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

FORM 8-K

CURRENT REPORT

Pursuant to Section 13 or 15(d) of the
Securities Exchange Act of 1934

Date of Report (Date of earliest event reported): January 14, 2020



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

DELAWARE
(State or other jurisdiction of
incorporation or organization)

1-9824
(Commission
File Number)

52-2080478
(I.R.S. Employer
Identification No.)

2100 Q Street
Sacramento, CA 95816
(Address of principal executive offices, zip code)

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

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions:

- Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)
- Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)
- Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))
- Pre-commencement communications pursuant to Rule 13e-4© under the Exchange Act (17 CFR 240.13e-4©)

Securities registered pursuant to Section 12(b) of the Act:

<u>Title of each class</u>	<u>Ticker Symbol</u>	<u>Name of each exchange on which registered</u>
Class A Common Stock, par value \$.01 per share	MNI	NYSE American LLC

Indicate by check mark whether the registrant is an emerging growth company as defined in Rule 405 of the Securities Act of 1933 (§ 230.405 of this chapter) or Rule 12b-2 of the Securities Exchange Act of 1934 (§ 240.12b-2 of this chapter).
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.

Item 1.01 Entry into a Material Definitive Agreement.

On January 14, 2020, The McClatchy Company (the “Company”) entered into a Standstill Agreement dated that date (the “Agreement”) with the Pension Benefit Guaranty Corporation (the “PBGC”). The Agreement relates to the Company’s qualified defined benefit pension plan (“Pension Plan”) and the minimum required payments due on January 15, 2020 (the “Payment Date”).

Pursuant to the Agreement, the PBGC has agreed not to exercise the remedies available to it despite the fact that the Company is not making its scheduled Pension Plan contribution on the Payment Date. Under the Agreement, the PBGC has agreed to a forbearance period until February 18, 2020 (the “Forbearance Period”), unless terminated earlier, subject to customary terms and conditions. During the Forbearance Period, the Company continues to work towards a permanent solution under which the PBGC would assume the Company’s Pension Plan.

As previously indicated in the Company’s quarterly report on [Form 10-Q](#) for the fiscal quarter ended September 29, 2019 filed with the Securities and Exchange Commission on November 13, 2019, there can be no assurance that the ongoing discussions with the PBGC will result in any relief or that such relief will occur on a timely basis or at all.

This summary of the Agreement is subject to and is qualified in its entirety by reference to the full text of the Agreement, which is included as Exhibit 10.1 to this Form 8-K and is incorporated herein by reference.

Item 8.01 Other Events.

On January 15, 2020, the Company issued a press release providing an update on the Company’s efforts to seek pension relief as well as a recapitalization of the Company’s balance sheet and outstanding debt obligations. No agreement has been reached with respect to the above discussions and discussions remain ongoing. However, there can be no assurance that the ongoing discussions with the Company’s debt holders will result in any restructuring transaction, that the Company will obtain any required stakeholder consent to consummate a restructuring transaction, or that the restructuring transaction will occur on a timely basis or at all.

A copy of this press release is attached as Exhibit 99.1 to this Form 8-K and incorporated herein by reference.

Item 9.01 Financial Statements and Exhibits.

(d) Exhibits.

<u>Exhibit No.</u>	<u>Description</u>
10.1	Standstill Agreement dated January 14, 2020 by and between the Company and the Pension Benefit Guaranty Corporation.
99.1	Press release dated January 15, 2020.

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.

January 15, 2020

The McClatchy Company

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

Exhibit 10.1

STANDSTILL AGREEMENT

This Standstill Agreement (“**Agreement**”), dated as of January 14, 2020 (“**Effective Date**”), is entered into between The McClatchy Company (“**McClatchy**” or “**Company**”) and the Pension Benefit Guaranty Corporation (“**PBGC**”, and together with the Company, the “**Parties**”).

Recitals

A. PBGC is a wholly owned United States government corporation and agency established under 29 U.S.C. § 1302(a) to administer the pension plan termination insurance program created by Title IV of the Employee Retirement Income Security Act of 1974, as amended, 29 U.S.C. §§ 1301-1461 (2012 and Supp. V 2017) (“**ERISA**”).

B. McClatchy sponsors The McClatchy Company Retirement Plan (“**Plan**”), a single-employer defined benefit pension plan covered by Title IV of ERISA.

C. As of the Effective Date, McClatchy has made all legally-required contributions to the Plan.

D. On November 13, 2019, McClatchy announced a series of restructuring negotiations with key stakeholders, including (a) discussions with PBGC regarding a potential distress termination of the Plan under 29 U.S.C. § 1341(c) as an integral part of a restructuring of the Company and (b) discussions with the Company’s largest secured debt-holder, Chatham Asset Management (“**Chatham**”), regarding a restructuring of the Company’s balance sheet to allow the Company to continue in business. Such discussions include the potential settlement of PBGC’s claims that would arise upon termination of the Plan (the “**PBGC Settlement Discussions**”).

E. Chatham, PBGC, and McClatchy have not yet reached agreement as to the terms of the Company’s restructuring.

F. Under 26 U.S.C. § 430(k) and 29 U.S.C. § 1083(k), if the unpaid balance of required minimum funding contributions and interest under 26 U.S.C. § 412 and 29 U.S.C. § 1082 exceeds \$1,000,000 as of a contribution due date, then a lien in the amount of such unpaid balance arises in favor of the Plan against all real and personal property and rights to property, if any, belonging to McClatchy and each member of the McClatchy’s controlled group within the meaning of 29 U.S.C. § 1301(a)(14) (such controlled group members, collectively, “**ERISA Debtors**”) (“**430(k) Lien**”). Under 26 U.S.C. § 430(k)(5) and 29 U.S.C. § 1083(k)(5), any 430(k) Lien may be perfected and enforced only by PBGC or at the direction of PBGC.

G. On January 15, 2020, a required minimum funding contribution will come due to the Plan in an amount that exceeds \$1,000,000.

H. The Parties have concluded that it would be beneficial to continue the PBGC Settlement Discussions.

NOW, THEREFORE, in consideration of the foregoing, the sufficiency of which is hereby acknowledged, the Parties agree as follows:

1. Incorporation by Reference. The preamble and recitals set forth above constitute an integral part of this Agreement and are incorporated herein by this reference with the same force and effect as if set forth herein as agreements of the Parties.

2. Forbearance. PBGC shall forbear from filing Notices of Federal Lien to perfect any 430(k) Lien against McClatchy or any of the ERISA Debtors during the period beginning on the Effective Date and ending on the earliest to occur of (a) February 18, 2020; (b) three Business Days after PBGC receives written notice from McClatchy that Chatham or McClatchy have terminated the PBGC Settlement Discussions; (c) three Business Days after McClatchy receives written notice from PBGC that PBGC has terminated the PBGC Settlement Discussions; (d) the filing by or against McClatchy or any ERISA Debtor of a petition or other papers commencing a proceeding under Title 11 of the United States Code or any similar type of insolvency proceeding under domestic or international law; (e) the occurrence of any Loan Default; or (f) three Business Days after PBGC's receipt of a Notice (as defined in Section 3 below). For purposes of this Agreement, "**Business Day**" means any day other than Saturday, Sunday, federal holiday or other day on which PBGC is authorized or required by law, executive order or government decree to be closed; and "**Loan Default**" means the acceleration by the lender, or its agent, of any amounts due under a loan document to which McClatchy is a party as a result of a default or event of default under such loan document, whether or not defined as a "Default" or "Event of Default" therein.

3. Notice. McClatchy shall provide to PBGC a written notice of the occurrence of a Loan Default ("**Notice**"). Such Notice shall be provided immediately upon the occurrence of, but in no event later than five days after the occurrence of, any Loan Default.

4. Governing Law. Except to any extent preempted by United States federal law, the laws of the District of Columbia (without giving effect to its principles of conflicts of law) govern all matters relating to this Agreement.

5. Disputes. Any dispute, controversy, proceeding or claim arising out of or relating to this Agreement (collectively, a "**Dispute**") shall be brought exclusively in the United States District Court for the Middle District of California; provided, however, that if the Company seeks protection under the United States Bankruptcy Code, any Dispute shall be brought exclusively in the applicable United States Bankruptcy Court.

6. Entire Agreement. This Agreement constitutes the entire and final agreement between the Parties with respect to the matters provided for herein and supersedes all prior agreements, understandings, commitments, representations, communications, and proposals, oral or written, between the Parties relating to such subject matter.

7. Amendments. This Agreement may be altered, amended, modified, or otherwise changed in any respect only by an instrument in writing signed by the Party against which enforcement of the same is sought.

8. Execution; Delivery. This Agreement may be executed in one or more counterparts and by different Parties on separate counterparts, each of which will be deemed an original, but all of which together will constitute one and the same instrument. Delivery of an executed counterpart by facsimile or emailed PDF file (to kkohn@groom.com for McClatchy; to kim.erin@pbgc.gov for PBGC) will be equally as effective as delivery of an original executed counterpart.

9. No Third-Party Beneficiaries Except the ERISA Debtors. This Agreement is intended to be and is for the sole and exclusive benefit of McClatchy, the ERISA Debtors, PBGC, and their respective successors and assigns. Nothing expressed or mentioned in or to be implied from this Agreement gives any other person or entity any legal or equitable right, remedy, or claim against the Parties under or in respect of this Agreement.

10. Construction. The language used in this Agreement will be deemed to be the language chosen by the Parties to express their mutual intent, and no rule of strict construction will be applied against any Party. Nor will any rule of construction that favors a non-draftsman be applied. A reference to any statute will be deemed also to refer to all rules and regulations promulgated under the statute, unless the context requires otherwise. Unless specifically otherwise provided or the context otherwise requires, the singular includes the plural and the plural the singular; the word “or” is deemed to include “and/or”, the words “including”, “includes” and “include” are deemed to be followed by the words “without limitation”; and references to sections or exhibits are to those of this Agreement containing such references. Headings in this Agreement are included for convenience of reference only and shall not constitute a part hereof for any other purpose.

11. Authorization. Each Party represents and warrants that it is authorized to enter into this Agreement. Each signatory represents and warrants that he or she is authorized to execute this Agreement on behalf of the Party for whom he or she has signed.

12. No Admission of Liability. The Parties acknowledge that this Agreement and the actions taken pursuant thereto do not constitute an acknowledgement or admission on the part of any Party of liability for any matter or precedent upon which liability may be assessed.

13. Notices. All notices and other communications required under Sections 2 and 3 of this Agreement must be in writing, will be effective upon receipt and must be delivered via electronic mail as indicated below:

In the case of McClatchy, to:

Katie Kohn, Groom Law Group
kkohn@groom.com

Van C. Durrer, II, Skadden, Arps, Slate, Meagher & Flom LLP
Van.Durrer@skadden.com

In the case of PBGC to:

Kartar Khalsa, Office of General Counsel
khalsa.kartar@pbgc.gov

Erika Barnes, Office of General Counsel
barnes.erika@pbgc.gov

Erin Kim, Office of General Counsel
kim.erin@pbgc.gov

IN WITNESS WHEREOF, the Parties have executed and delivered this Agreement as of the Effective Date.

THE MCCLATCHY COMPANY

/s/Craig I. Forman

Name: Craig I. Forman
Title: President & CEO

PENSION BENEFIT GUARANTY CORPORATION

/s/Adi Berger

Name: Adi Berger
Title: Director, Corporate Finance & Restructuring Department

McClatchy Enters into Standstill Agreement with the PBGC

Continues previously announced comprehensive restructuring negotiations

SACRAMENTO, Calif., Jan. 15, 2020 – McClatchy (NYSE American-MNI) announced today that it has entered into a Standstill Agreement with the Pension Benefit Guaranty Corporation (PBGC), extending its current runway for negotiating a consensual restructuring with key stakeholders.

As previously disclosed in the Company’s press release dated November 13, 2019, McClatchy has been in active restructuring negotiations with substantially all of its secured lenders and bondholders, as well as the PBGC, to address the future of its pension obligations and capital structure. The negotiations contemplate one or more deleveraging transactions, including some or all of the Company’s Second Lien Term Loans and Third Lien Notes, which are secured by second and third liens on substantially all of the Company’s assets.

In support of these negotiations, McClatchy has entered into non-disclosure agreements with lenders holding approximately 87 percent of the Company’s First Lien Notes and 100 percent of the Company’s Second Lien Term Loans and Third Lien Notes. These conversations are ongoing and productive, and the Standstill Agreement will allow McClatchy, as well as its lenders, the PBGC, and their respective legal and financial advisors, time to continue their negotiations.

“We want to acknowledge our lenders and the PBGC for working collaboratively and negotiating in good faith to reach a consensus on these important financial matters, which underpin McClatchy’s continuing commitment to publishing independent journalism in the public interest,” said Craig Forman, President and CEO of McClatchy. “We look forward to continuing to partner with these groups to reach an agreement that is in the best interests of our 24,000+ pension plan participants and other stakeholders, and positions McClatchy for the future. We remain focused on executing our strategy of digital transformation and producing strong, independent, local journalism that is essential to the 30 communities we serve.”

Under the terms of the Standstill Agreement, the PBGC has agreed not to exercise the remedies available to it as a result of McClatchy not making its scheduled qualified pension contribution due on January 15, 2020. Under the Standstill Agreement, the PBGC has agreed to a forbearance period until February 18, 2020, unless terminated earlier, subject to customary terms and conditions. In addition, McClatchy is availing itself of its option to defer paying interest on its secured debt for its contractual 30-day grace period, which is coterminous with the Standstill Agreement. There will be no impact on the qualified pension plan or payments thereunder as a result of the Standstill Agreement.

McClatchy is working towards a permanent solution under which the PBGC would assume McClatchy's qualified pension plan and continue to pay the Company's pension plan participants their benefits. Under current regulations, McClatchy believes that such a solution would not have an adverse impact on qualified pension benefits for substantially all participants. The assets of the qualified pension plan are estimated at \$1.375 billion as of December 31, 2019, including approximately \$580 million of voluntary contributions made by McClatchy, substantially greater than the contributions required by law.

As previously disclosed, on January 2, 2020, the Company announced that, as part of the ongoing negotiations, it would not release certain supplemental executive retirement benefits. Today's action is consistent with withholding payments on the non-qualified plan.

McClatchy and its newsrooms are operating as usual. The Company has sufficient liquidity to address all of its ordinary course operational cash needs and obligations at this time. There can be no assurance that the ongoing discussions will result in any restructuring transaction, that the company will obtain any required stakeholder consent to consummate a restructuring transaction, or that the restructuring transaction will occur on a timely basis or at all.

About McClatchy

McClatchy operates 30 media companies in 14 states, providing each of its communities with strong independent local journalism in the public interest and advertising services in a wide array of digital and print formats. McClatchy publishes iconic local brands including the *Miami Herald*, *The Kansas City Star*, *The Sacramento Bee*, *The Charlotte Observer*, *The (Raleigh) News & Observer*, and the *Fort Worth Star-Telegram*. McClatchy is headquartered in Sacramento, Calif., and listed on the New York Stock Exchange American under the symbol MNI. #ReadLocal

Additional Information

Statements in this press release regarding the success of our restructuring efforts with PBGC, our lenders, and our bondholders, the sufficiency of the company's liquidity to address all of its ordinary course operational cash needs and obligations, and any other statements about management's future expectations, beliefs, goals, plans or prospects constitute forward-looking statements as defined in the Private Securities Litigation Reform Act of 1995. Any statements that are not statements of historical fact (including statements containing the words "believes," "plans," "anticipates," "expects," "estimates" and similar expressions) should also be considered to be forward-looking statements. There are a number of important risks and uncertainties that could cause actual results or events to differ materially from those indicated by such forward-looking statements, including: we may not generate cash from operations, or otherwise, necessary to meet our liquidity needs or obligations; our restructuring efforts rely on coming to terms with multiple parties who may have conflicting interests; our ability to borrow under our credit agreement is contingent on our ability to meet the conditions set forth therein at such time; we may experience diminished revenues from advertising; we may not achieve our expense reduction targets including efforts related to legacy expense initiatives or may do harm to our operations in attempting to achieve such targets; our operations have been, and will likely continue to be, adversely affected by competition, including competition from internet publishing and advertising platforms; increases in the cost of newsprint; litigation or any potential litigation; geo-political uncertainties including the risk of war; changes in printing and distribution costs from anticipated levels, including changes in postal rates or agreements; changes in interest rates; increased consolidation among major retailers in our markets or other events depressing the level of advertising; competitive action by other companies; and other factors, many of which are beyond our control; as well as the other risks listed in the company's publicly filed documents, including the company's Annual Report on Form 10-K for the year ended December 30, 2018. In order to effectuate our restructuring, we may be required to seek protection under Chapter 11 of the US Bankruptcy Code. These forward-looking statements speak as of the time made and, except as required by law, we disclaim any intention and assume no obligation to update the forward-looking information contained in this release.

Contact

Media

Jeanne Segal 202-383-6085 jsegal@mcclatchy.com	FTI Consulting Rachel Chesley / Lou Colasuonno / Ryan Toohey 212-850-5681 McClatchy@fticonsulting.com
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Investors

Stephanie Zarate 916-321-1931 szarate@mcclatchy.com
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