Dear Colleagues,

This will be a long note; there is a tremendous amount happening that I want to share with you.

Our shift to a functional organizational structure this year has brought new vitality and efficiency to our work, and has driven results. It has helped us to scale digital best practices across McClatchy, create new cross-functional teams with shared expertise to improve how we serve our customers and move more quickly as a digital news organization. Of course, change is challenging and many of us have new reporting lines, have joined new teams and are learning new ways of operating. We’re grateful for how this OneTeam has embraced these changes with energy and determination.

As always in a dynamic media and technology environment, there is more work to do to ensure we continue our digital transformation. In the next steps toward our digital future, we will streamline our functional structure and reduce operating costs in order to move even faster to ensure we are essential to the people and communities we serve.

We are making changes in core areas of our organization -- in News, Finance, Product and Customer and Operations. Some additional details on how we are advancing organizationally will be shared with you by the leadership of your functional team, but I’ll summarize highlights, milestones and priorities. Before diving into these headlines, I want to begin by sharing a leadership change at McClatchy and pay tribute to the work of two tireless and brilliant colleagues with whom I have had the honor of working since I joined the board six years ago.

**Kudos**

After more than three decades at McClatchy, most recently as chief financial officer for the past seven years, Elaine Lintecum will retire next year at the end of June. A true original and a pathfinder for women in senior executive leadership, Elaine joined McClatchy from Deloitte in 1988. She has played a key role in several major financial transactions -- the initial public offering of McClatchy shares, the $5.6 billion merger with Knight Ridder and more recently our 2018 debt refinancing. And a word about the debt: Elaine, more than any other single individual, as Treasurer since 2002 and later as CFO and Treasurer, has guided the company finances as we massively de-levered our balance sheet, down to debt of $700 million today, while making nearly $580 million of voluntary contributions to the $1.345 billion McClatchy pension. Elaine leaves big shoes to fill.

On that note, I’m delighted to report that our Board of Directors is expected to name Peter Farr, our Chief Accounting Officer and Corporate Controller, as Elaine’s successor. That formal announcement will take place in the spring as Peter is expected to take the CFO reins at the end of March 2020. Peter and I will have the benefit of Elaine’s expertise through the second quarter of 2020 prior to her well-earned retirement.

Separately, after a 33-year McClatchy career, our VP of Operations Mark Zieman has informed me that he will retire at the end of the year. Mark’s career is the stuff of legend. He has made an invaluable contribution to our transition to a functionally organized, digitally focused company -- from creating our first companywide digital advertising team to launching our efforts to centralize audience and production. He’s been a passionate industry advocate and McClatchy ambassador on multiple boards and initiatives. And as an investigative journalist and editor, he wrote, edited or directed projects that have won scores of national awards, including a Pulitzer...
at *The Kansas City Star*. The irreplaceable Mark indeed cannot be replaced and his position is not going to be filled. Instead, his management role will be shared, and I will assume many of Mark’s responsibilities. More on all this in a moment.

But first: It is impossible to summarize Elaine and Mark’s collective contributions with more than a half-century in combined service to this company, so I won’t even try. Suffice to say Elaine and Mark, in their own individual ways, have shaped McClatchy and its trajectory immeasurably for the better, and their dedication and contributions will be impossible to equal.

On behalf of the Board of Directors and the hundreds of McClatchy colleagues with whom Elaine and Mark have worked, we thank them for their dedication to the company and we wish them all the very best.

**Aligning Our Organization for a Digital Future**

We know that to be successful we must be locally essential — and our bonds with our local communities and the value of our local brands are as important as ever. We have also seen that in a functional organization, as expected, there are a few areas that intersect and don’t seamlessly align with our functional focus. To address these cross-functional matters and financial reporting, we will have East and West operating segments. In the East, **Sara Glines** will take on this leadership role in addition to her current duties as President and Publisher of *The News & Observer*. **Gary Wortel** will lead the West segment in addition to his role of President and Publisher of *The Sacramento Bee*. Sara and Gary will report directly to me and will be responsible for important activities — including print operations, local and state legislative issues, community relations, facilities and strategic initiatives that span our enterprise.

Sara and Gary have deep expertise and insight into our industry and we all have the ability to tap into their knowledge and experience in these new roles. As in the past, we will use the Mississippi River to set our West and East bearings (Belleville along the Mississippi will remain westward looking - no change there!). All of our publishers and general managers will report solely to their functional leaders, but will work hand-in-hand with Sara in East and Gary in West on local operational and community matters. Sara will continue to lead the Digital Saturdays initiative as we invite our subscribers to go digital on Saturdays. **Richard Rinehart**, our Corporate Director of Production, will report to both Sara and Gary. These changes are effective now.

With this change in our regional structure, **Tony Berg** will take on the role of Publisher of *The Wichita Eagle* and will continue to play a key role in local operations in the West, reporting to Gary Wortel and working closely with me. Additionally, Tony will devote a significant amount of his time and expertise working in Nick Johnson’s group to further evolve our advertising strategy and operations. Tony’s experience and perspective are incredible assets to McClatchy and we look forward to his contributions from his base in Wichita, Kansas.

And speaking of Wichita, we’re very grateful to **Dale Seiwert** who will be leaving the company to pursue other opportunities after almost four decades at *The Wichita Eagle*. In that time, Dale has made a strong impact on The Eagle’s trajectory and in the community through numerous civic initiatives. He is a trusted finance executive who moved up the ranks to CFO and, most recently, to General Manager. We thank Dale for his tireless efforts, steady hand and loyalty and wish him the very best moving forward.
Consolidation and Shift of Roles in the West and East Segments

With these changes, we are also taking the opportunity to consolidate leadership roles in key markets. For the first time at McClatchy, market leaders — with their important role in local communities — will have a direct reporting line to their functional leadership, be it Advertising, News, Finance or another functional area.

Mike Fannin will add the role of President of The Kansas City Star to his job as Editor. As Regional Editor, he will continue to oversee the Fort Worth Star-Telegram, The Wichita Eagle, the Belleville News-Democrat, the Lexington Herald-Leader and the Centre Daily Times (PA). He will continue to report to Kristin Roberts, VP of News.

Rusty Dodge, who is currently the General Manager of The Bellingham Herald, will move to Boise and becomes Publisher of The Idaho Statesman with a functional sales role in the strategic channel reporting into Holden Berlin, Head of Strategic Sales. Julie Shirley, Editor of The Bellingham Herald, will step up as General Manager, a role that combines newsroom leadership and some operational responsibilities into one. Rebecca Poynter will shift to a functional sales role in the local channel reporting into Rodney Mahone, President and Publisher (Charlotte/Columbia/Rock Hill) and Head of Local Advertising, and continue in her role as Publisher of The News Tribune (Tacoma) and The Olympian.

In the East, Marc Masferrer, Editor of The Bradenton Herald, will step up to the position of President. We thank Darren Haimer for his contributions across McClatchy markets. Darren has held a variety of advertising sales leadership positions, not only in Bradenton but also in Charlotte and Miami. Along the way, he has been actively involved in the community, serving on professional and civic boards and committees.

Functional Area Headlines

In News, Kristin and the team continue to accelerate our transformation to a digital organization. In this transition, we will lift print design and production out of the newsroom workflow so that we can move faster in a digital news environment. We also will create shared editing teams that span our communities to be more nimble and effective at night, weekends and during breaking-news events. At its core, this change will preserve a bedrock of how we practice local journalism: keeping reporters on the ground, living in and connected to the communities and people we serve.

In our growth teams, we will prioritize reaching new readers and viewers, convert current readers into subscribers and retain that audience. Cynthia DuBose, our senior editor for special projects and an Atlanta Journal Constitution alum with expertise in both audience growth and marketing, will move into a new role as leader of this Audience Growth team. (More details on this directly from Kristin in a separate note to her team).

In Advertising, Nick Johnson, Head of Advertising, will continue to lead our Advertising division, now reporting directly to me. We have added new digital leaders to Nick’s team, recognized the great talent already in our organization with new, larger roles and are placing growth — especially digital — at our core. Nick’s team has created a channel structure to serve advertising customers in a digital market and has transformed how our advertising colleagues are organized, sell and collaborate. We have great leaders atop our advertising sales channels and are starting to see momentum build as their teams come together. Expect big things from Nick and this group moving forward.
In Finance, we are restructuring our Controller leadership to align with our functional organization. We are moving to two segment chief financial officers (CFOs); the East will be led by Caroline Willingham and the West will be led by Doug Ryle. Jennifer Matts-Sprague and Tim Whittley will serve in new roles as Financial Planning and Analysis (FP&A) Director East and FP&A Director West, respectively. Greg Curling has accepted a new position as Finance Director, Miami and Editorial Operations. In this new role, Greg will focus on developing and providing finance support for the News function, and he will continue leading the finance support for the Miami market. Caroline, Doug and Greg will continue reporting to Peter Farr, but will work in close partnership with their respective business leaders. Bryan Harbison, Planning Director, will work with the advertising team and report directly to Nick Johnson.

In Customer and Product, Scott Manuel is streamlining his organization to best meet our customers’ needs and business goals. Allen Avery will lead a combined Strategy & Analytics organization. Reporting to Allen will be Chad Bruton (Head of Analytics) and Armando Boniche (Head of Audience Diagnostics & Budgeting). Jessica Gilbert will lead a combined Product, Design, and Labs organization. With the creation of this new structure, Leanne Gemma (Head of Product) and Meghan Sims (Head of New Ventures Lab) and their teams will report to Jessica. Grant Belaire (Head of Audience Digital Subscription Marketing) and his teams will report directly to Scott. In addition to his digital subscription sales and retention marketing duties, Grant will be collaborating across McClatchy to support our corporate brand and marketing planning efforts. Scott's additional direct reports not mentioned here remain unchanged.

Scott and his team have increased our customer, technology and product operating effectiveness under his strong leadership. In technology, Scott and team have built a stable, leading-edge platform to deliver our journalism, and on the customer side, the team is making impressive progress in subscriber growth and retention.

Regrettably, with these changes, we have notified and will be saying goodbye to colleagues across the enterprise who have worked diligently and contributed to our mission of local journalism in the public interest. We are all very grateful to these colleagues for their achievements and collaboration and thank them for their energy, dedication and commitment.

Results and Milestones

In the very first lines of this note, I spoke about how our functional organization -- led by these leaders and you -- are driving results. For the past three consecutive quarters we have shown improving trends in operating cash flow, a key metric in the stabilization of our business, and we will report our third quarter results in mid-November.

We have sharpened our award-winning independent journalism, and perhaps we will win other awards -- your work speaks for itself. We have launched new initiatives — from The Compass Experiment in Youngstown, returning local digital news to a community with limited sources of news, to new reporting supported by innovative approaches in community funding, such as the Education Lab in Fresno and the Investigative Lab in Miami.

We have paid off hundreds of millions of dollars in debt, and refinanced the rest to provide more time for our digital transition. We have recruited experienced and talented new digital leaders in every functional area of the company. We — as OneTeam — are turning the ship in the right
direction for our customer and technology platform, which is why digital subscriptions have tripled since 2017.

We’ve also made great strides in diversifying our workforce to better reflect our communities. The executive team reporting to me is equally balanced by gender, and eight of eleven of our senior news executives are women, led by our first woman news leader since Eleanor McClatchy. There is more to do but — thanks to you — we have accelerated our pace and cadence such that our business is now roughly half digital and half print, and roughly half subscription and half advertising. As we and others in the industry are showing, this multi-revenue model is the path forward from a previous generation’s reliance primarily on advertising.

Those are just a few of the milestones you have achieved. These are times of unprecedented challenges for our industry. We can’t much alter the curve of society’s progress in technology or two decades of customer choice favoring digital over print. Nor should we seek to.

What we can do is use all our energy and intention to continue to accelerate our digital transformation in a manner that is smart and wise, thorough and thoughtful. And we can fully dedicate ourselves — in every division and every team — to ensuring we continue to deliver essential local journalism to our communities and customers.

I know this is a lot of change to process at once. In such business transformations as ours, operational effectiveness is enhanced by transparency, clarity and open communication. And because we are a news company, for the absence of doubt, these changes will impact approximately one percent of our 3,000-person workforce. I want to emphasize that no reporting positions will be impacted due to these changes. While we move to more shared editing in our regions and along topic areas, every newsroom no matter the size will continue to be led by a strong assignment editor.

I encourage you to share your questions and concerns with your leadership. I also want to encourage us all to keep pushing ahead with redoubled energy as we look to the coming year and the many challenges and opportunities ahead.

Best,
Craig