

**THE MCCLATCHY COMPANY
RETIREMENT PLAN**

EIN 52-2080478
PLAN 002

Financial Statements as of and for the Years Ended December 31, 2017 and 2016, Supplemental Schedules as of
and for the Year Ended December 31, 2017, and Independent Auditors' Report

THE MCCLATCHY COMPANY RETIREMENT PLAN

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NOTE: All other schedules required by Section 2520.103-10 of the Department of Labor's Rules and Regulations for Reporting and Disclosure under Employment Retirement Income Security Act of 1974, have been omitted because they are not applicable.

INDEPENDENT AUDITORS' REPORT

To the Board of Directors of The McClatchy Company and
The Participants of The McClatchy Company Retirement Plan

Report on the Financial Statements

We were engaged to audit the accompanying financial statements of The McClatchy Company Retirement Plan (the "Plan"), which comprise the statements of net assets available for benefits as of December 31, 2017 and 2016, and the related statement of changes in net assets available for benefits for the years then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on conducting the audit in accordance with auditing standards generally accepted in the United States of America. Because of the matter described in the Basis for Disclaimer of Opinion paragraph, however, we were not able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion.

Basis for Disclaimer of Opinion

As permitted by 29 CFR 2520.103-8 of the Department of Labor's Rules and Regulations for Reporting and Disclosure under the Employee Retirement Income Security Act of 1974, the plan administrator instructed us not to perform, and we did not perform, any auditing procedures with respect to the information summarized in Note 6, which was certified by The Northern Trust Company, the trustee of the Plan, except for comparing such information with the related information included in the financial statements. We have been informed by the plan administrator that the Plan Trustee holds the Plan's investment assets and executes investment transactions. The plan administrator has obtained certifications from the Plan Trustee as of December 31, 2017 and 2016, and for the years then ended that the information provided to the plan administrator by the trustee is complete and accurate.

Disclaimer of Opinion

Because of the significance of the matter described in the Basis for Disclaimer of Opinion paragraph, we have not been able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion. Accordingly, we do not express an opinion on these financial statements.

Other Matter

The supplemental schedules listed in the Table of Contents are required by the Department of Labor's Rules and Regulations for Reporting and Disclosure under the Employee Retirement Income Security Act of 1974 and are presented for the purpose of additional analysis and are not a required part of the financial statements. Because of the significance of the matter described in the Basis for Disclaimer of Opinion paragraph, we do not express an opinion on these supplemental schedules.

Report on Form and Content in Compliance with Department of Labor Rules and Regulations

The form and content of the information included in the financial statements and supplemental schedules, other than that derived from the information certified by the trustee, have been audited by us in accordance with auditing standards generally accepted in the United States of America and, in our opinion, are presented in compliance with the Department of Labor's Rules and Regulations for Reporting and Disclosure under the Employee Retirement Income Security Act of 1974.

Deloitte + Touche LLP

October 15, 2018

THE MCCLATCHY COMPANY RETIREMENT PLAN
STATEMENTS OF NET ASSETS AVAILABLE FOR BENEFITS
DECEMBER 31, 2017 AND 2016
(In thousands)

	2017	2016
ASSETS:		
Investments at fair value:		
Cash and cash equivalents	\$ 8,498	\$ 677
Mutual funds	478,565	444,699
Common collective trusts	923,304	816,434
Real estate	58,050	57,531
Private Equity	9,509	8,149
Total investments	1,477,926	1,327,490
Other assets:		
Receivable for securities sold	—	7,945
Total other assets	—	7,945
Total assets	1,477,926	1,335,435
LIABILITIES:		
Other liabilities	50	20
Total liabilities	50	20
NET ASSETS AVAILABLE FOR BENEFITS	\$ 1,477,876	\$ 1,335,415

See notes to financial statements

THE MCCLATCHY COMPANY RETIREMENT PLAN

**STATEMENTS OF CHANGES IN NET ASSETS AVAILABLE FOR BENEFITS
YEARS ENDED DECEMBER 31, 2017 AND 2016
(In thousands)**

	<u>2017</u>	<u>2016</u>
ADDITIONS:		
Investment activity:		
Net appreciation in fair value of investments	\$ 234,851	\$ 77,211
Interest and dividend income	<u>22,064</u>	<u>26,030</u>
Total investment activity	<u>256,915</u>	<u>103,241</u>
Total additions	256,915	103,241
DEDUCTIONS:		
Benefits paid to participants	98,186	147,455
Administrative expenses	<u>16,268</u>	<u>17,031</u>
Total deductions	<u>114,454</u>	<u>164,486</u>
NET INCREASE (DECREASE) IN NET ASSETS	142,461	(61,245)
NET ASSETS AVAILABLE FOR BENEFITS:		
Beginning of year	1,335,415	1,396,660
End of year	<u>\$ 1,477,876</u>	<u>\$ 1,335,415</u>

See notes to financial statements

**THE MCCLATCHY COMPANY RETIREMENT PLAN
NOTES TO FINANCIAL STATEMENTS**

1. DESCRIPTION OF THE PLAN

The following description of The McClatchy Company Retirement Plan (the “Plan”) provides only general information. Participants should refer to the Plan document for a more complete description of the Plan provisions.

General

The Plan is a non-contributory defined benefit pension plan covering substantially all employees of The McClatchy Company (“McClatchy” or the “Company”) and wholly owned subsidiaries that began their employment prior to March 31, 2009. Effective March 31, 2009, the Plan was frozen such that no new participants may enter the Plan and no further benefits will accrue. However, years of service continue to count toward early retirement eligibility and vesting of benefits previously earned.

The Knight Ridder Pension Plan merged with and into the Plan effective December 31, 2007 and as of December 31, 2008, all assets of the Plan are in a single plan trust. The accrual formulas, terms, and conditions of the Plan that applied to Knight Ridder Pension Plan participants (“legacy Knight Ridder”) and to the Plan participants (“legacy McClatchy”), prior to the Knight Ridder Pension Plan merger, continue under the merged plan.

The Retirement Committee, which reports to the Pension and Savings Plan Committee of the Board of Directors of the Company, controls and manages the operation and administration of the Plan. The Plan is subject to the provisions of the Employee Retirement Income Security Act of 1974 (“ERISA”).

Eligibility and Vesting

Effective January 1, 2009, all Plan participants earn one year of vesting service if they work at least 750 hours during the Plan year. The Plan generally provides for 100% vesting after five years of service.

Benefit Payments

Monthly benefit payments are formula driven. The formula for legacy McClatchy participants is the greater of 1.3% of the average monthly earnings multiplied by years of benefit accrual service (up to 35) or 1.5% of career average monthly earnings multiplied by years of career benefit service, plus any prior plan benefit accrued. Generally, legacy McClatchy participants may receive a lump-sum distribution of the vested benefit if the actuarial equivalent present value is \$10,000 or less.

Generally, the formula for legacy Knight Ridder participants is based on a percentage of the average eligible compensation during the participants’ highest five years out of their last ten years of service; projected to normal retirement age; multiplied by the number of qualified years of service worked for Knight Ridder companies; and divided by the projected years of service to normal retirement. Benefits are subject to statutory maximums and, in some cases, benefits take into consideration any expected social security benefit payments and/or, benefits from other retirement plans, which may reduce benefits. Legacy Knight Ridder participants are eligible to receive a lump-sum distribution of the vested benefit if they have a prior pension plan benefit from certain Knight Ridder-acquired companies and if the actuarial equivalent present value is \$5,000 or less.

Federal regulations under the Pension Protection Act may require the Plan to temporarily limit certain lump sum and social security level income payments, called accelerated payments, when the Plan’s funding level falls below certain thresholds. While the temporary benefit restriction period is in effect, certain accelerated payments from the Plan are restricted.

**THE MCCLATCHY COMPANY RETIREMENT PLAN
NOTES TO FINANCIAL STATEMENTS**

The Plan provides for early retirement benefits at age 55 for vested legacy McClatchy participants and age 55 with 10 years of service for legacy Knight Ridder participants who terminated after July 1, 1989. Normal retirement benefits for the legacy McClatchy participants are payable for employees under the Plan at age 65. Normal retirement benefits for the legacy Knight Ridder participants are payable under the Plan at the later of 1) age 65 or 2) the earlier of (a) the fifth anniversary of the participation date or (b) the date the participant completed 5 years of vesting service. In the event of death of a vested participant prior to receiving benefits, the participant's spouse may be eligible for a retirement benefit.

Plan Distribution

During 2016, the Plan purchased annuities and settled obligations for a group of annuitants including retirees and surviving beneficiaries who were receiving a benefit of \$180.00 per month or less from the Plan. The annuity purchase of \$49.5 million is included in the benefits paid to participants in the Statement of Changes in Net Assets for the year ended December 31, 2016. No such transaction occurred during 2017.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Accounting

The accompanying financial statements have been prepared on the accrual basis in accordance with accounting principles generally accepted in the United States of America ("GAAP").

Investments Valuation and Income Recognition

At December 31, 2017 and 2016, the Plan's investments are stated at fair value as recorded by The Northern Trust Company (the "Plan Trustee"), which holds the various investments (see Note 8). The methods and assumptions used to estimate the fair value of each class of financial instruments are disclosed below in Note 8. Purchases and sales of investments are recorded on a trade-date basis, dividends are recorded on the ex-dividend date, and interest is recorded on an accrual basis. Net appreciation includes net gain (loss) on the sale of assets and unrealized asset appreciation (depreciation), less investment advisory and management fees.

Use of Estimates

The preparation of the financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Actual results could differ from those estimates.

Plan contributions are made and the actuarial present value of accumulated plan benefits are reported based on certain assumptions pertaining to interest rates, inflation rates, and demographics, all of which are subject to change. Due to the changing nature of these assumptions, it is at least reasonably possible that changes in these assumptions will occur in the near term and, due to the uncertainties inherent in setting assumptions, that the effect of such changes could be material to the financial statements.

Risks and Uncertainties

As described in Note 8, the Plan utilizes various investment instruments. Investment securities, in general, are exposed to various risks, such as interest rate, credit risk, and to overall market volatility. Due to the level of risk associated with certain investment securities, it is reasonably possible that changes in the values of investment securities will occur in the near term and those changes could materially affect the amounts reported in the financial statements.

**THE MCCLATCHY COMPANY RETIREMENT PLAN
NOTES TO FINANCIAL STATEMENTS**

Administrative Expenses

Most administrative expenses of the Plan are paid by the Plan within the extent permitted by applicable law and the Plan document. The Company provides accounting and other administrative services for the Plan at no charge.

Payment of Benefits

Benefit payments to participants are recorded upon distribution.

Income Taxes

The Plan received a determination letter dated September 2, 2014, stating that the Plan is qualified in accordance with the applicable Internal Revenue Code (“IRC”) requirements and, therefore, the related trust is exempt from taxation. Once qualified, the Plan is required to operate in conformity with the IRC to maintain its tax qualification. The Plan administrator believes the Plan complies with the applicable requirements of the IRC and, therefore, no provision for income taxes has been included in the Plan’s financial statements.

GAAP requires Plan management to evaluate tax positions taken by the Plan and recognize a tax liability (or asset) if the Plan has taken an uncertain position that more likely than not would not be sustained upon examination by tax authorities. The Plan administrator has analyzed the tax positions taken by the Plan, and has concluded that as of December 31, 2017, there are no uncertain positions taken or expected to be taken that would require recognition of a liability (or asset) or disclosure in the financial statement. The Plan is subject to routine audits by taxing jurisdictions; however, there are currently no audits for any tax periods in progress.

Recently Issued Accounting Pronouncements Not Yet Adopted

In January 2016, the Financial Accounting Standards Board (“FASB”) issued Accounting Standards Update (“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. ASU 2016-01 is effective for the Plan years beginning after December 15, 2018. With certain exceptions, early adoption is not permitted. This standard is not expected to have a material impact on the Plan’s financial statements.

Subsequent Events

Management has evaluated all events and transactions that occurred after December 31, 2017, through October 15, 2018, the date these financial statements were available to be issued. See Note 8 for discussion of the sale of the Lexington real property in May 2018.

3. FUNDING POLICY

Company contributions that meet the funding requirements of ERISA are determined by actuarial valuations and are made to the Plan in amounts expected to be sufficient to provide the Plan with assets to pay estimated pension benefits to Plan participants.

Contributions to the Plan are determined based upon calculations made by the actuary and are designed to annually fund current normal cost and to amortize the unfunded liability, which results in annual contributions equal to or in excess of the minimum funding requirements for Plan years.

**THE MCCLATCHY COMPANY RETIREMENT PLAN
NOTES TO FINANCIAL STATEMENTS**

Before applying credits, the minimum funding requirements for 2017 and 2016 were \$14.8 million and \$16.3 million, respectively. The Company did not make any voluntary contributions to the Plan in 2017. In February 2016, the Company contributed real property of \$47.1 million (see Note 8) that was applied to the 2015 plan year. As a result of this contribution and the available credits, no further funding was required for the 2017 or 2016 plan years.

4. PLAN TERMINATION

As discussed in Note 1, the Plan was frozen effective March 31, 2009, such that no new participants may enter the Plan and no further benefits will accrue. While the Company has not expressed any intent to terminate the Plan or to discontinue contributions, it has the right to do so at any time, subject to the provisions set forth in ERISA. If the Plan is terminated at some future date, all participants will become 100% vested in benefits earned as of the termination date.

If the termination is the result of bankruptcy or near bankruptcy of the Company, and the Plan's assets are not adequate to pay all benefits vested prior to the termination, the Pension Benefit Guaranty Corporation ("PBGC") will take over the Plan and will pay those benefits that it guarantees. In this case, some participants may receive a smaller benefit than if the Plan had continued. Whether a particular participant's accumulated plan benefits will be paid depends on both the priority of those benefits (as described in the Plan document) and the level of benefits guaranteed by the PBGC at that time.

If, however, the Plan is terminated for any reason other than bankruptcy or near bankruptcy of the Company and the Plan has insufficient assets, the Company will be required to pay to the Plan an amount, which, together with Plan assets, will satisfy all benefits accumulated to the date of the Plan's termination.

5. ACTUARIAL PRESENT VALUE OF ACCUMULATED PLAN BENEFITS

Accumulated plan benefits are those estimated future periodic payments, including lump-sum distributions that are attributable under the Plan's provisions for services rendered by the employees to the valuation date. Accumulated plan benefits include benefits expected to be paid to (a) retired or former employees and their beneficiaries, (b) beneficiaries of employees who have died, and (c) active employees and their beneficiaries. Benefits payable under all circumstances (retirement, death, disability, and termination of employment) are included to the extent they are deemed attributable to employee service rendered to the valuation date.

The actuarial present value of accumulated plan benefits presented in the accompanying financial statements are presented using beginning of year benefit information date. At January 1, 2017 and 2016, the actuarial present value of accumulated plan benefits was determined using the unit credit actuarial method by the Plan's independent actuaries. The actuarial present value of accumulated plan benefits is the amount that results from applying actuarial assumptions to adjust the accumulated plan benefits to reflect the time value of money (through discounts for interest) and the probability of payment (by means of decrements such as for death, disability, withdrawal, or retirement) between the valuation date and the expected dates of payment.

**THE MCCLATCHY COMPANY RETIREMENT PLAN
NOTES TO FINANCIAL STATEMENTS**

The actuarial present value of accumulated plan benefits and the changes in the actuarial present value of accumulated pension benefits as of and for the year ended January 1, 2017 and 2016, were as follows (in thousands):

	<u>2017</u>	<u>2016</u>
Actuarial present value of accumulated pension benefits:		
Vested benefits:		
Participants currently receiving payments	\$ 801,542	\$ 811,146
Other participants	493,668	514,799
Total vested benefits	<u>1,295,210</u>	<u>1,325,945</u>
Nonvested benefits	3,001	3,836
Total actuarial present value of accumulated pension benefits	<u>\$ 1,298,211</u>	<u>\$ 1,329,781</u>

	<u>2017</u>	<u>2016</u>
Changes in the actuarial present value of accumulated pension benefits:		
Accumulated pension benefits — beginning of year	\$ 1,329,781	\$ 1,314,284
Actuarial (gain) loss	(13,647)	5,861
Increase in interest due to decrease in discount period	98,946	97,888
Benefits paid	(147,455)	(94,529)
Assumption changes	30,586	6,277
Accumulated pension benefits — end of year	<u>\$ 1,298,211</u>	<u>\$ 1,329,781</u>

The significant actuarial assumptions used in the valuations as of January 1, 2017 and 2016 were as follows:

Interest rates used to discount future obligations to present value: 7.75% in 2017 and 2016

Retirement rates: Various rates ranging from 2% at age 55 to 100% at age 70

Mortality rates: As of January 1, 2017, mortality is based on the modified MRP-2006 employee and healthy annuitant tables, sex distinct and blue collar adjustment, projected with generational Mercer modified MMP-2016 projections scale. As of January 1, 2016, mortality is based on the RP-2014 Mortality Table with blue collar mortality projected generationally with the Improvement Scale MMP-2016.

There were no changes to the asset valuation method for the 2017 plan year. The foregoing actuarial assumptions are based on the presumption that the Plan will continue. If the Plan were to terminate, different actuarial assumptions and other factors might be applicable in determining the actuarial present value of accumulated plan benefits.

**THE MCCLATCHY COMPANY RETIREMENT PLAN
NOTES TO FINANCIAL STATEMENTS**

6. INFORMATION CERTIFIED BY TRUSTEE

The following is a summary of the unaudited information regarding the Plan, included in the Plan's financial statements and supplemental schedule that was prepared by or derived from information reported by the Plan Trustee of the Plan for 2017 and 2016. The Plan administrator has obtained certifications from the Plan Trustee that such information is complete and accurate as of and for the years ended December 31, 2017 and 2016, as follows (in thousands):

	<u>2017</u>	<u>2016</u>
Statement of net assets available for benefits:		
Investments at fair value	\$ 1,477,926	\$ 1,327,490
Receivable for securities sold	—	7,945
	<u>2017</u>	<u>2016</u>
Statement of changes in net assets available:		
for benefits - investment income:		
Net appreciation in fair value of investments	\$ 234,851	\$ 77,211
Interest and dividend income	22,064	26,030

The Plan Trustee also certifies all investment balances and investment information in Note 8, excluding the classification of investments by level.

All information presented in the Supplemental Schedules.

7. EXEMPT PARTY-IN-INTEREST TRANSACTIONS

Certain short-term Plan investments are held in investments managed by the Plan Trustee, and therefore, these transactions qualify as exempt party-in-interest transactions. Fees paid by the Plan primarily related to PBGC premiums and investment management services and were \$16.3 million and \$17.0 million for the years ended December 31, 2017 and 2016, respectively.

8. FAIR VALUE MEASUREMENTS

With the exception of investments measured using the net asset value ("NAV") per share practical expedient prescribed in ASU 2015-07, the Plan accounts 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. The Plan categorizes 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, which 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.

**THE MCCLATCHY COMPANY RETIREMENT PLAN
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The Plan's policy is to recognize significant transfers between levels at the actual date of the event or circumstance that caused the transfer.

The Plan's financial instruments carried at fair value on a recurring basis by the fair value hierarchy levels discussed as of December 31, 2017, are as follows (in thousands):

	2017 Plan Assets				Total
	Level 1	Level 2	Level 3	NAV	
Cash and cash equivalents	\$ 8,498	\$ —	\$ —	\$ —	\$ 8,498
Domestic stock mutual fund	478,565	—	—	—	478,565
Common collective trusts	—	—	—	923,304	923,304
Real estate	—	—	58,050	—	58,050
Private equity funds	—	—	9,509	—	9,509
Total	<u>\$ 487,063</u>	<u>\$ —</u>	<u>\$ 67,559</u>	<u>\$ 923,304</u>	<u>\$ 1,477,926</u>

The changes in the fair value of Plan's Level 3 investment assets held for the year ended December 31, 2017, are as follows (in thousands):

	Real Estate	Private Equity	Total
Beginning balance, December 31, 2016	\$ 57,531	\$ 8,149	\$ 65,680
Realized gains, net	4,632	—	4,632
Transfers out of Level 3	(4,614)	—	(4,614)
Unrealized gains	501	1,360	1,861
Ending balance, December 31, 2017	<u>\$ 58,050</u>	<u>\$ 9,509</u>	<u>\$ 67,559</u>

The Plan's Level 3 financial instruments, the valuation techniques used to measure the fair value of those financial instruments, and the significant unobservable inputs and the ranges of values for those inputs as of December 31, 2017, are as follows (fair value in thousands):

Instrument	Fair Value	Principal Valuation Technique	Unobservable Inputs	Range of Significant Input Values	Weighted Average
Real estate	\$ 58,050	Income and Sales Approach	Discount rate	8.50% to 11.00%	8.98%
			Lease term	10 to 11 years	10.8 years
			Rent rate growth	2.00% to 3.00%	2.61%
Private equity	<u>9,509</u> <u>\$ 67,559</u>	Third-party pricing without adjustment	N/A	N/A	N/A

In estimating fair value of the investments in Level 3, the Retirement Committee may use third party pricing sources or appraisers. In substantiating the reasonableness of the pricing data provided by third parties, the Retirement Committee evaluates a variety of factors including review of methods and assumptions used by external sources, recently executed transactions, existing contracts, economic conditions, industry and market developments, and overall credit ratings.

**THE MCCLATCHY COMPANY RETIREMENT PLAN
NOTES TO FINANCIAL STATEMENTS**

The Plan's financial instruments carried at fair value on a recurring basis by the fair value hierarchy levels discussed as of December 31, 2016, are as follows (in thousands):

	2016 Plan Assets				Total
	Level 1	Level 2	Level 3	NAV	
Cash and cash equivalents	\$ 677	\$ —	\$ —	\$ —	\$ 677
Domestic stock mutual fund	444,699	—	—	—	444,699
Common collective trusts	—	—	—	816,434	816,434
Real estate	—	—	57,531	—	57,531
Private equity funds	—	—	8,149	—	8,149
Total	\$ 445,376	\$ —	\$ 65,680	\$ 816,434	\$ 1,327,490

The changes in the fair value of Plan's Level 3 investment assets held for the year ended December 31, 2016, are as follows (in thousands):

	Real Estate	Private Equity	Total
Beginning balance, December 31, 2015	\$ 50,360	\$ 7,282	\$ 57,642
Purchases, issuances, sales, settlements	47,130	(186)	46,944
Realized gains, net	8,746	—	8,746
Transfers out of Level 3	(43,046)	—	(43,046)
Unrealized gains (losses)	(5,659)	1,053	(4,606)
Ending balance, December 31, 2016	<u>\$ 57,531</u>	<u>\$ 8,149</u>	<u>\$ 65,680</u>

The Plan's Level 3 financial instruments, the valuation techniques used to measure the fair value of those financial instruments, and the significant unobservable inputs and the ranges of values for those inputs as of December 31, 2016, are as follows (fair value in thousands):

Instrument	Fair Value	Principal Valuation Technique	Unobservable Inputs	Range of Significant Input Values	Weighted Average
Real estate	\$ 57,531	Income and Sales Approach	Discount rate	8.50% to 11.00%	9.06%
			Lease term	10 to 11 years	10.8 years
			Rent rate growth	2.00% to 3.00%	2.72%
Private equity	8,149	Third-party pricing without adjustment	N/A	N/A	N/A
	<u>\$ 65,680</u>				

Cash and cash equivalents: The carrying value of these items approximates fair value.

Mutual funds: Valued at the daily closing price as reported by the fund. Mutual funds held by the Plan are open-ended mutual funds that are registered with the Securities and Exchange Commission. These funds are required to publish their daily net asset value and to transact at that price. The mutual funds held by the Plan are deemed to be actively traded.

**THE MCCLATCHY COMPANY RETIREMENT PLAN
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Common collective trust: These investments are valued based on the NAV of the underlying investments and are provided by the fund issuers. NAV for these funds represent the quoted price in a non-market environment. There are no restrictions on participants' ability to withdraw funds from the common collective trusts. The attributes relating to the nature and risk of such investments as of December 31, 2017 and 2016 are as follows:

	<u>2017</u>	<u>2016</u>	<u>Redemption Frequency (if Currently Eligible)</u>	<u>Redemption Notice Period</u>
U.S. equity funds ^(a)	\$ 353,555	\$ 310,615	Daily	None
International equity funds ^(b)	569,749	505,819	Daily-Monthly	None
Total	<u>\$ 923,304</u>	<u>\$ 816,434</u>		

- (a) *U.S. equity fund strategies* - Investments in U.S. equities are defined as commitments to U.S. dollar-denominated, publicly traded common stocks of U.S. domiciled companies and securities convertible into common stock. The aggregate U.S. equity portfolio is expected to exhibit characteristics comparable to, but not necessarily equal to, that of the Russell 3000 Index.
- (b) *International equity funds strategies* - Investments in international developed markets equities are defined as commitments to publicly traded common stocks and securities convertible into common stock issued by companies primarily domiciled in countries outside of the U.S.

Real estate property: In February 2016, the Company contributed six real property locations to the Plan. The Plan obtained independent appraisals of the properties, and based on these appraisals, the Plan recorded the contribution (the fair value of the property) at \$47.1 million on February 11, 2016. The Company is leasing back the 2016 properties for 11 years at approximately \$3.5 million annually. A similar contribution of real properties was made to the Plan in 2011, although certain properties from the 2011 contribution have been sold by the Plan and others may be sold by the Plan in the future. For fiscal year 2017, the Plan received \$4.6 million in rental revenue from all of the properties. This revenue is included in the interest and dividend income in the Statements of Changes in Net Assets Available for Benefits.

In May 2016, the Plan sold the Charlotte real property location for approximately \$34.1 million and the Company terminated its lease on the property. In October 2016, the Plan sold the Olympia real property location for approximately \$4.8 million. Both of these properties were included in the 2011 contributions to the Plan discussed previously.

In May 2018, the Plan sold the Lexington real property location for approximately \$4.1 million and the Company terminated its lease on the property. This property was included in the 2011 contributions to the Plan as discussed previously.

An independent fiduciary manages all of the properties on behalf of the Plan and the fiduciary negotiated the terms of the leases. Management believes that the contribution of the properties to the Plan and subsequent leaseback of those properties is exempt from the prohibited transactions prohibitions pursuant to Section 408(e) of Employee Retirement Income Security Act and Section 4975(d)(13) of the Internal Revenue Code. There are no restrictions on the donated property and the Plan may sell any or all of them, if desired. These properties are not actively traded and are valued based upon the appraisals performed and are included as a Level 3 investment in the table above.

Private equity funds: Private equity funds represent investments in limited partnerships, which invest in start-up or other private companies. Fair value is estimated based on valuations of comparable public companies, recent sales of comparable private and public companies, and discounted cash flow analysis of portfolio companies and is included as a Level 3 investment in the table above.

**THE MCCLATCHY COMPANY RETIREMENT PLAN
NOTES TO FINANCIAL STATEMENTS**

9. RECONCILIATION OF FINANCIAL STATEMENTS TO FORM 5500

The following is a reconciliation of cash and cash equivalents per the financial statements to interest-bearing cash per the Form 5500 as of December 31, 2017:

Cash and cash equivalents per the financial statements	\$	8,498
Deduct cash and cash equivalents included in common collective trusts		(8,464)
Interest-bearing cash per the Form 5500	<u>\$</u>	<u>34</u>

The following is a reconciliation of common collective trusts per the financial statements to interest in common/collective trusts per the Form 5500 as of December 31, 2017:

Common collective trusts per the financial statements	\$	923,304
Add cash and cash equivalents included in common collective trusts		8,464
Add other changes		198
Value of interest in common/collective trusts per Form 5500	<u>\$</u>	<u>931,966</u>

SUPPLEMENTAL SCHEDULE

Schedule H, Part IV, Line 4i – Schedule of Assets (Held at End of Year)

The McClatchy Company Retirement Plan

Schedule of Assets Held

Reconciliation

December 31, 2017

Description	in (000's) Amount
Northern Trust Schedule of Assets	\$ 1,476,434
Net Accrued Income	1,492
Total Investments per Statement of Net Assets	\$ 1,477,926

◆ Schedule of Assets Held for Investment Purposes

Security Description / Asset ID	Shares/Par Value	Historical Cost	Current Value
<i>Interest Bearing Cash - USD</i>			
USD - United States dollar	73.920	73.92	73.92
Total - all currencies		73.92	73.92
Total Interest Bearing Cash - USD		73.92	73.92
<i>Corporate Debt Instruments - Other</i>			
United States - USD			
GS MTG SECS CORP SER 2006-S1 CL A2B FLT RT 11-25-2035/01-25-2010 REG CUSIP: 3623413B3	1.000	0.00	0.00
Total United States - USD		0.00	0.00
Total Corporate Debt Instruments - Other		0.00	0.00
<i>Corporate Stock - Common</i>			
Canada - USD			
NORTEL NETWORKS CORP NEW COM CUSIP: 656568508	2,132.000	4,775.00	1.07
Total Canada - USD		4,775.00	1.07
Total Corporate Stock - Common		4,775.00	1.07
<i>Partnership/Joint Venture Interests</i>			
United States - USD			
SANDLER CAPITAL PARTNERS V FTE, LP CUSIP: 000108118	6,065,856.120	6,065,856.12	9,323,272.00
Total United States - USD		6,065,856.12	9,323,272.00
Total Partnership/Joint Venture Interests		6,065,856.12	9,323,272.00

** All or a portion of this security participates in Securities Lending.

◆ Schedule of Assets Held for Investment Purposes

Security Description / Asset ID	Shares/Par Value	Historical Cost	Current Value
<i>Real Estate - Income Producing</i>			
United States - USD			
111 RALEIGH MRP LLC CUSIP: 9926KV999	7,700,000.000	7,700,000.00	7,202,298.00
1400 GARNER MRP LLC CUSIP: 9926KQ990	7,380,000.000	7,380,000.00	7,102,232.00
1626 FRESNO MRP LLC CUSIP: 9926KU991	10,100,000.000	10,100,000.00	9,601,764.00
205 CHARLOTTE MRP LLC CUSIP: 9926KS996	4,100,000.000	4,100,000.00	3,902,216.00
3500 DORAL MRP LLC CUSIP: 9926KT994	13,850,000.000	13,850,000.00	14,502,240.00
9140 CHARLOTTE MRP LLC CUSIP: 9926KR998	4,000,000.000	4,000,000.00	4,602,262.00
Total United States - USD		47,130,000.00	46,913,012.00
Total Real Estate - Income Producing		47,130,000.00	46,913,012.00
<i>Value of Interest in Common/Collective Trusts</i>			
Emerging Markets Region - USD			
MFB NT COLLECTIVE MSCI EMERGING MARKETS FUND-NON LENDING CUSIP: 003999331	929,174.380	136,381,826.51	179,383,618.28
Total Emerging Markets Region - USD		136,381,826.51	179,383,618.28
International Region - USD			
MFB NT COLLECTIVE ALL COUNTRY WORLD EX-US IMI FUND - NON LENDING CUSIP: 786993543	22,792.820	3,540,787.28	3,704,106.76
MFB NT COLLECTIVE EAFE INDEX FUND-NON LENDING CUSIP: 658991526	868,485.370	201,109,366.33	282,546,950.88
Total International Region - USD		204,650,153.61	286,251,057.64
United States - USD			
CF SSGA RUSSELL SMALL CAP COMPLETENESS RINDEX NL (CMD4) FUND CUSIP: 104996251	899,464.830	32,837,149.12	67,186,424.94
MFB NT COLLECTIVE AGGREGATE BOND INDEX FUND-NON LENDING CUSIP: COB9989C3	33,908.540	4,747,025.34	4,762,115.36

** All or a portion of this security participates in Securities Lending.

The McClatchy Company Retirement Plan (EIN #52-2080478), Plan #002

◆ Schedule of Assets Held for Investment Purposes

Security Description / Asset ID	Shares/Par Value	Historical Cost	Current Value
<i>Value of Interest in Common/Collective Trusts</i>			
United States - USD			
MFB NT COLLECTIVE GLOBAL REAL ESTATE INDEX FUND - NON LENDING CUSIP: 003999380	180,216.220	24,459,718.97	36,462,426.93
MFB NT COLLECTIVE RUSSELL 3000 INDEX FUND - NON-LENDING CUSIP: 003999414	185,046.890	6,883,521.36	7,230,707.23
MFB NT COLLECTIVE S&P500 INDEX FUND-NON LENDING CUSIP: 658991310	29,572.190	112,733,170.35	270,671,593.57
NT COLLECTIVE DEVELOPED INTERNATIONAL SMALL CAP INDEX FUND - NON LENDING CUSIP: 66586C361	270,930.280	43,085,634.93	71,355,720.63
NTGI COLTV GOVT STIF REGI STERED CUSIP: 195998BD0	8,662,802.210	8,662,802.21	8,662,802.21
Total United States - USD		233,409,022.28	466,331,790.87
Total Value of Interest in Common/Collective Trusts		574,441,002.40	931,966,466.79
<i>Value of Interest in Registered Investment Companies</i>			
United States - USD			
MFO VANGUARD BD INDEX FDS LONG-TERM BD INDEX FD INSTL PLUS SHS CUSIP: 921937744	33,187,579.320	461,735,671.97	478,564,893.79
Total United States - USD		461,735,671.97	478,564,893.79
Total Value of Interest in Registered Investment Com		461,735,671.97	478,564,893.79
<i>Other</i>			
United States - USD			
ESC CB LEHMAN BRTH HLD SUB D05/09/08 7.5MN38 CUSIP: 524ESC7N4	200,000.000	198,558.00	0.00
RECEIVABLE FROM LEHMAN LBI CUSIP: 000629790	155,847.530	155,847.53	34,286.46
Total United States - USD		354,405.53	34,286.46
Total Other		354,405.53	34,286.46

** All or a portion of this security participates in Securities Lending.

◆ Schedule of Assets Held for Investment Purposes

Security Description / Asset ID	Shares/Par Value	Historical Cost	Current Value
<i>Employer Real Property</i>			
United States - USD			
120 MACON MRP LLC CUSIP: 9916J1998	2,200,000.000	2,200,000.00	1,503,763.00
132 ROCK HILL MRP LLC CUSIP: 9916J4992	1,720,000.000	1,720,000.00	2,005,267.00
2375 LEXINGTON MRP LLC CUSIP: 9916J0990	4,070,000.000	4,070,000.00	4,303,230.00
914 MYRTLE BEACH MRP LLC CUSIP: 9916J2996	2,530,000.000	2,530,000.00	3,305,660.00
Total United States - USD		10,520,000.00	11,117,920.00
Total Employer Real Property		10,520,000.00	11,117,920.00
<i>Other Liabilities</i>			
United States - USD			
PAYABLE TO LEHMAN LBI	4,660.020	-4,660.02	0.00
Total United States - USD		-4,660.02	0.00
Pending trade purchases: United States dollar	0.000	-1,485,728.81	-1,485,728.81
Total - all currencies		-1,485,728.81	-1,485,728.81
Total Other Liabilities		-1,490,388.83	-1,485,728.81
Total		1,098,761,396.11	1,476,434,197.22

** All or a portion of this security participates in Securities Lending.

Schedule H, Part IV, Line 4i – Schedule of Assets (Acquired and Disposed of Within Year)

5500 Supplemental Schedules

01 JAN 17 - 31 DEC 17

Account number 7060
Account Name FAMILY CODE FAM7060

◆ Schedule of Acquisitions & Dispositions

Asset ID	Security Description	Transaction	Shares/Par	Cost of Acquisitions	Proceeds of Dispositions
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NO DATA TO REPORT

Schedule H, Part IV, Line 4j – Schedule of Reportable Transaction

5500 Supplemental Schedules

1 JAN 17 - 31 DEC 17

Account number 7060
Account Name FAMILY CODE FAM7060

◆ 5% Report - Part A

Single Transaction in Excess of 5%

Security Description / Asset ID	Shares/Par Value	Date	Acquisition Price	Disposition Price	Lease Rental	Expenses Incurred	Cost	Current Value on Transaction Date	Net Gain/Loss
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THERE ARE NO REPORTABLE TRANSACTIONS

NOTE: TRANSACTIONS ARE BASED ON THE 2016-12-31 VALUE (INCLUDING ACCRUALS) OF 1,335,474,745.58

◆ 5% Report - Part B

Series of Non-Security Transactions with Same Party in Excess of 5%

Security Description / Asset ID	Shares/Par Value	Date	Acquisition Price	Disposition Price	Lease Rental	Expenses Incurred	Cost	Current Value on Transaction Date	Net Gain/Loss
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THERE ARE NO REPORTABLE TRANSACTIONS

NOTE: TRANSACTIONS ARE BASED ON THE 2016-12-31 VALUE (INCLUDING ACCRUALS) OF 1,335,474,745.58

◆ 5% Report - Part C Summary

Series of Transactions by Issue in Excess of 5%

Security Description / Asset ID		Number of Transactions	Transaction Aggregate		Lease Rental	Expenses Incurred	Cost of Asset	Current Value of Asset on Transaction
			Acquisition Price	Disposition Price				
MFB NT COLLECTIVE RUSSELL 3000 INDEX FUN D - NON-LENDING CUSIP: 003999414	Total acquisitions	12	43,604,000.00			0.00	43,604,000.00	43,604,000.00
	Total dispositions	32		44,393,000.00		0.00	42,691,836.68	44,393,000.00
NTGI COLTV GOVT STIF REGI STERED CUSIP: 195998BD0	Total acquisitions	148	165,603,211.82			0.00	165,603,211.82	165,603,211.82
	Total dispositions	107		157,580,222.99		0.00	157,580,222.99	157,580,222.99

NOTE: TRANSACTIONS ARE BASED ON THE 2016-12-31 VALUE (INCLUDING ACCRUALS) OF 1,335,474,745.58

5500 Supplemental Schedules

1 JAN 17 - 31 DEC 17

Account number 7060
Account Name FAMILY CODE FAM7060

◆ 5% Report - Part D

Series of Transactions with Same Party in Excess of 5%

Security Description / Asset ID	Shares/Par Value	Date	Acquisition Price	Disposition Price	Lease Rental	Expenses Incurred	Cost	Current Value on Transaction Date	Net Gain/Loss
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THERE ARE NO REPORTABLE TRANSACTIONS

NOTE: TRANSACTIONS ARE BASED ON THE 2016-12-31 VALUE (INCLUDING ACCRUALS) OF 1,335,474,745.58