form UCC-3) fully executed for filing;

c. evidence of the completion of recordings and filings of any intellectual property security agreement in the United States Patent and Trademark Office or in the United States Copyright Office, as the case may be, as may be necessary or, in the reasonable opinion of the Lender, desirable, to perfect the security interests purported to be created by the Guaranty and Security Agreement; and

d. subject to the terms of the applicable intercreditor agreement, (x) all certificates representing the equity interests required to be pledged pursuant to the Guaranty and Security Agreement together with undated endorsements for transfer executed in blank and (y) promissory notes required to be pledged pursuant to the Guaranty and Security Agreement together with undated endorsements for transfer executed in blank, in each case, in form and substance reasonably satisfactory to the Lender.

(o) *Material Adverse Effect*. From December 31, 2017 to the Closing Date, there has not occurred any fact, circumstance, effect, change, event or development that, individually or in the aggregate, has a material adverse effect on the business, financial position, results of operations or prospects of the Borrower Parties taken as a whole or on their performance of their obligations under this Agreement or on the consummation of the

Term Loan Restructuring and the transactions contemplated thereby, in each case, except as disclosed in a document filed by the Company with the Securities and Exchange Commission (the "**Commission**") pursuant to the Securities Exchange Act of 1934, as amended (the "**Exchange Act**"), prior to the date hereof.

(p) No Litigation. No court or other governmental entity of competent jurisdiction shall have enacted, issued, promulgated, enforced or entered any federal, state, local or foreign law, statute or ordinance, common law, or any rule, regulation, standard, judgment, order, writ, injunction, decree, arbitration award or agency requirement (whether temporary, preliminary or permanent) that is in effect and restrains, enjoins or otherwise prohibits consummation of the Term Loan Restructuring or the other transactions contemplated by this Agreement.

(q) KYC. The Lender shall have received at least three business days prior to the Closing Date all documentation and other information about the Borrower Parties as has been reasonably requested at least five business days prior to the Closing Date that it reasonably determines is required by regulatory authorities under applicable "know your customer" and anti-money laundering rules and regulations, including a duly executed W-9 tax form (or such other applicable IRS tax form) of the Borrower.

(r) Other Documents. The Lender shall have received such other documents and information as it may reasonably request and is customary for a transaction of this type.

Section 5.2 **Closing Conditions of the Borrower Parties.** The obligations of the Borrower Parties to participate in the Term Loan Restructuring is subject to the fulfillment, on or prior to the Closing Date, of all of the following conditions, any of which may be waived in whole or in part by the Company:

(a) *Representations and Warranties*. The representations and warranties made by the Lender in **Article II** hereof and in the Credit Documentation shall be true and correct on the date hereof and on the Closing Date.

(b) *Authorization*. At the Closing, the Borrowing Parties shall have obtained all requisite corporate authorizations to enter into the Term Loan Restructuring and the related Credit Documentation.

(c) *Legal Requirements*. At the Closing, the Term Loan Restructuring shall be legally permitted by all laws and regulations to which the parties hereto are subject.

(d) *Transaction Documents*. The Lender shall have duly executed and delivered to the Borrower Parties the Credit Documentation.

(e) *Satisfactory Credit Documentation; Delivery of Outstanding Debt Securities; Provision of the Loans*. The Credit Documentation shall be in form and substance reasonably satisfactory to the Company and the Borrower, including, without limitation, the provision by Lender to the Borrowing Entities of Loans in a total aggregate amount equal to the 2027 Debentures Amount, the Tranche A 2029 Debentures Amount, the Tranche B 2029 Debentures Amount and the Cash Borrowing Amount. The Lender and any other Holders shall have delivered the Outstanding Debt Securities set forth on Exhibit A to the Company.

(f) *Facilities Proceeds*. The Lender shall have funded the Cash Amount to the Borrower by wire transfer of immediately funds.

(g) *Refinancing of the 2022 Notes*. Substantially concurrent with the Term Loan Restructuring, the Company shall have effected the 2022 Debt Refinancing.

(h) *Credit Agreement*. The Company shall have obtained effective amendments to (or amendment and restatement of), or refinanced, the Existing Credit Agreement and related loan documents in order to permit the 2022 Debt Refinancing and the transactions contemplated by this Agreement, and all other documentation required by the agent and lenders thereunder in order to permit the New First Lien Debt and the transactions contemplated by this Agreement.

(i) *Intercreditor Agreement(s)*. The administrative agent, on behalf of the lenders party to the Existing Credit Agreement (or any refinancing or replacement thereof), the collateral agent for the New First Lien Debt and the Administrative Agent shall have entered into one or more intercreditor agreements on terms and conditions reasonably acceptable to the Company and the Lender.

(j) *Supplemental Indentures*. Supplemental Indentures shall have become effective with respect to the 2027 Debentures and the 2029 Debentures eliminating the restrictions with respect to the granting of liens and sale-and-leaseback transactions on terms and conditions reasonably acceptable to the Company and the Lender.

Article VI: Miscellaneous

Section 6.1 Entire Agreement. This Agreement and any documents and agreements executed in connection with the Term Loan Restructuring embody the entire agreement and understanding of the parties hereto with respect to the subject matter hereof and supersede all prior and contemporaneous oral or written agreements, representations, warranties, contracts, correspondence, conversations, memoranda and understandings between or among the parties or any of their agents, representatives or affiliates relative to such subject matter, including, without limitation, any term sheets, emails or draft documents.

Section 6.2 Construction. References in the singular shall include the plural, and vice versa, unless the context otherwise requires. References in the masculine shall include the feminine and neuter, and vice versa, unless the context otherwise requires. Headings in this Agreement are for convenience of reference only and shall not limit or otherwise affect the meanings of the provisions hereof. Neither party, nor its respective counsel, shall be deemed the drafter of this Agreement for purposes of construing the provisions of this Agreement, and all language in all parts of this Agreement shall be construed in accordance with its fair meaning, and not strictly for or against either party.

Section 6.3 Governing Law. This Agreement shall in all respects be construed in accordance with and governed by the substantive laws of the State of New York, without reference to its choice of law rules.

Section 6.4 Counterparts. This Agreement may be executed in counterparts, each of which shall be deemed an original, but all of which taken together shall constitute one and the same instrument. Any counterpart or other signature hereon delivered by facsimile shall be deemed for all purposes as constituting good and valid execution and delivery of this Agreement by such party.

Section 6.5 Termination. This Agreement will terminate upon the earlier of (1) the date (x) the Board of Directors of the Company (or any authorized committee thereto) or (y) the Lender determines in its good faith judgment that it would be inadvisable for the Company or the Lender, as applicable, to consummate the Term Loan Restructuring and/or the 2022 Debt Refinancing or (2) the date that is one hundred eighty days (180) days following the date of this Agreement, or such later or earlier date agreed to in writing by the parties.

The Company or any other Borrower Party may terminate this Agreement if there has occurred any breach or withdrawal by the Lender or a Holder of any covenant, representation or warranty set forth in **Article III** The Lender or a Holder may terminate this Agreement if there has occurred any breach or withdrawal by the Company of any covenant, representation or warranty set forth in **Article IV**.

[Signature Page Follows]

IN WITNESS WHEREOF, each of the parties hereto has caused this Agreement to be executed as of the date first above written.

THE MCLATCHY COMPANY

/s/R. Elaine Lintecum
Name: R. Elaine Lintecum
Title: VP, CFO and Treasurer

Signature Page to Term Loan Framework Agreement

IN WITNESS WHEREOF, each of the parties hereto has caused this Agreement to be executed as of the date first above written.

CHATHAM ASSET MANAGEMENT, LLC

(in its capacities set forth in the preamble hereto)

By: /s/Anthony R. Melchiorre
Name: Anthony R. Melchiorre
Title:Managing Member

EXHIBIT A
Exchanging Beneficial Owners

The following entities will collectively exchange (i) $82,083,000 aggregate principal amount of 2027 Debentures and (ii) $273,893,000 aggregate principal amount of 2029 Debentures:

- Chatham Asset High Yield Master Fund, Ltd.
- Chatham Asset Private Debt and Strategic Capital Fund, LP
- Chatham Everest Fund, LP
- Chatham Fund, LP

EXHIBIT B

Term Sheet

The McClatchy Company Term Loan Facilities Summary of Terms and Conditions

Set forth below is a summary of the terms and conditions of the Facilities (as defined below) to be entered into by The McClatchy Company, a Delaware corporation (the "**Company**"), a wholly-owned subsidiary of the Company designated by the Company as the borrower, and the Lender (the "**Term Sheet**"), subject to the terms and conditions of the Term Loan Framework Agreement (the "**Agreement**") to which this Term Sheet is attached. Capitalized terms used herein and not otherwise defined herein have the meanings specified in the Agreement.

Borrower:	A wholly-owned subsidiary of the Company designated by the Company, which shall be the same borrower as under the New First Lien Debt (as defined below) (the "**Borrower**").
Guarantors:	Same as the guarantors for the New First Lien Debt, including the Company (collectively, the "**Guarantors**"); provided that the guarantees in respect of the Tranche A Term Loans shall be subordinated in right of payment to the obligations of the Borrower and the Guarantors in respect of Priority Indebtedness (as defined below) on customary terms for high yield debt securities and the guarantees in respect of the Tranche B Term Loans shall be subordinated in right of payment to the obligations of the Borrower and the Guarantors in respect of the Tranche A Term Loans and Priority Indebtedness on customary terms for high yield debt securities.
Administrative Agent:	A financial institution to be mutually agreed by the Company and Chatham will act as administrative agent and collateral agent for the Facilities (in such capacities, the "Administrative Agent").
Lead Arranger:	A financial institution, if any, to be selected by the Company (the "**Arranger**").
Lender:	The Lender set forth in the Agreement.
Facilities:	A term loan facility (the "**Tranche A Term Loan Facility**") in an aggregate principal amount of $250,000,000 (the "**Tranche A Term Loans**"), which loans will be extended as follows (it being understood and agreed that the Borrower shall not be required to pay any amount of principal in excess of $250,000,000 in respect of the Tranche A Term Loans or any premium at which such Tranche A Term Loans were extended): the sum of (i) (A) the prevailing market price (as quoted on the TRACE system) on the Closing Date of $105,417,000 aggregate principal amount of the Company's 6.875% Debentures due March 15, 2029 (the "**2029 Debentures**"), plus (B) accrued and unpaid interest on such 2029 Debentures up to, but excluding, the Closing Date; (ii) (A) the prevailing market price on the Closing Date of $82,083,000 aggregate principal amount of the Company's 7.15% Debentures

	due November 1, 2027 (the "**2027 Debentures**"), plus (B) accrued and unpaid interest thereon up to, but excluding, the Closing Date; and (iii) $50,000,000. A term loan facility (the "**Tranche B Term Loan Facility**"; and together with the Tranche A Term Loan Facility, the "**Facilities**") in an aggregate amount of $168,476,000 (the loans thereunder, the "**Tranche B Term Loans**" and together with the Tranche A Term Loans, the "**Loans**") which Loans will be extended at a premium equal to the sum of the following (it being understood and agreed that the Borrower shall not be required to pay any amount of principal in excess of $168,476,000 in respect of the Tranche B Term Loans or any premium at which such Tranche B Term Loans were extended): (i) the prevailing market price on the Closing Date of $168,476,000 aggregate principal amount of the Company's 2029 Debentures, plus (ii) accrued and unpaid interest thereon up to, but excluding, the Closing Date. The Facilities will be documented in the form of a loan agreement containing the terms and conditions set forth in the Agreement and this Term Sheet and a security agreement in substantially the same form as the security agreement for the New First Lien Debt (together with other related loan documentation to be agreed, the "**Credit Documentation**").
Maturity Dates:	Tranche A Term Loan Facility: July 1, 2030. Tranche B Term Loan Facility: July 1, 2031.
Amortization:	Tranche A Term Loan Facility: None. Tranche B Term Loan Facility: None.
Availability:	Tranche A Term Loan Facility: The full amount of the Tranche A Term Loan Facility shall be made in a single drawing on the Closing Date (as defined below under "Conditions to Closing"). Repayments and prepayments of Term Loans may not be reborrowed. Tranche B Term Loan Facility: The full amount of the Tranche B Term Loan Facility shall be made in a single drawing on the Closing Date. Repayments and prepayments of Term Loans may not be reborrowed.
Use of Proceeds:	The proceeds of the Tranche A Term Loans shall be used to purchase from Chatham and/or its affiliates (i) $105,417,000 aggregate principal amount of the Company's 2029 Debentures at the prevailing market price on the Closing Date of such 2029 Debentures plus accrued and unpaid interest thereon up to, but

	excluding the Closing Date, (ii) $82,083,000 aggregate principal amount of the Company's 2027 Debentures at the prevailing market price on the Closing Date of such 2029 Debentures plus accrued and unpaid interest thereon up to, but excluding, the Closing Date and (iii) for the 2022 Debt Refinancing and the payment of fees, costs and expenses in connection with the 2022 Debt Refinancing and the transactions contemplated by this Term Sheet. The proceeds of the Tranche B Term Loans shall be used to purchase from Chatham and/or its affiliates $168,476,000 aggregate principal amount of the Company's 2029 Debentures at the prevailing market price on the Closing Date of such 2029 Debentures plus accrued and unpaid interest thereon up to, but excluding the Closing Date.
Interest Rates:	Tranche A Term Loan Facility: 7.372% per annum. Tranche B Term Loan Facility: 6.875% per annum. Interest shall be payable semi-annually in arrears and calculated on the basis of 12 months of 30 days each
Interest Payment Dates:	January 1 and July 1 of each year, commencing January 1, 2019
Voluntary Prepayments:	Tranche A Term Loans: At any time and from time to time prior to the third anniversary of the Closing Date, the Borrower may prepay all or any portion of the Tranche A Term Loans by payment of an amount equal to the sum of 100% of the principal amount of Tranche A Term Loans being prepaid, plus accrued and unpaid interest up to, but excluding the prepayment date, plus a customary (T+50 basis points) make-whole amount. On or after the third anniversary of the Closing Date, the Borrower may prepay all or any portion of the Tranche A Term Loans by payment of an amount equal to the sum of the specified percentage set forth below times the principal amount of the Tranche A Term Loans being prepaid, plus accrued and unpaid interest up to but excluding the prepayment date: On or after the third anniversary of the Closing Date and prior to the fourth anniversary of the Closing Date: 107.372% On or after the fourth anniversary of the Closing Date and prior to the fifth anniversary of the Closing Date: 105.529% On or after the fifth anniversary of the closing date and prior to the sixth anniversary of the Closing Date: 103.686% On or after the sixth anniversary of the Closing Date and prior to the seventh anniversary of the Closing Date: 101.843%

	On or after the seventh anniversary of the Closing Date: 100% Tranche B Term Loans: At any time and from time to time, the Borrower may prepay all or any portion of the Tranche B Term Loans by payment of an amount equal to the sum of 100% of the principal amount of Tranche B Term Loans being prepaid, plus accrued and unpaid interest up to, but excluding the prepayment date, plus a customary (T+50 basis points) make-whole amount.
Mandatory Prepayments:	None (including in connection with any change in control of the Company).
Exchange Rights:	At any time after the occurrence of a change in control of the Company (as defined in the 2022 Notes Indenture), the Lenders may exchange, solely at such Lenders' sole cost and expense, all or any portion of the Tranche A Term Loans for notes with identical terms to the Tranche A Term Loans and to sell such notes, subject to the Borrower's approval of the initial purchaser of such notes. The Lenders shall reimburse the Borrower for all costs and expenses of the Borrower in connection with any such exchange, including without limitation any tax liabilities incurred by the Borrower in connection with such exchange. At any time after the occurrence of a change in control of the Company (as defined in the 2022 Notes Indenture), the Lenders may exchange, solely at such Lenders' sole cost and expense, all or any portion of the Tranche B Term Loans for notes with identical terms to the Tranche B Term Loans and to sell such notes, subject to the Borrower's approval of the initial purchaser of such notes. The Lenders shall reimburse the Borrower for all costs and expenses of the Borrower in connection with any such exchange, including without limitation any tax liabilities incurred by the Borrower in connection with such exchange.
Collateral:	Same as the collateral for the New First Lien Debt (collectively, the "**Collateral**"). The liens on the Collateral securing the Tranche A Term Loans shall be subordinated to the obligations of the Borrower and the Guarantors in respect of (1) the indebtedness issued or incurred to refinance the Company's 9.0% Senior Secured Notes due 2022 (the "**2022 Notes**") (such indebtedness, the "**New First Lien Debt**") and any refinancing of the New First Lien Debt, and (2) any Debt Facilities (as defined in the indenture for 2022 Notes (the "**2022 Notes Indenture**")) of the Company or its Subsidiaries in an aggregate principal amount at any time outstanding not to exceed $200,000,000 (plus an additional amount to be agreed for DIP financings as set forth in the intercreditor agreements) (the obligations described in the

	foregoing clauses (1) and (2), collectively, the "**Priority Indebtedness**"). The liens on the Collateral securing the Tranche B Term Loans shall be subordinated to the Priority Indebtedness and the Tranche A Term Loans.
Conditions to Closing:	The availability of the Facilities on the date of the initial borrowings under the Facilities (the "Closing Date") will be subject to only the conditions specified in Article V of the Agreement to which this Term Sheet is attached, including without limitation, the consummation of the 2022 Debt Refinancing.
Representations and Warranties:	Limited to: organization and good standing; power and authority; due authorization, execution, delivery and enforceability; accuracy of financial statements; no material adverse change; no violation of or conflicts with applicable law, organizational documents and material agreements or instruments; compliance with laws and regulations (including PATRIOT Act, FCPA and OFAC); inapplicability of the Investment Company Act; accuracy of information; equity interests and ownership of subsidiaries; ownership of property; taxes; solvency; use of proceeds; and validity, priority and perfection of security interests in the Collateral (limited to perfection requirements under the Credit Documentation), with customary materiality qualifiers, exceptions and limitations to be mutually agreed upon.
Affirmative Covenants:	Except as described below, same as the indenture for the 2027 Debentures and 2029 Debentures and limited to: maintenance of corporate existence and material rights of the Borrower and the Guarantors; maintenance of properties; payment of taxes and other claims; notice from officers as to default; delivery of audited annual consolidated financial statements and unaudited quarterly consolidated financial statements, in each case for the Company and its subsidiaries; additional guarantors; the Borrower to remain a wholly-owned direct or indirect subsidiary of the Company; compliance with laws (including PATRIOT Act, FCPA and OFAC); maintenance of books and records; and further assurances on collateral matters; with customary materiality qualifiers, exceptions and limitations and as otherwise agreed (subject, in each case, to such immaterial modifications to such covenants required to conform such covenants to the terms of the Credit Documentation).
Negative Covenants:	Limited to: limitations on liens (which shall limit Priority Indebtedness as provided in "Collateral" above and shall otherwise be consistent with the limitations on liens under the New First Lien Debt) and limitations on sale and leaseback

	transactions (which shall be consistent with the limitations on sale and leaseback transactions under the New First Lien Debt).
Successor Borrower Provisions:	Same as the indenture for the 2027 Debentures and 2029 Debentures (Article Eight).
Events of Default:	Same as in indenture for the 2027 Debentures and 2029 Debentures, except to include the following cross payment default and cross acceleration default to the New First Lien Debt, invalidity of guarantees or security interests in the Collateral (subject, in each case, to such immaterial modifications to such events of default required to conform such events of default to the terms of the Credit Documentation and thresholds, exceptions, limitations, materiality qualifiers, and grace periods to be agreed).
Voting:	Amendments and waivers with respect to the Credit Documentation shall require the approval of Lenders holding more than 50% of the aggregate outstanding principal amount of the Term Loans voting as a single class (the "**Required Lenders**"), except that (a) the consent of each Lender directly affected thereby shall be required with respect to (i) reductions in the amount of principal or extensions of the scheduled date of the final maturity of any Loan, (ii) reductions in the rate of interest or extensions of any due date thereof, (iii) reductions of principal or interest, (iv) reductions in premiums and (b) the consent of 100% of the Lenders shall be required with respect to (i) modifications to any of the voting percentages or the pro rata sharing provisions, (ii) releases of all or substantially all the Collateral (except to the extent permitted under the Credit Documentation) and (iii) releases of all or substantially all of the Guarantors (except to the extent permitted under the Credit Documentation).
Assignments and Participations:	The Lenders shall be permitted to assign all or a portion of their Loans (other than to a natural person and disqualified lenders to be identified by the Borrower) with the consent of (a) the Borrower, except that Borrower consent is not required if a payment or bankruptcy event of default has occurred and is continuing, (b) the Administrative Agent, and (c) Lenders holding, in the aggregate, at least 10% of the outstanding Loans (measured by principal amount, and without taking into account any Loans held by the assigning Lender or any of its affiliates); provided, however, that no consent is required under clause (a), (b) or (c) in the case of any assignment by a Lender to another Lender or an affiliate of any Lender. In the case of a partial assignment (other than to another Lender or an affiliate of a Lender), the minimum assignment amount shall be $5,000,000, unless otherwise agreed by the Borrower and the Administrative Agent. Voting rights of a participant shall be limited to those matters set forth in clause (a) of the section entitled "Voting" in this Term Sheet with respect to which the affirmative vote of the Lender from which it purchased its participation would be required. Promissory notes shall be issued under the Facilities only upon request.
Expenses:	Each party will bear its own costs and expenses in connection with the transactions contemplated by the Agreement and this Term Sheet, except that the Borrower shall pay the fees and expenses of the Arranger and the Administrative Agent.
Governing Law and Exclusive Forum:	New York.

EXHIBIT 31.1

CERTIFICATION

I, Craig I. Forman, certify that:

1. I have reviewed this quarterly report on Form 10-Q of The McClatchy Company;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

   a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

   b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

   c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

   d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officers and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

   a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

   b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: May 10, 2018

/s/ Craig I. Forman
Craig I. Forman
Chief Executive Officer

EXHIBIT 31.2

CERTIFICATION

I, R. Elaine Lintecum, certify that:

1. I have reviewed this quarterly report on Form 10-Q of The McClatchy Company;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

   a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

   b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

   c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

   d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officers and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

   a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

   b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: May 10, 2018

/s/ R. Elaine Lintecum
R. Elaine Lintecum
Chief Financial Officer

EXHIBIT 32.1

CERTIFICATION PURSUANT TO
18 U.S.C. SECTION 1350, AS ADOPTED PURSUANT TO
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

In connection with the quarterly report of The McClatchy Company (the "Company") on Form 10-Q for the fiscal period ended April 1, 2018, as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, Craig I. Forman, certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that:

1. The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and

2. The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Dated: May 10, 2018

/s/ Craig I. Forman
Craig I. Forman
Chief Executive Officer

A signed original of this written statement required by Section 906 has been provided to The McClatchy Company and will be retained by The McClatchy Company and furnished to the Securities and Exchange Commission or its staff upon request.

The foregoing certificate is being furnished to the Securities and Exchange Commission as an exhibit to the Form 10-Q and shall not be considered filed as part of the Form 10-Q.

EXHIBIT 32.2

CERTIFICATION PURSUANT TO
18 U.S.C. SECTION 1350, AS ADOPTED PURSUANT TO
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

In connection with the quarterly report of The McClatchy Company (the "Company") on Form 10-Q for the fiscal period ended April 1, 2018, as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, R. Elaine Lintecum, certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that:

1. The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and

2. The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Dated: May 10, 2018

/s/ R. Elaine Lintecum
R. Elaine Lintecum
Chief Financial Officer

A signed original of this written statement required by Section 906 has been provided to The McClatchy Company and will be retained by The McClatchy Company and furnished to the Securities and Exchange Commission or its staff upon request.

The foregoing certificate is being furnished to the Securities and Exchange Commission as an exhibit to the Form 10-Q and shall not be considered filed as part of the Form 10-Q.