



# THE McCLATCHY COMPANY

**Contact: Elaine Lintecum**  
**Treasurer**  
**916-321-1846**  
**[elintecum@mcclatchy.com](mailto:elintecum@mcclatchy.com)**

## **McCLATCHY REPORTS RECORD FOURTH QUARTER AND 2002 EARNINGS**

**SACRAMENTO, CA, January 30, 2003 - The McClatchy Company (NYSE: MNI)** today reported record fourth quarter earnings of \$39.0 million, or 84 cents per share, compared to 2001 earnings of \$20.9 million or 46 cents per share.

Revenues in the quarter were \$287.9 million, up 4.0% from 2001 revenues of \$276.7 million. Advertising revenues for the quarter were \$236.3 million, up 4.9%, and circulation revenues were \$42.6 million, up 1.5%.

Fourth quarter earnings in 2002 include a pre-tax charge of \$1.6 million to write down the value of certain land. Excluding this charge, earnings in the fourth quarter were 86 cents per share. Adjusting for the new accounting rule on goodwill amortization, earnings in the fourth quarter of 2001 were 66 cents per share.

Earnings for the full year 2002 were a record \$131.2 million, or \$2.84 per share, compared to earnings of \$58.0 million, or \$1.27 per share, in 2001. Revenues for 2002 were \$1.08 billion, with \$877.8 million in advertising revenues and \$166.1 million in circulation revenues. Total revenues were up 0.2% for the year and advertising revenues increased 0.7%.

Excluding the charge for revaluing the land in 2002, earnings were \$2.86 per share. Results in 2001 include a writedown of Internet investments and a reserve for an environmental clean-up, both recorded in the second quarter of 2001. Excluding these items, and adjusting for the new goodwill accounting rules, earnings in 2001 were \$2.18 per share. Earnings adjusted for the new accounting rules only were \$2.03 in 2001.

Commenting on the results, Gary Pruitt, chairman and chief executive officer of McClatchy, said, "We were happy to see advertising revenue growth strengthen in the fourth quarter. Revenue growth, coupled with continued cost controls, produced record earnings in the quarter and year at McClatchy, even after adjusting previous years for the new rule eliminating the charge for goodwill amortization."

"We are also pleased to report our 18<sup>th</sup> consecutive year of daily circulation growth at McClatchy's newspapers, a record unsurpassed in the industry. Both daily and Sunday circulation increased 0.4% from 2001."

"And our Internet operations achieved another record year. Internet revenues were \$22.2 million, up 11.8% from 2001, and reflect a compound annual growth of 25.6% over the last five years. Online cash flows reached \$2.1 million in 2002 and are expected to more than double in 2003. So, despite a tepid economic recovery, at McClatchy we posted record performances on many levels this year."

On the prospects for 2003, Mr. Pruitt said, "The geopolitical and economic climate in 2003 remains uncertain and 2002, with its record financial results, will be a hard act to follow. Nonetheless, employment advertising trends are improving and retail is holding up fairly well, so we expect advertising revenue growth next year to be in the low to mid single-digit range."

"Despite expense increases in three areas which are largely beyond our control – newsprint prices, retirement costs and medical care expenses – we will continue to work hard to hold overall expense growth to the same low to mid single-digit range, and once again deliver another successful year of earnings growth at McClatchy."

"Looking at the first quarter, we expect the revenue growth rate to be similar to the fourth quarter and earnings to range between 55 cents to 57 cents per share, compared to 51 cents per share in the first quarter of last year."

Pat Talamantes, chief financial officer of McClatchy, noted that the company continues to apply its free cash flow to debt reduction. He said, "Our debt balance at December 29, 2002 was \$496 million, down \$142 million from year-end 2001. And our primary use of free cash flow is expected to continue to be debt reduction in 2003."

The company's statistical report, which summarizes its revenue performance for December and full year 2002, also follows.

At 11:30 am Eastern time today, McClatchy will review its results in a conference call and webcast, which are accessible at (800) 474-8920, access code 680352 or [www.mcclatchy.com](http://www.mcclatchy.com). The webcast will be archived for ten days at McClatchy's website.

The McClatchy Company, headquartered in Sacramento, California, is a leading newspaper and Internet publisher. It publishes 11 daily and 13 non-daily newspapers located in western coastal states, North and South Carolina and the Twin Cities of Minneapolis/St. Paul. McClatchy has daily circulation of 1.4 million and Sunday circulation of 1.9 million. Along with the *Star Tribune* in Minneapolis, McClatchy's newspapers include, among others, *The Sacramento Bee*, *The Fresno Bee* and *The Modesto Bee* in California, *The News & Observer* (Raleigh, NC), *The News Tribune* (Tacoma, WA) and the *Anchorage Daily News*.

McClatchy also publishes a leading local website in each of its 11 daily newspaper markets, offering readers information, comprehensive news, advertising, e-commerce and other

services. McClatchy owns and operates other media-related businesses, including Nando Media, a national on-line publishing operation, and The Newspaper Network, a national sales and marketing company. McClatchy is listed on the New York Stock Exchange under the symbol MNI.

#### Additional Information

This release contains forward-looking statements that are subject to risks and uncertainties that could cause actual results to differ. Those risks and uncertainties are outlined in the company's December 30, 2001 annual report on Form 10-K and its September 29, 2002 quarterly report on Form 10-Q, and include, in particular, the risks that newsprint prices, retirement costs, medical costs and interest rates could rise above current expectations or that the company's businesses could be more severely negatively affected by geopolitical uncertainties or an economic downturn in Minnesota, California's Central Valley, the Carolinas, Washington State or Alaska. The company assumes no obligation to update the information in this release.

THE McCLATCHY COMPANY  
SUMMARY OF UNAUDITED RESULTS  
(IN THOUSANDS, EXCEPT PER SHARE AMOUNTS)

	Three months ended		Year ended	
	December 29, 2002	December 30, 2001	December 29, 2002	December 30, 2001
Revenues – net	287,872	\$ 276,722	1,081,898	\$ 1,080,053
Operating expenses:				
Compensation	112,221	107,674	439,776	428,800
Newsprint and supplements	35,028	38,904	130,841	165,252
Depreciation and amortization	18,154	27,411	73,558	109,330
Other operating expenses	52,477	52,741	192,701	202,832
Total operating expenses	217,880	226,730	836,876	906,214
Operating income	69,992	49,992	245,022	173,839
Interest expense	(5,388)	(8,709)	(26,448)	(44,045)
Partnership (loss) income	(216)	(253)	(1,341)	527
Other non-operating – net	150	175	(348)	(9,619)
Income before taxes	64,538	41,205	216,885	120,702
Income tax provision	25,492	20,306	85,669	62,705
Net income	\$ 39,046	\$ 20,899	\$ 131,216	\$ 57,997
Net income per common share:				
Basic	\$ 0.85	\$ 0.46	\$ 2.87	\$ 1.28
Diluted	\$ 0.84	\$ 0.46	\$ 2.84	\$ 1.27
Weighted average common shares:				
Basic	45,957	45,585	45,795	45,468
Diluted	46,310	45,742	46,178	45,616

SUPPLEMENTARY UNAUDITED DATA

Diluted earnings per share pro forma for SFAS No. 142	N/A	\$0.66	N/A	\$2.03
Proforma for SFAS No. 142 and excluding one-time charges	\$0.86	N/A	\$2.86	\$2.18

N/A: Not applicable for 2002 as SFAS No. 142 was adopted by the company at the beginning of fiscal 2002.

**The McClatchy Company**  
**Consolidated Statistical Report**

(In thousands, except for preprints and page views)

	Period 12			Period 12 Year-to-Date		
	2002	2001	% Change	2002	2001	% Change
<b>Revenues - Net:</b>						
Advertising						
Minneapolis	\$22,357	\$20,000	11.8%	\$288,343	\$294,003	-1.9%
California	26,401	24,356	8.4%	315,585	306,731	2.9%
Carolinas	10,865	10,493	3.5%	145,842	146,444	-0.4%
Northwest	10,356	9,500	9.0%	128,068	124,197	3.1%
Total Advertising	\$69,979	\$64,349	8.7%	\$877,838	\$871,375	0.7%
Circulation	12,576	12,611	-0.3%	166,050	168,462	-1.4%
Other	1,841	2,044	-9.9%	24,663	27,137	-9.1%
Total Newspapers	\$84,396	\$79,004	6.8%	\$1,068,551	\$1,066,974	0.1%
Non-Newspapers	1,249	1,129	10.6%	13,347	13,079	2.0%
Total Revenue	\$85,645	\$80,133	6.9%	\$1,081,898	\$1,080,053	0.2%

**Average Paid Circulation: (Period) \***

Daily	1,423.0	1,413.4	0.7%	1,392.7	1,387.2	0.4%
Sunday	1,921.4	1,868.4	2.8%	1,857.5	1,850.2	0.4%
Community Newspapers	63.6	63.2	0.6%	62.7	65.0	-3.5%

\*Beginning in 2002, McClatchy circulation is reported on a 5-4-4 fiscal calendar; 2001 has been restated to reflect fiscal periods.

**Online: (Monthly)**

Millions of Page Views	91.8	83.6	9.8%	1,161.7	1,052.9	10.3%
------------------------	------	------	------	---------	---------	-------

**Advertising Linage for Dailies:**

Full Run ROP						
Retail	556.5	539.3	3.2%	5,834.2	5,849.4	-0.3%
National	89.4	91.0	-1.8%	1,082.8	1,155.1	-6.3%
Classified	513.2	473.5	8.4%	7,417.3	7,166.5	3.5%
Total	1,159.1	1,103.8	5.0%	14,334.3	14,171.0	1.2%
Millions of Preprints Distributed	295.5	261.5	13.0%	3,034.7	2,791.2	8.7%

**Full Run ROP Linage by Market for Dailies:**

**California:**

<i>The Sacramento Bee</i>	198.7	190.8	4.1%	2,489.8	2,436.4	2.2%
<i>The Fresno Bee</i>	119.0	104.9	13.4%	1,286.1	1,259.4	2.1%
<i>The Modesto Bee</i>	116.4	111.2	4.7%	1,314.2	1,246.4	5.4%

**Star Tribune, Minneapolis**

	157.6	145.1	8.6%	1,904.4	1,994.7	-4.5%
--	-------	-------	------	---------	---------	-------

**Northwest:**

<i>The News Tribune, Tacoma</i>	122.9	117.9	4.2%	1,426.2	1,420.3	0.4%
<i>Anchorage Daily News</i>	66.5	66.3	0.3%	972.6	967.2	0.6%
<i>Tri-City Herald</i>	58.0	58.4	-0.7%	762.8	757.5	0.7%

**Carolinas:**

<i>The News &amp; Observer, Raleigh</i>	155.4	154.2	0.8%	2,077.8	2,033.3	2.2%
South Carolina Dailies	164.6	155.0	6.2%	2,100.4	2,055.8	2.2%
Total	1,159.1	1,103.8	5.0%	14,334.3	14,171.0	1.2%