

THE MCCLATCHY COMPANY
401(k) Plan

EIN 52-2080478
PLAN 004

Financial Statements as of December 31, 2015 and 2014, and for the Year Ended December 31, 2015,
Supplemental Schedule as of December 31, 2015, and Independent Auditors' Report

THE MCCLATCHY COMPANY 401(k) 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 Employee 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 401(k) Plan:

Report on the Financial Statements

We were engaged to audit the accompanying financial statements of The McClatchy Company 401(k) Plan (the "Plan"), which comprise the statements of net assets available for benefits as of December 31, 2015 and 2014, and the related statement of changes in net assets available for benefits for the year ended December 31, 2015, 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 3, which was certified by Vanguard Fiduciary 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 trustee holds the Plan's investment assets and executes investment transactions. The plan administrator has obtained certifications from the trustee as of December 31, 2015 and 2014, and for the year ended December 31, 2015, 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 schedule listed in the Table of Contents is required by the Department of Labor's Rules and Regulations for Reporting and Disclosure under the Employee Retirement Income Security Act of 1974 and is presented for the purpose of additional analysis and is 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 the supplemental schedule.

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 schedule, 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 14, 2016

THE MCCLATCHY COMPANY 401(k) PLAN

STATEMENTS OF NET ASSETS AVAILABLE FOR BENEFITS

December 31, 2015 and 2014

(In thousands)

	2015		2014
INVESTMENTS AT FAIR VALUE (NOTES 4 AND 5):			
Mutual funds	\$ 662,926		\$ 729,550
Money market fund	56,683		57,985
Total investments	719,609		787,535
RECEIVABLES:			
Notes receivable from participants	10,154		11,831
Participant contributions	209		-
Total receivables	10,363		11,831
NET ASSETS AVAILABLE FOR BENEFITS	\$ 729,972		\$ 799,366
<i>See notes to financial statements.</i>			

THE MCCLATCHY COMPANY 401(k) PLAN

STATEMENT OF CHANGES IN NET ASSETS AVAILABLE FOR BENEFITS

Year Ended December 31, 2015

(In thousands)

	2015
ADDITIONS:	
Investment income:	
Interest and dividend income	\$ 31,297
Net depreciation in fair value of investments	(30,644)
Total investment income	653
Interest income on notes from participants	358
Participant contributions	15,857
Total additions	16,868
DEDUCTIONS:	
Benefits paid to participants	86,033
Administrative expenses	229
Total deductions	86,262
DECREASE IN NET ASSETS	(69,394)
NET ASSETS AVAILABLE FOR BENEFITS:	
Beginning of year	799,366
End of year	\$ 729,972
<i>See notes to financial statements.</i>	

**THE MCCLATCHY COMPANY 401(k) PLAN
NOTES TO FINANCIAL STATEMENTS**

1. DESCRIPTION OF THE PLAN

General

The McClatchy Company (the “Company”) sponsors The McClatchy Company 401(k) Plan (the “Plan”), which is a defined contribution plan. Substantially all employees of the Company are eligible to participate in the Plan subject to the eligibility criteria discussed below.

The Retirement Committee, which reports to the Pension and Savings Plans Committee of the Company’s Board of Directors, controls and manages the operation and administration of the Plan. The Plan enables qualified employees of the Company to voluntarily defer pre-tax and/or after-tax compensation to provide additional income for retirement in accordance with Internal Revenue Code (“IRC”) Section 401(k). The Plan is subject to the provisions of the Employee Retirement Income Security Act of 1974 (“ERISA”).

The following description of the Plan provides only general information. Participants should refer to the Plan document for a more complete description of the Plan provisions.

Eligibility and Contributions

Employees are eligible to participate in the Plan after completion of a six-month period during which the employee is credited with at least 375 eligible hours of service. Employees covered under collective bargaining agreements are eligible to participate in the Plan only if participation has been provided for in the collective bargaining agreement. Participants may contribute a total of 1% to 50% of their base salary subject to certain IRC limitations. Participants can split their contributions between their pre-tax and/or after-tax accounts.

Plan participants are also eligible for a Company match. The Company matches participant pre-tax contributions at a rate of two-thirds of the first 6% of participant salary deferrals (up to 4%) contributed. There is no match for special “catch-up” contributions or on after-tax contributions. In 2009, the Company temporarily suspended matching contributions and it is still pending reinstatement.

Supplemental Company Contributions

The Company will make a supplemental contribution to eligible active employees for each year that the Company meets certain financial goals. No supplemental contribution was made for 2015 or 2014. In years when a supplemental contribution is made, an employee must work at least 750 hours during the calendar year and generally be an active eligible employee for the entire year, in order to receive the supplemental contribution.

Newly hired employees will not be eligible to receive any supplemental contribution that is made by the Company for the employee’s first calendar year of employment. In addition, in the year an employee terminates employment he/she will not be eligible to receive a supplemental Company contribution for that year, unless the termination was on or after attainment of age 55 with 5 years of vesting service, or due to death.

THE MCCLATCHY COMPANY 401(k) PLAN
NOTES TO FINANCIAL STATEMENTS

If an eligible employee is entitled to receive a supplemental contribution, the contribution amount will be based on years of service from the most recent date of hire, as follows:

Years of Service	Percentage of Eligible Pay
1–9	2%
10–19	3%
20 or more	4%

Participant Accounts

Individual accounts are maintained for each participant of the Plan. Each participant’s account is credited with the participant’s contributions, the Company’s matching contributions, the supplemental Company contributions and any Plan earnings or losses.

Investments

Participants direct the investment of their contributions into various investment options offered by the Plan. The Plan currently offers registered mutual funds, which includes 12 target retirement funds and one money market fund as investment options for participants.

Vesting

Participants are immediately vested in their voluntary contributions plus actual earnings thereon. The Company’s matching and supplemental contributions are generally subject to a three-year cliff vesting requirement.

Participant Loans and In-Service Withdrawals

Active participants may borrow from their before-tax contribution and rollover accounts an amount equal to the lesser of \$50,000 or 50% of their vested account balance. Active participants can take only one new loan per year and have up to two outstanding loans at the same time. The minimum amount a participant can borrow is \$500. A participant cannot borrow against the Company matching, Company supplemental, after-tax rollover or after-tax contributions. Loans are secured by the balance in the participant’s account and bear interest at a rate commensurate with local prevailing lending rates. New loan terms may not exceed five years. Interest rates on outstanding loans ranged from 3.25% to 9.50% during the years ended December 31, 2015 and 2014. Principal and interest are paid in equal installments by payroll deductions.

In-service withdrawals to employees are limited to after-tax withdrawals, post-age 59.5 withdrawals, or hardship withdrawals. The minimum withdrawal for an after-tax or post age 59.5 withdrawal is \$500 and partial withdrawals for active participants are limited to two after-tax and two post-age 59.5 withdrawals per year.

Active participants also may take a withdrawal for severe financial hardship, if certain hardship criteria are met and all other resources have been exhausted. Participants are limited to two hardship withdrawals for the same reason per year.

**THE MCCLATCHY COMPANY 401(k) PLAN
NOTES TO FINANCIAL STATEMENTS**

Payment of Benefits

Following termination of employment, retirement, disability, or death, a distribution to a participant shall be made in a lump-sum cash payment except as otherwise provided in the Plan document.

Forfeitures

Forfeitures from participant's nonvested accounts may be used by the Company to reduce future Company matching contributions, supplemental Company contributions or pay administrative fees. The Company had \$6,646 and \$59,217 in forfeitures in 2015 and 2014 respectively. Unallocated forfeited balances as of December 31, 2015 and 2014 were not material.

Administrative Expenses

Fees and expenses of the Plan for legal, accounting, and other administrative services may be paid directly by the Company, or, at the Company's discretion, may be paid in whole or in part from Plan assets. Recordkeeping and investment management fees are paid by participants via fund expense ratios.

Plan Termination

Although it has not expressed any intention to do so, the Company has the right at any time to amend the Plan document to discontinue future matching contributions or to terminate the Plan, subject to the provisions of the ERISA. In the event that the Plan is terminated, participants would become 100% vested in their accounts.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Accounting

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

Investments Valuation and Income Recognition

The Company's investments are stated at fair value. Fair value of a financial instrument is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. Mutual funds are valued at quoted market prices that represent the net asset value of shares held by the Plan at year-end. See Note 5 for additional discussion of fair value measurements.

Purchases and sales of securities are recorded on a trade-date basis. Interest income is recorded on an accrual basis. Dividends are recorded on the ex-dividend date. Net appreciation (depreciation) in fair value of investments includes the Plan's gains and losses on investments bought and sold as well as held during the year.

Payment of Benefits

Payment of benefits is recorded when paid.

**THE MCCLATCHY COMPANY 401(k) PLAN
NOTES TO FINANCIAL STATEMENTS**

Notes Receivable from Participants

Notes receivable from participants are recorded at their unpaid principal balance plus any accrued but unpaid interest. Interest income on notes receivable from participants is recorded when earned. No allowance for loan losses has been recorded as of December 31, 2015 and 2014. Delinquent participant loans are reclassified as distributions based on the terms of the Plan document.

Income Tax Status

The Plan received a favorable determination letter dated October 15, 2014, that finds the Plan was designed in accordance with the applicable IRC requirements and, therefore, the related trust is not subject to tax under current tax law. Once qualified, the Plan is required to operate in conformity with the IRC to maintain its tax qualification. The Plan administrator believes that the Plan is currently designed and being operated in compliance with the applicable requirements of the IRC and, as a result, 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 is subject to routine audits by taxing jurisdictions; however, there are currently no audits for any tax periods in progress. The Plan administrator believes it is no longer subject to income tax examinations for the years prior to 2012.

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.

Risks and Uncertainties

Investment securities, in general, are exposed to various risks, such as interest rate, credit, and 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.

Recently Issued Accounting Pronouncements Not Yet Adopted

In May 2016, the Financial Accounting Standards Board ("FASB") issued ASU No. 2015-07, "*Fair Value Measurement (Topic 820); Disclosures for Investments in Certain Entities That Calculate Net Asset Value per Share (or Its Equivalent)*." ASU 2015-07 removes the requirement to categorize within the fair value hierarchy all investments for which fair value is measured using the net asset value per share as a practical expedient. It also eliminates certain disclosures for investments eligible to be measured at fair value using this practical expedient. It is effective for the Plan for years beginning after December 15, 2015. This standard is not expected to have a material impact on the Plan's financial statements.

In July 2015, the FASB issued ASU 2015-12, "*Plan Accounting: Defined Benefit Pension Plans (Topic 960), Defined Contribution Pension Plans (Topic 962), Health and Welfare Benefit Plans (Topic 965): (Part I) Fully Benefit-Responsive Investment Contracts, (Part II) Plan Investment Disclosures, (Part III) Measurement Date Practical Expedient*." Part I clarifies fully benefit-responsive investment contracts are limited to direct investments between the Plan and the issuer. Part I also eliminates the requirements to measure the fair value of fully benefit-responsive investment contracts and provide certain

THE MCCLATCHY COMPANY 401(k) PLAN
NOTES TO FINANCIAL STATEMENTS

disclosures. Contract value is the only required measurement for fully benefit-responsive investment contracts. Part II eliminates the requirements to disclose individual investments that represent five percent or more of net assets available for benefits and the net appreciation or depreciation in fair value of investments by general type. Part II also simplifies the level of disaggregation of investments that are measured at fair value. Plans will continue to disaggregate investments that are measured at fair value by general type; however, plans are no longer required to also disaggregate investments by nature, characteristics, and risks. Further, the disclosure of information about fair value measurements should be provided by general type of plan asset. Part III is not applicable to the Plan. It is effective for the Plan for years beginning after December 15, 2015. This standard is not expected to have a material impact on the Plan's financial statements.

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. ASU 2016-01 is effective for the Plan years beginning after December 15, 2018. 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, 2015 through October 14, 2016, the date these financial statements were available to be issued.

**THE MCCLATCHY COMPANY 401(k) PLAN
NOTES TO FINANCIAL STATEMENTS**

3. INFORMATION CERTIFIED BY TRUSTEE

The following is a summary of the unaudited information regarding the Plan, as included in the Plan's financial statements and supplemental schedule prepared by or derived from information reported by the trustee of the Plan, Vanguard Fiduciary Trust Company ("Vanguard") for 2015 and 2014. The Plan administrator has obtained certifications from the trustee that such information is complete and accurate at December 31, 2015 and 2014 and for the year ended December 31, 2015, as follows (in thousands):

	2015		2014
Statements of net assets available for benefits:			
Investments at fair value:			
Mutual funds	\$ 662,926		\$ 729,550
Money market fund	56,683		57,985
Total investments	<u>\$ 719,609</u>		<u>\$ 787,535</u>
Notes receivable from participants	<u>\$ 10,154</u>		<u>\$ 11,831</u>
Statement of changes in net assets available for benefits - investment income:			
Interest and dividend income	\$ 31,297		
Appreciation (depreciation) in fair value of investments:			
Domestic stock funds	(15,250)		
Balanced funds	(9,785)		
Fixed income fund	(3,879)		
International stock fund	(1,730)		
Net depreciation in fair value of investments	<u>\$ (30,644)</u>		

Notes 4 and 5: All investment information as included in Note 4, Investments, and Note 5, Fair Value Measurements, excluding the classification of investments by level.

Supplemental Schedule: All investment balances and information included in the supplemental schedule of assets (held at the end of the year).

4. INVESTMENTS

The Plan's investments are held in trust by Vanguard. The Plan's trust agreement requires the Trustee to invest the Plan's assets into various fund options as directed by each participant.

**THE MCCLATCHY COMPANY 401(k) PLAN
NOTES TO FINANCIAL STATEMENTS**

The Plan's investments that represented 5% or more of the net assets available for benefits as of December 31, 2015 and 2014 are as follows (in thousands):

	2015	2014
* Vanguard Institutional Index Fund	\$ 141,325	\$ 153,611
* Vanguard Windsor Fund Investor Shares	87,706	104,217
* PIMCO Total Return Fund, Institutional Class	68,692	77,040
* Vanguard Small-Cap Index Fund Institutional Shares	57,368	67,816
* Vanguard Morgan Growth Fund Admiral Shares	64,586	65,962
* Vanguard Federal Money Market Fund	56,683	-
* Vanguard Prime Money Market Fund	-	57,985
* Vanguard Target Retirement 2025 Fund	54,310	57,408
* American Funds Euro Pacific Growth Fund	46,165	49,089
* Vanguard Target Retirement 2015 Fund	33,543	42,590
* Indicates a party-in-interest		

During the year ended December 31, 2015, the Plan's net appreciation (depreciation) in investments (including gains and losses on investments bought and sold, as well as held during the year) resulted primarily from mutual funds.

5. FAIR VALUE MEASUREMENTS

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 its 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 Plan's policy is to recognize significant transfers between levels at the actual date of the event or circumstance that caused the transfer. For the years ended December 31, 2015 and 2014, there were no transfers in or out of levels 1, 2 or 3.

**THE MCCLATCHY COMPANY 401(k) PLAN
NOTES TO FINANCIAL STATEMENTS**

The tables below present the balances of investments measured at fair value on a recurring basis by hierarchy level:

		December 31, 2015			
		Level 1	Level 2	Level 3	Total
Mutual funds					
Domestic stock funds	\$	366,075	\$ -	\$ -	\$ 366,075
Balanced funds		181,994	-	-	181,994
Fixed income fund		68,692	-	-	68,692
International stock fund		46,165	-	-	46,165
Money market fund		56,683	-	-	56,683
Total	\$	719,609	\$ -	\$ -	\$ 719,609

		December 31, 2014			
		Level 1	Level 2	Level 3	Total
Mutual funds					
Domestic stock funds	\$	401,230	\$ -	\$ -	\$ 401,230
Balanced funds		202,191	-	-	202,191
Fixed income fund		77,040	-	-	77,040
International stock fund		49,089	-	-	49,089
Money market fund		57,985	-	-	57,985
Total	\$	787,535	\$ -	\$ -	\$ 787,535

Shares of mutual funds and money market funds are categorized as Level 1. They are valued at quoted market prices that represent the net asset value of shares held by the Plan at year-end.

6. EXEMPT PARTY-IN-INTEREST TRANSACTIONS

The Vanguard Fiduciary Trust Company was the trustee in 2015 and 2014 as defined by the Plan, and therefore, these transactions qualify as exempt party-in-interest transactions. Participant loans are also considered party-in-interest transactions. Fees paid by the Plan for investment management services were included as a reduction of the return earned on each fund.

7. RECONCILIATION OF FINANCIAL STATEMENTS TO FORM 5500

The following is a reconciliation of net assets available for benefits per the financial statements to the Form 5500 as of December 31, 2015:

Net assets available for benefits per the financial statements	\$	729,972
Deemed loan activity		(117)
Net assets available for benefits per the Form 5500	\$	729,855

**THE MCCLATCHY COMPANY 401(k) PLAN
NOTES TO FINANCIAL STATEMENTS**

The following is a reconciliation of change in net assets available for benefits per the financial statements to the Form 5500 during the year ended December 31, 2015:

Decrease in net assets per statement of changes in net assets available for plan benefits	\$	(69,394)
Deemed loan activity		51
Net loss per the Form 5500	\$	(69,343)

SUPPLEMENTAL SCHEDULE

THE MCCLATCHY COMPANY 401(k) PLAN

EMPLOYER ID: 52-2080478

PLAN: 004

SCHEDULE H, PART IV, LINE 4I – SCHEDULE OF ASSETS (HELD AT END OF YEAR)

As of December 31, 2015

(In thousands)

(a)	(b) Identity of issuer, borrower, lessor, or similar party	(c) Description of investment, including maturity date, rate of interest; collateral, par, or maturity value	(d)	(e) Current Value
*	American Funds Euro Pacific Growth Fund	Mutual Fund		\$ 46,165
*	PIMCO Total Return Fund, Institutional Class	Mutual Fund		68,692
*	Vanguard Institutional Index Fund	Mutual Fund		141,325
*	Vanguard Morgan Growth Fund Admiral Shares	Mutual Fund		64,586
*	Vanguard Small-Cap Index Fund Institutional Shares	Mutual Fund		57,368
*	Vanguard Target Retirement 2010 Fund	Mutual Fund		3,865
*	Vanguard Target Retirement 2015 Fund	Mutual Fund		33,543
*	Vanguard Target Retirement 2020 Fund	Mutual Fund		35,001
*	Vanguard Target Retirement 2025 Fund	Mutual Fund		54,310
*	Vanguard Target Retirement 2030 Fund	Mutual Fund		14,563
*	Vanguard Target Retirement 2035 Fund	Mutual Fund		21,918
*	Vanguard Target Retirement 2040 Fund	Mutual Fund		4,492
*	Vanguard Target Retirement 2045 Fund	Mutual Fund		6,032
*	Vanguard Target Retirement 2050 Fund	Mutual Fund		1,717
*	Vanguard Target Retirement 2055 Fund	Mutual Fund		239
*	Vanguard Target Retirement 2060 Fund	Mutual Fund		336
*	Vanguard Target Retirement Income	Mutual Fund		5,978
*	Vanguard Total Bond Market Index Fund Admiral Shares	Mutual Fund		15,090
*	Vanguard Windsor Fund Investor Shares	Mutual Fund		87,706
*	Vanguard Federal Money Market Fund	Money Market Fund		56,683
*	Various participants	Participant loans with interest rates ranging from 3.25% to 9.5%, maturing through 2023		10,154
				<u>\$ 729,763</u>
* Exempt Party-in-interest as defined by ERISA.				
Column (d), cost, has been omitted, as all investments are participant directed.				