Annual Shareholders Meeting

May 17, 2017

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Thank you and good morning.

For some years, I have attended this meeting as a director of McClatchy, but this is my first as McClatchy's President and CEO. I'm very happy to be here with you today.

Everything we've done since I assumed this role in January reflects our collective energy – among the Board, our management and our staff team to accelerate our digital transformation. As a member of the Board for the past three years, I can confirm our confidence in the company's strategy to deliver quality, meaningful journalism to serve our local markets – both our audience and our advertisers. As President and CEO for the past 100 or so days, I can also confirm the intent and commitment of our management team to generate shareholder value as we continue to align our cost structure with business reality and our economic opportunity, which of course is largely in the growing digital ecosystem.

We are accelerating the cadence and pace of that digital transition. McClatchy benefits from:

- Renowned, locally relevant brands that resonate profoundly with our audience and advertisers,
- A talented and dedicated team of employees nationwide,
- And an unwavering commitment to quality journalism. More about that commitment, that resulted in the recognition of many awards in the past 12 months, including two Pulitzer Prizes, in just a moment.

We are applying clear-eyed realism about the headwinds facing the print advertising element of our industry. In the first quarter alone, those headwinds included several retailer bankruptcies, driving the loss of 40,000 jobs in that important sector. We are determined to continue to align our cost structure with the realities of our business. And we continue to focus on our capital structure, including paying down our debt. These headwinds and our efforts to combat them are reflected in our results.

First, let's briefly review last year's milestones. Total revenues declined 7.5% in 2016, driven largely by declining print advertising. And while advertising revenues were down more than 10% in 2016, that represented a 2.1% improvement from the trends we saw in 2015. We also were able to successfully reduce our adjusted operating expenses by 5.9% and that resulted in adjusted EBITDA of $160.8 million dollars, down 11.4% to 2015. We reported adjusted net income of $1.4 million dollars in 2016 and reduced our debt by $63.6 million dollars to $873.7 million dollars.

Importantly we returned nearly $8 million dollars to shareholders in 2016 by buying 656,000 shares of Class A stock and we returned more than $15 million dollars in 2015 and 2016 through our share repurchase plan.

The challenging trends in our industry continued to impact us as 2017 began.

Declining print advertising in the first quarter was partially offset by strong growth in digital-only advertising and growth in audience revenues. Total revenues in the first quarter were down 7.0% when compared to the same period a year ago. While down, they improved a half percentage point sequentially from the fourth quarter 2016 declines.

We offset part of the revenue decline with cost savings in the first quarter and our Adjusted EBITDA was $23.1 million dollars in the period.

Without question -- the last 100 or so days have been very busy across McClatchy.

We are moving faster to align our business around reality. For instance:

- We've moved to a regional publisher structure that has consolidated oversight and reduced management levels in several markets. This is the latest move in an efficiency strategy that has regionalized, or centralized, production, human resources, finance, pre-press and many other areas. Our publishers and general managers are increasingly emerging as our local chief revenue officers, coordinating revenue strategies with our advertising local sales leaders, our excelerate™ digital advertising team, and, of course, our audience teams for subscription revenues. They also maintain our important relationships in the local communities. So regionalizing and combining some of this work and oversight makes a lot of sense.

- Also, we have reorganized and rationalized our audience group to better align with that new group structure, allowing us to accelerate progress from our new audience management platform, rolling out across all markets this current quarter.
- As a result of these and many other changes, we lowered cash expenses by 4.4%, or nearly $10 million dollars, in the quarter from a year earlier.
- We've created a new product development structure to accelerate our development speed and technology productivity. As a sign of this new, more rapid and agile pace, familiar in Silicon Valley, but not always in the legacy publishing business, we developed and shipped a new suite of mobile apps in the Apple ecosystem, with new iOS versions of our digital products for all our markets. And, as I mentioned, we deployed the first phase of an important new audience-technology platform.
- Also, we reengineered the presentation system for our websites. As we began to roll out a multi-milestone 'refactoring' of our story pages, we have started to feature new, faster loading, and better-monetizing digital ad units. You will not always see the technology changes occurring at the company; some of these platform milestones are 'under-the-hood' and invisible to the end user. Which is precisely as it should be in a digital company where the best and most successful products delight and are almost invisible.
- Our new audience-technology platform will be more flexible in presenting finely tuned offers and subscription opportunities for our audience. I'll speak more to that in a few moments.
- Also, as a result, we are seeing our digital audience continue to grow, as average monthly unique visitors to our digital properties climbed by more than 27% in the first quarter of 2017 versus last year.
- Most importantly, we are accelerating our digital transformation. The evidence of this is in our results. Our digital-only ad revenues grew 11.7% in the first quarter. Digital subscriptions were up 7.8% and, 74 cents of every dollar of McClatchy revenue came from something other than a print newspaper advertisement – a historic milestone for us in our transition to a digital company.

We benefit from a profoundly talented and committed workforce at our storied brands that will never compromise the quality of our journalism. When it comes to journalism -- high quality and integrity are enduring traits and differentiators at McClatchy and they are the underpinning of our success in the marketplace.

We've been broadly recognized for our coverage of the new Administration in Washington, including heralded scoops about campaign finance and overseas ties. Evidence of how this resonates with our readers is reflected in the fact, that on the first day of this month; our McClatchy DC website had more traffic than in the entire month of May 2016.

McClatchy newsrooms received multiple honors during this awards season, including The National Headliner Award and the O'Brien Fellowship Award for Impact in Public Service Journalism, both for the work on the Panama Papers. We also received the White House News Photographer Association Multimedia Award for a Documentary by the *Sacramento Bee* for their work "No Safe Place: Afghans risked their lives for U.S., now struggle in Sacramento".

And our recognition culminated in the awarding of two Pulitzer Prizes to McClatchy. The *Miami Herald*, our Washington DC Bureau, and our Video Lab teams, in collaboration with other media organizations, were honored with the Explanatory Reporting award for their coverage of the Panama papers. In addition, the *Miami Herald*'s, Jim Morin, was awarded a Pulitzer for Editorial Cartooning, his second Pulitzer. This work reflects McClatchy at its best and we are happy to report that in our 160-year history McClatchy newsrooms have been awarded 54 Pulitzers.

Amid the run of accolades, however, there is zero room at McClatchy for complacency. In the past 100 days, we also began making headway in our newsroom reinvention. Our approach is to ask, even as we win awards: What is the newsroom we would build from scratch if we were starting a digital news organization today? Once we have our new staffing structures set up, we will be sure we have the right people in the right roles – whether it's our existing staffers who are proving every day that they're are up for the digital challenge or new staffers who have the digital skill set we need.

We will provide training and new workflows that push us to do work that is going to resonate with readers and fulfill our mission, and we will continually evaluate our effectiveness. Our journalists will not be satisfied to just be printed in the daily paper or on our websites, but will push our journalism to new readers on whatever digital platforms they use.

At the end of this process, we'll have newsrooms that are focused intensely and exclusively on the core of what matters in our communities. And when we do that, we will produce more journalism that drives our public service mission and resonates with readers – and less that doesn't.

We are excited about our video initiative that was launched in late 2015 and really took off last year. For full-year 2016, video views on our player totaled over 74 million -- growing four times compared to 2015, while revenues grew more than 250%. In the first quarter of 2017 our video views across all of our platforms were up 75% and revenues increased 100%.

Our video journalism is valued by readers, and we are demonstrating our ability to capitalize on views and create revenue opportunities. A recent example – as they say – taken from the headlines: In February, our video views were 10.3 million. As Northern California worried about the Oroville dam failing, many people around the country turned to the three Bee newspapers up and down the California Central Valley as their trusted sources, and our videos improved our reporting and generated revenues.

Based upon the viewer and advertiser demand – and the clear journalistic importance of this type of storytelling – we decided it was time to expand and explore video technology even further. We are working on launching Video Lab West which will be housed in Sacramento's historic renovated train depot.

Video Lab West will extend existing efforts by focusing on immersive storytelling -- particularly Virtual and Augmented Reality. The team will focus on creation and distribution of compelling non-fiction and branded content. We've already announced that YouTube and Google News Lab will join as primary collaborators in the effort. We hope that such partnerships will help make sure that we are leapfrogging ahead of current video technology.

And video is contributing to our strong results in digital advertising.

We are starting out 2017 with our digital-only advertising revenue up 11.7% in the first quarter, higher sequentially than the fourth quarter of last year.

It is worth noting that this is now the sixth consecutive quarter of double-digit growth in digital-only advertising revenue at McClatchy, and we remain focused on exceeding last year's growth as we move through 2017. In the first quarter, our digital advertising represented a third of our total advertising revenue, up more than four percentage points over 2016.

Our growth this year will come from multiple efforts, chief among them our launch of our digital agency excelerate™ and its sales teams. Although only a few months old, and not yet rolled out in every market, our sales pipeline is expanding rapidly. In fact, we are signing six figure deals each week and through Q1, our teams booked an average of about $1 million dollars in sales per month and that number is growing rapidly. This quarter, the excelerate™ sales force also begins expanding regionally into cities outside of our core McClatchy markets, which also will help drive more sales. To give you a sense of its trajectory, we expect to invest $10 million dollars this year in Excelerate to grow its sales force from roughly 40 employees at the beginning of the year to nearly 100 by the end of 2017.

To continue to grow our digital revenues, whether advertising or subscriptions, we must grow our audience. And our definition of how we view our audiences has changed to include metrics that matter in grading our editorial and advertising successes. Unique visitors to our sites in 2016 were up 26.8% compared to the beginning of 2015.

And 2017 is starting out with continued growth. In the first quarter our total unique viewers were up 27.5% to 69 million visitors while our local unique visitors grew 15.8% in the period. Not surprisingly, mobile users represented more than 60% to our total unique viewers in the first quarter of this year.

I mentioned our new audience management platform earlier. On April 24th, we launched the first phase of the platform on all of our sites. We expect the platform to be fully functional on all sites by mid-June. This platform will allow us to better manage and drive results from our subscriber relationships by leveraging user insights and data, providing dynamic subscription options and targeting content to increase time customers spend with our news and information. We expect this platform to help us grow digital subscription revenues and to help maintain total audience revenues in 2017.

While we are focused on bending the revenue curve to growth, we must continue to align our cost structure and business processes to reflect the digital company we are becoming. We are well on our way. We have outsourced two thirds of our media companies' printing to third-parties or other McClatchy printing hubs. We have regionalized much of our back-office work and are now exploring centralizing additional functions, such as our regional publisher structure, to save even more. We have invested in technology to build our digital infrastructure and provide efficiencies.

Not all of those savings have fallen to the bottom line as we have also continued to invest in those areas that drive our business: news, advertising, and digital platforms that I mentioned earlier. But the fact that we can make these investments to create a cost structure that will support a more digital company and continue to be a leader in profitability as measured by our adjusted EBITDA margins speaks to the balanced approach that is necessary in this time of transition.

Through all this change, we remain equally as focused on our capital structure and building returns to shareholders. All of our media companies remain profitable, and were through the great recession. As a result of our cash generation and coupled with asset sales, we have paid down more than a billion dollars in debt since 2009, removing an enormous burden from our balance sheet and equity values.

Equally important we have structured our debt so that we have runway to complete our digital transformation. Our near-term debt is a very modest $16.9 million dollars and we have no other maturities until 2022. Earlier this month we repurchased $15 million dollars of our 2022 bonds.

And we are not done yet. We are taking advantage of assets that have become less strategic to our mission to potentially monetize and use to continue our digital transformation and reduce our leverage.

One of those is CareerBuilder. While we are proud to own and be involved in building this highly profitable digital employment company, employment advertising is among our smallest classified verticals. So, we and the other partners are seeking strategic alternatives for it.

The other area is monetizing our real estate.

Last year we generated close to $58 million dollars in asset sale proceeds. We sold a building in Wichita and a covered parking garage in Sacramento. We also made a $47.1 million dollar contribution of property to the pension plan that yielded $12 million dollars in tax refunds. This allowed us to reduce pension liabilities and preserve cash for other purposes. We essentially funded our pension plan with valuable assets that would have cost us tax dollars to sell and instead turned it into tax refunds.

On March 30, 2017, we completed the sale of our San Luis Obispo building and we have a number of large real estate transactions we expect to close in the third quarter of the year, as well as the sale of smaller assets that we expect to close throughout the year. Our goal through real estate monetization is to realize approximately $100 million dollars in pre-tax proceeds to reduce debt and invest in our digital transformation in 2017.

We believe the McClatchy picture will become increasingly clear in the coming quarters. Our focus on accelerating the pace and cadence of our digital transition will not waiver, nor will our commitment to the quality journalism at the level that is worthy of the accolades we are receiving. Nor will we shrink from continuing to align our cost structure with business reality. And as we address these uncertainties which cloud the operating environment of our entire industry, we aim to show you through our performance our commitment to operate our business and drive it successfully forward like the long-term shareholders we are.

Our critical work is performed daily by our dedicated employees whether journalists, salespeople, or the hundreds of other unsung employees that make-up the 30 media companies who are McClatchy. They are the ones doing the hard work of transforming this digital company and serving our communities and I couldn't be more proud of them.

Finally, I would like to thank our Board of Directors for their insights and guidance and you, our shareholders, for your support of the company.