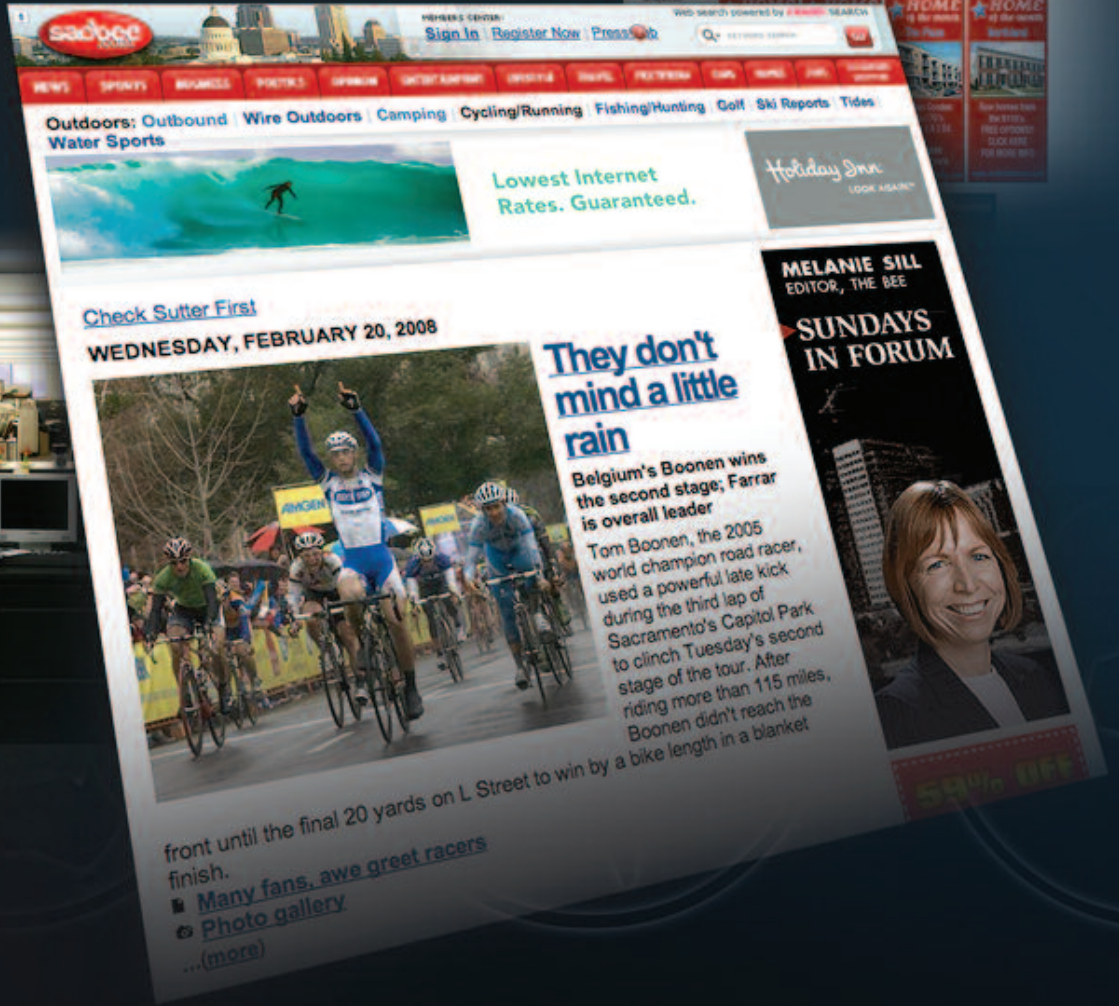


The McClatchy Company 2007 Annual Report

A BLUEPRINT FOR SUCCESS



front until the final 20 yards on L Street to win by a bike length in a blanket finish.
■ [Many fans. awe greet racers](#)
● [Photo gallery](#)
...[\(more\)](#)

THE McCLATCHY COMPANY is the third largest newspaper company in the United States, with 30 daily newspapers, approximately 50 non-dailies, and direct marketing and direct mail operations. McClatchy also operates leading local websites in each of its markets which extend its audience reach. The websites offer users information, comprehensive news, advertising, e-commerce and other services. Together with its newspapers and direct marketing products, these interactive operations make McClatchy the leading local media company in each of its premium high growth markets. McClatchy-owned newspapers include *The Miami Herald*, *The Sacramento Bee*, *The Fort Worth Star-Telegram*, *The Kansas City Star*, *The Charlotte Observer*, and *The (Raleigh) News & Observer*.

McClatchy also has a portfolio of premium digital assets. The company owns and operates McClatchy Interactive, an interactive operation that provides websites with content, publishing tools and software development. McClatchy owns 14.4% of CareerBuilder, the nation's largest online job site and owns 25.6% of Classified Ventures, a newspaper industry partnership that offers two of the nation's premier classified websites: the auto website, *cars.com*, and the rental site, *apartments.com*.

McClatchy is listed on the New York Stock Exchange under the symbol MNI.

A BLUEPRINT FOR SUCCESS

We are focused on four major areas: driving new revenues, with a particular emphasis on online advertising; growing total audience; providing high quality public service journalism; and restructuring our costs.

LETTER TO **SHAREHOLDERS**

Perhaps it is fitting that McClatchy's celebration of its 150th anniversary in 2007 should be marked by competitive pressures and economic challenges. While this surely was not the environment we would have chosen, it is broadly reflective of the company's history and strength – a reminder that success is the result not of easy sailing but of skillful navigation and stout heart.



GARY B. PRUITT, Chairman, President and Chief Executive Officer

Beginning before the advent of electric lights in 1857, McClatchy has repeatedly faced competitive and technological challenges like those that define today's environment. Consider 1863, the year in which the transcontinental telegraph first began to deliver same-day news from the East Coast to our hometown, Sacramento, altering the news landscape as radically as today's online delivery. Over subsequent decades, World Wars, economic downturns including the Great Depression, and competition from radio and television likewise tested McClatchy. Today a maturing internet is taking share from all media, including newspapers.

Through it all, we have employed a simple philosophy: Stay true to our mission of public service journalism while adapting operations to achieve financial success. Charles Darwin is said to have observed that, "It is not the strongest of the species that survive, nor the most intelligent, but the ones most responsive to change," and our adaptive strategy is perfectly congruent with that. Our confidence in handling today's challenges grows from that foundation of resilience and competitive corporate focus.

TODAY'S ENVIRONMENT AND OUR RESULTS

Advertising conditions eroded over the course of 2007. General economic trends aren't improving, and our big markets in Florida and California have been especially hard hit by the real estate downturn and its ripple effect through the other sectors of the economy. Today, job growth appears to be slowing nationally, with consequent slowing in employment advertising.

As a result last year advertising revenues declined 8.6% and total revenues were down 7.9% on a pro forma basis, that is, including the addition of newspapers purchased in the Knight Ridder acquisition on June 27, 2006 and excluding the Minneapolis *Star Tribune* newspaper which was sold on March 5, 2007, and reporting on a similar 52-week basis.

Also because of declining revenues and the related impact on our stock price, we recorded pre-tax non-cash impairment charges of \$2.8 billion in 2007. The company's 2007 after-tax loss from continuing operations was \$2.7 billion, or \$33.26 per share including the effect of non-cash after-tax impairment charges.

We have worked hard to reduce expenses to offset the impact of the revenue declines, and as a result pro forma cash operating expenses declined 9.1% while operating cash flow was down only 4.3% during the year. In fact we generated \$575 million in operating cash flow and used it and the proceeds from asset sales to reduce debt by more than \$805 million in 2007. Debt at the end of 2007 was \$2.47 billion compared to \$3.28 billion at the beginning of the year.

While the current advertising environment has certainly hurt results, we can find some light at the end of the tunnel by recognizing that cyclical trends – like real estate – do ultimately turn. But we're not kidding ourselves, either. We understand that secular advertising shifts are also afoot.

So given these challenging circumstances, the obvious questions are: What are we doing to respond? What are we doing to ensure future success?

Basically, we are focused on four major areas: driving new revenues, with a particular emphasis on online advertising; growing total audience; providing high quality public service journalism; and restructuring our costs.

DRIVING NEW REVENUES

Despite the gloomy outlook often portrayed by observers, our newspapers are robust, highly profitable mass media in all our markets. On the local level, we are focusing on increasing the number of small advertisers in our papers. On the national level, our papers are working together regionally to attract large advertisers. We also publish a growing portfolio of niche and lifestyle publications, which together with direct mail programs generate 8.3% of our ad revenues. This is print revenue – but not newspaper revenue. In fact, these targeted efforts supplement the broad reach of our newspapers.

Our growth increasingly comes from online and we are intensely focused there. Our websites offer best of breed classified and retail advertising products, many of them provided by leading internet companies who are strongly positioned in the online classified and retail advertising arena, including: CareerBuilder for employment; *cars.com* for autos; *apartments.com* in the rental category; and ShopLocal for retail advertising. Importantly, McClatchy owns between 14 and 26 percent of each of these valuable and growing internet companies.

Even while we're focused on becoming more efficient elsewhere, we are investing significantly in our online operations, including adding sales staff.

To date, we've done well leveraging our traditional skills and methods. Now we are rapidly becoming online specialists who can do much better. We are realigning sales incentives to focus on driving online sales, and online sales training efforts are strengthened for 2008.

McClatchy is working with industry peers and technology companies to offer the best online products. We forged a partnership with Yahoo that makes perfect sense. We are not a technology company like Yahoo, able to build and refine capabilities for highly targeted graphical ad serving and search. But Yahoo is not a local media company and lacks McClatchy's large news and local advertising sales capabilities. Together we will grow audience and revenue.

McClatchy continues to be near the top of the newspaper industry in online ad revenue as a percent of total at 8.6% in 2007. Last year's online revenue performance was stunted due to various transitional issues arising in the Knight Ridder acquisition and the fact that slowing print revenues offered fewer up-sell opportunities. But with our intensified online focus and our strong internet businesses, we expect to return to solid growth online in 2008.

GROWING OUR TOTAL AUDIENCE

To remain the leading local media company and a must buy for advertisers, we are focused on continuing to grow total audience, print and online, as we become a hybrid print and online news and advertising company.

Print circulation ended 2007 down about 3.5% daily and 4.0% Sunday. About a third of that decline reflects strategic reductions on our part – eliminating some unprofitable circulation that advertisers have told us has little value. We will continue that pruning through about mid-2008. We then expect to return to a more typical run rate, averaging perhaps a two percent annual decline. That might not sound so good to some, but we know it means that we're holding on to our traditional audience better than other media competitors, all of whom face greater audience fragmentation.

While our print audience may be slowly declining, our online audience is growing rapidly -- with unique visitors up 25% in 2007.

This is the brightest single story our industry has to tell: that we are growing total audience of print and online taken together on an unduplicated basis. More people want what

we produce today than wanted it yesterday, and we know audience growth is the best predictor of future financial success for any media company. We reach 70% of the adults in our local markets with our newspapers and digital products, together a powerful engine for commerce and public service. We will continue to focus on the combined imperatives of growing total audience and finding increasingly robust revenues.

PROVIDING HIGH QUALITY PUBLIC SERVICE JOURNALISM

As always, McClatchy remains committed to a relevant, high quality news report. Last year we won two Pulitzer prizes, for local reporting at *The Miami Herald* and feature photography at *The Sacramento Bee*. No company won more. Reporters at McClatchy's Washington Bureau broke the story of political implications in the firing of numerous U.S. Attorneys and continued to lead on the story, and Iraqi women staffers from our Baghdad bureau received the prestigious "Courage in Journalism" award. A new national destination website, featuring the work of bureau correspondents in D.C. and abroad, debuted this year, and some of the company's foreign correspondents are headlined on Yahoo News.

The interactive technology that brings competition also provides opportunity. For instance, newsrooms once confined to a once-a-day print schedule now provide breaking news around the clock, as their websites and mobile alerts compete with television and radio broadcasters for news headlines that can subsequently be expanded in the newspapers. We employ better storytelling tools than ever before, extending our reach across many platforms. Far more than competitors, the company's 24/7 news organizations can provide both targeted information and in-depth coverage as needed through newspapers, websites, mobile delivery and other developing technologies.

Our top priorities for newsrooms are frequent news updates on all platforms, video reports, user generated content, and greater cooperation and integration of print and online. Let me give you an example of one website that's getting it right: In 2007, *The Kansas City Star* website produced more than 50 news updates daily and more than 30 different

videos weekly. The result? Traffic at *kansascity.com* grew more than 33%. We are constantly getting better at this in each of our premium markets across the country.

RESTRUCTURING OUR COSTS

Finally, we know that we must reduce cost structures – not through disruptive and expensive across-the-board cuts but through informed judgments and reallocations. We continually ask, “what would a news company that started today look like?” And then we move toward that cost structure.

Much of our reengineering has taken place deep within our operations, far from public view. We don’t issue press releases about the operational restructuring that goes on in our company every day, but our progress has been substantial.

With technology, we’re taking advantage of economies of scale like never before in our industry. Largely through attrition, centralization and outsourcing, workforce size and compensation expenses are down. We reduced headcount by 7.0% in 2007 and total compensation expenses declined 7.5%. In total, cash expenses declined 9.1% in 2007 compared to pro forma 2006 and we will continue our focus on restructuring our costs in 2008.

We are doing a better job at sharing news content and resources within our company, which both saves money and improves quality. While we are mastering and tuning our operations online, we are also refocusing the printed paper to serve today’s readers better. As we do both, we are rapidly becoming a hybrid print and online news and advertising company, well-positioned to capture our share of business in the evolving media world.

OUR OUTLOOK

We see the future and have responded with a strategy that is sustainable: Combine the mass reach of our newspaper readership with targeted direct mail and niche publications and the power of each market’s leading local internet business. As a result, we operate the leading local media company in each of our markets.

And we have chosen our markets carefully. These are premium markets where the household growth rate is 40% faster than the U.S. average. So while there may be economic cycles that affect our markets, over time their growth translates into larger audiences and more advertisers.

This is my 12th year as McClatchy’s CEO. In the first 10 years, we led the industry in terms of stock price performance. In the past two years we have lagged. Over the previous six years McClatchy consistently outperformed the industry average in terms of advertising revenue growth. In 2007, driven down by California and Florida, we have underperformed the industry average.

After living through these ups and downs, I can tell you that it’s a lot more fun to lead than to lag. We expect to do so again. This is not the time to be rattled or discouraged—far from it. Instead, we are determined to restore this company to a leadership position, create strong returns for all of our shareholders, and both sustain and extend our journalistic mission.

Before closing I’d like to acknowledge the efforts of our employees who have worked hard and demonstrated great flexibility and perseverance in a very tough year filled with changes. Their efforts are the foundation of our success. We are grateful for the relationships we share with employees, customers and shareholders, and for your continued support. We will spare no effort in making sure we continue to earn it.



Gary B. Pruitt
Chairman, President and CEO
March 1, 2008



20	10	29	22	23	23	33	(3)	11	4	4
312	271	271	267	310	310	243	301	240	343	343
36	36	24	24	24	24	24	24	24	24	24
92	43	41	41	43	43	49	42	40	44	44
349	47	47	47	47	47	47	47	47	47	47
89	89	93	93	93	93	93	93	93	93	93
304	0	0	0	0	0	0	0	0	0	0
331	231	20	20	20	20	20	20	20	20	20
23	23	20	20	20	20	20	20	20	20	20
1,379	791	547	540	586	586	534	548	514	601	601
200	200	200	200	200	200	200	200	200	200	200
393	392	392	392	392	392	392	392	392	392	392
833	834	830								
15	22									

February 5, 2008
The Olympian
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2008 WASHINGTON STATE LEGISLATURE
• The Olympian's guide to the session
• Capitol Break: Daily lunchtime politics

Rhododendron garden to continue after founder's death
Art Zabel will be remembered for both his green thumb and his contributions as owner of the Capitol Theater.

Check out the Olympian's new electronic edition, free now and coming soon as a special subscription.

Headline Feeds
Thurston County Crime Map (PDF)

The Olympian videos
WEEK OF JAN. 31 - 2008
WEEK OF JAN. 27 - 2008

Oscar contest
with a year's supply of some tickets.

Elections
Are you ready to caucus?
State caucuses, primaries and multiple ballots
Make sure your vote is counted
Political Bowdler
Thurston Cty.: Dem. caucus | Repub. caucus
Presidential elections: Results tracker

SEARCHING NEWS AND LATEST UPDATES
• State, conservation group to collaborate on Woodard Bay expansion
• Shelton plant fined in fatal October accident
• Olympia police ID driver who struck pedestrian
• Gregoire picks David Hoxley to manage ferry system
• All lanes open on I-5, 101 at Mud Bay Road
• Eyman collecting signatures on traffic initiative
• City says GuPort fire chief suspended for six weeks
• Washkah Valley School closed today
• New storm bringing more snow to Cascades, Eastern Washington

PRESIDENTIAL ELECTIONS
• McCain, Romney argue its voters choose
• Analysis: McCain looks to seal the deal
• McCain, Romney in buildup over 2008

TOP JOBS
Shells Crew
Curtis and
Pawel Gator
Tennis School District
Lester & New Account
Lester
Pacific Crest Union
Acacia Resound
Equipment Rental
Taskwork Indian Tribe
Cultural Association
City of Tumwater

Search All Listings Here
Olympia Auto Mall BUYER'S GUIDE

THE KANAS CITY STAR

ANGRY CROWD, COUNCIL PUT MAY
Carolina Bride

Special counsel
Special counsel
Special counsel
Special counsel
Special counsel

OfficeMax
Upgrade Your Office
FREE
36 months
No interest!



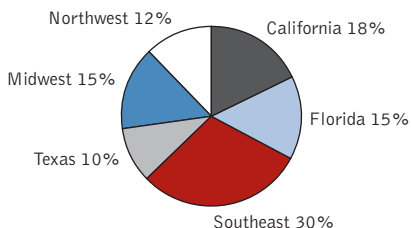
Our websites offer best of breed classified advertising products, including: *careerbuilder.com* for employment; *cars.com* for autos; and *apartments.com* in the rental category. Importantly, McClatchy owns between 14 and 26 percent of each of these valuable and growing internet companies.



GROWING REVENUES:

Our newspapers and online websites are robust, highly profitable mass media. We focus locally on increasing the number of small advertisers, while working together regionally to attract large national advertisers. Online as a percent of total ad revenue at McClatchy – 8.6% in 2007 – is near the top of our industry.

TOTAL REVENUES BY REGION



We now operate in 29 premium growth markets spanning from Anchorage to Miami, and have the greatest diversification of revenues in the company's history.

POPULAR SECTIONS
Obituaries/Death Notices
Weather
Traffic
CrimeMapper
Health & Fitness
Special News Projects
Blogs

LATEST NEWS
Breaking News
Top Wire News
State
SPECIAL SECTIONS
School Guide
Government Guide
Legal/Public Notices

TOPICS
Back-Seat Driver
California
Corrections
Courts/Legal
Crime/Public Safety
Education
Environment
Religion

COMMUNITY NEWS
Community
Arden
Carmichael
Rancho Cordova
Natomas
N. Sacramento



Frenesí de compras venezolanas en Miami

Charlotte.com The Charlotte Observer

All Videos | All Photos



Beat of the drums

The Fugako Taiko performers entertained students in a Japanese immersion class at the International Languages. In a large room, they demonstrated their native drumming from the 15th century. Video and photo by [unreadable]

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Viewer Ratings
★★★★★ Your Rating
★★★★★ Popularity
Viewer Comments
Be the first to add a comment.

Entertainment (9 of 48 Videos) | Show All
Beat of the drums: The Fugako Taiko performers entertained students.
Cool event in a hot 2009: [unreadable]
Twenty back on [unreadable] of film [unreadable] Video by [unreadable]
Music event: Charlotte banjo player and fiddler Jon Singleton and [unreadable]
Kellie Pickler on Former "American Idol" contestant and Abemarle native [unreadable]
The Christmas: Two orphan girls and an old doll from the [unreadable] must of the [unreadable]



The Comcast [unreadable] Internet Cable [unreadable]
Ad hawk: Dairy Queen chicken sandwich ad is red-hot
New minute drill comes to Internet radio
MOVIES THEATRE [unreadable]
TICKETS



We have chosen our markets carefully, and Charlotte is a great example of our premium growth markets. McClatchy's markets have household growth rates 40% faster than the U.S. average. Their growth translates into larger audiences and more advertisers.

GROWING AUDIENCE:

We are quickly becoming a hybrid news and advertising company, combining print and digital delivery. Our total audience, that is print and online taken together on an unduplicated basis, is growing, and reaches 70% of the adults in our largest markets.



LOCAL HOUSING MARKET

Home sales, prices still in a nose

The housing market showed no sign of recovery in the early primary states to the West of...

One of the biggest names in economics, former Federal Reserve Chairman Paul Volcker, says Obama is his pick.

Hillary Clinton may have a fight on her hands on her home turf of New York, where 232 delegates are up for grabs Feb. 5. 58 Clinton buys his wife, a "middle-class changemaker," can win on the issues.

For more McClatchy campaign coverage, see our Hot Off The Trail blog.

HOUSE OF LIES

The Miami Herald

By the nation's best investigative staff, the Miami Herald's House of Lies series has exposed the hidden truths behind the headlines of the past decade, revealing the inner workings of the nation's most powerful institutions.

House of Lies: Behind the headlines, exposed a series of hidden governmental secrets that present and under the control of today's leaders. For exposure of the country's most powerful, for exposure of the country's most powerful, for exposure of the country's most powerful.

HOUSE OF LIES PART 1 PART 2 PART 3 PART 4 PART 5



The Miami Herald's What the 5! entertainment feature, produced Monday through Friday, is a five-minute video show featuring two youthful hosts bantering about five stories of interest that day, stories that are light and often irreverent.



PUBLIC SERVICE JOURNALISM:

McClatchy delivers top quality journalism. Last year we won Pulitzer prizes at *The Miami Herald* and *The Sacramento Bee*. Newsrooms once confined to a once-a-day print schedule now provide breaking news 24/7, as websites and mobile alerts deliver news and headlines later expanded in printed newspapers.

In 2007 *The Miami Herald* won the Pulitzer prize for local reporting for a story on waste, favoritism and the lack of oversight at the Miami-Dade Housing Agency that resulted in dismissals, investigations and prosecutions. *The Sacramento Bee* won the Pulitzer prize for feature photography for an intimate portrayal of a single mother and her young son as he lost his battle with cancer in the series "A Mother's Journey."

XpanceX 5.3.0b50 - The Sacramento Bee - Ken Horton

File Edit Tools Ad Images XFont Database Reports XpanceNET Utilities

Ad: Proof Manager Recent Ads Assigned Search User History Images Messages Xpance

Ad Number: 902458 Status: In Progress
 Advertiser: Lasher Auto Group Date: Jan 11, 2008 to Jan 12, 2008
 Custom Status: Logged In Ad Size: 10 x 10.5" (11.5" x 10.5")
 Version: Main Location: 3 Composing

Ad | Version | Insertions | History | Images | Deadlines | Log | Copy | Messages | Links

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	File Name: 90245802 Description: Image Type: Image File Size: 1.2 MB Date Modified: Wed, Jan 9, 2008 - 4:16 PM Color: CMYK - Cyan, Magenta, Yellow, Black Resolution: 630 x 345 - 210 DPI	Image Categories: None
	File Name: Calber902458.prd Description: Artwork Type: Artwork File Size: 1018 KB Date Modified: Thu, Jan 10, 2008 - 1:29 PM Color: - Resolution: -	Image Categories: None
	File Name: dodge ram logo.eps Description: Image Type: Image File Size: 3.1 MB Date Modified: Wed, Aug 8, 2007 - 9:16 AM Color: CMYK - Cyan, Magenta, Yellow, Black Resolution: 600 x 600 - 300 DPI	Image Categories: None
	File Name: Description: Type: File Size: Date Modified: Color: Resolution:	Image Categories: None



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 80/11/17/2008 3:11:37 P
 80/11/17/2008 3:07:12 P
 77/11/17/2008 2:34:05 P
 80/11/17/2008 2:38:51 AI

We are doing a better job at sharing news content and resources, which both saves money and improves quality. Our papers complete the switch to a narrower page in 2008 resulting in \$8 million in annualized savings. And this is another sweet spot: it is cheaper and preferred by readers.



RESTRUCTURING COSTS:

We are no longer tied to traditional cost structures. Technology allows us to take advantage of economies of scale like never before. Cash expenses declined 9.1% in 2007 compared to 2006 as we focus on efficiency.

We continually ask, "what would a news company that started today look like?" And then we move toward that cost structure. We are doing so not through disruptive and expensive across-the-board cuts but through informed judgments and reallocations.

AT-A-GLANCE

CALIFORNIA

The Sacramento Bee

www.sacbee.com

Daily Circulation	270,697
Sunday Circulation	312,706
TOTAL REVENUES	\$211,035,000

The Fresno Bee

www.fresnobee.com

Daily Circulation	150,482
Sunday Circulation	173,558
TOTAL REVENUES	\$107,673,000

The Modesto Bee

www.modbee.com

Daily Circulation	79,918
Sunday Circulation	83,870
TOTAL REVENUES	\$57,663,000

The Tribune (San Luis Obispo, CA)

www.sanluisobispo.com

Daily Circulation	36,579
Sunday Circulation	38,233
TOTAL REVENUES	\$26,366,000

Merced Sun-Star

www.mercedsun-star.com

Daily Circulation	15,728
Sunday Circulation	NA
TOTAL REVENUES	\$12,775,000

SOUTHEAST

The Charlotte Observer

www.charlotte.com

Daily Circulation	211,126
Sunday Circulation	265,142
TOTAL REVENUES	\$169,292,000

The News & Observer (Raleigh, NC)

www.newsobserver.com

Daily Circulation	171,094
Sunday Circulation	211,712
TOTAL REVENUES	\$144,254,000

The State (Columbia, SC)

www.thestate.com

Daily Circulation	104,786
Sunday Circulation	132,525
TOTAL REVENUES	\$83,933,000

The Telegraph (Macon, GA)

www.macon.com

Daily Circulation	56,333
Sunday Circulation	71,839
TOTAL REVENUES	\$35,148,000

The Sun News (Myrtle Beach, SC)

www.myrtlebeachonline.com

Daily Circulation	49,946
Sunday Circulation	60,481
TOTAL REVENUES	\$45,315,000

Ledger-Enquirer (Columbus, GA)

www.ledger-enquirer.com

Daily Circulation	42,567
Sunday Circulation	51,375
TOTAL REVENUES	\$33,317,000

Sun Herald (Biloxi & Gulfport, MS)

www.sunherald.com

Daily Circulation	44,509
Sunday Circulation	49,524
TOTAL REVENUES	\$35,659,000

The Herald (Rock Hill, SC)

www.heraldonline.com

Daily Circulation	30,210
Sunday Circulation	31,983
TOTAL REVENUES	\$16,092,000

The Island Packet (Hilton Head, SC)

www.islandpacket.com

Daily Circulation	18,974
Sunday Circulation	20,394
TOTAL REVENUES	\$17,824,000

The Beaufort Gazette (Beaufort, SC)

www.beaufortgazette.com

Daily Circulation	11,794
Sunday Circulation	11,285
TOTAL REVENUES	\$6,892,000

FLORIDA

The Miami Herald

and

El Nuevo Herald

www.miamiherald.com

www.elnuevoherald.com

Daily Circulation	334,315
Sunday Circulation	405,253
TOTAL REVENUES	\$297,417,000

Bradenton Herald

www.heraldtoday.com

Daily Circulation	43,420
Sunday Circulation	49,236
TOTAL REVENUES	\$32,233,000

MIDWEST

The Kansas City Star (Kansas City, MO)

www.kansascity.com

Daily Circulation	252,957
Sunday Circulation	348,182
TOTAL REVENUES	\$220,320,000

The Wichita Eagle

www.kansas.com

Daily Circulation	85,005
Sunday Circulation	132,452
TOTAL REVENUES	\$62,979,000

Belleville News-Democrat (Belleville, IL)

www.bellevillenewsdemocrat.com

Daily Circulation	52,293
Sunday Circulation	64,393
TOTAL REVENUES	\$34,361,000

NORTHWEST

The News Tribune (Tacoma, WA)

www.thenewstribune.com

Daily Circulation	112,370
Sunday Circulation	128,568
TOTAL REVENUES	\$83,011,000

Anchorage Daily News

www.adn.com

Daily Circulation	63,641
Sunday Circulation	72,587
TOTAL REVENUES	\$55,301,000

Idaho Statesmen (Boise, ID)

www.idahostatesman.com

Daily Circulation	63,033
Sunday Circulation	82,984
TOTAL REVENUES	\$53,663,000

Tri-City Herald (Tri-Cities, WA)

www.tri-cityherald.com

Daily Circulation	40,318
Sunday Circulation	42,819
TOTAL REVENUES	\$25,867,000

The Olympian (Olympia, WA)

www.theolympian.com

Daily Circulation	31,890
Sunday Circulation	39,218
TOTAL REVENUES	\$27,491,000

The Bellingham Herald

www.bellinghamherald.com

Daily Circulation	22,866
Sunday Circulation	28,898
TOTAL REVENUES	\$19,778,000

TEXAS

Star-Telegram (Forth Worth, TX)

www.dfw.com

Daily Circulation	207,564
Sunday Circulation	292,771
TOTAL REVENUES	\$229,133,000

PENNSYLVANIA KENTUCKY

Lexington Herald-Leader

www.kentucky.com

Daily Circulation	109,036
Sunday Circulation	137,109
TOTAL REVENUES	\$77,912,000

Centre Daily Times (State College, PA)

www.centredaily.com

Daily Circulation	24,274
Sunday Circulation	31,409
TOTAL REVENUES	\$18,300,000

INTERACTIVE

Total Page Views	2,716,836,000
TOTAL REVENUES*	\$170,551,000

McClatchy Corporate website

www.mcclatchy.com

McClatchy Interactive website

www.mcclatchyinteractive.com

McClatchy Interactive provides our websites with content, publishing tools and software development.

McClatchy Washington Bureau website

www.mcclatchydc.com

Home to more than 40 journalists in Washington, D.C. and home base for the company's foreign correspondents, the Bureau has regional, national and foreign reporting firepower.

Circulation figures are reported on the company's fiscal year basis and are not meant to reflect Audit Bureau of Circulations (ABC) reported figures.

Revenues include amounts generated by nearby non-daily publications reporting to the daily newspapers.

*Largely included in individual newspapers revenues reported elsewhere in this section.

FINANCIAL HIGHLIGHTS

in thousands except per share amounts	2007*	2006*	% change
FORTHE YEAR			
Net revenues	\$2,260,363	\$1,675,190	34.9%
Operating expenses	4,826,315	1,328,282	263.4%
Income (loss) from continuing operations	(2,726,609)	183,495	-1585.9%
Income (loss) from continuing operations per share	(33.26)	2.84	-1271.1%
Operating cash flow from continuing operations**	574,653	445,773	28.9%
AT YEAR END			
Total assets	\$4,137,919	\$8,054,710	-48.6%
Long-term debt***	2,471,827	2,746,669	-10.0%
Stockholders' equity	425,540	3,103,624	-86.3%
Shares outstanding:			
Class A shares	57,105	55,754	2.4%
Class B shares	25,051	26,116	-4.1%

* The *Star Tribune* newspaper has been reported as a discontinued operation in both 2006 and 2007.

** Operating cash flow from continuing operations represents operating income/loss (\$2,565,952,000 loss in 2007 and \$346,908,000 income in 2006) plus depreciation and amortization (\$148,559,000 in 2007 and \$98,865,000 in 2006), plus impairment charges in 2007 (\$2,992,046,000). The company believes operating cash flow is commonly used as a measure of performance for newspaper companies, however, it does not purport to represent cash provided by operating activities as shown in the company's statement of cash flows, nor is it meant as a substitute for measures of performance prepared in accordance with generally accepted accounting principles.

*** 2006 amount excludes \$530 million of debt classified as current in the company's balance sheet.

DIRECTORS AND OFFICERS

DIRECTORS

Elizabeth A. Ballantine
President, EBA Associates

Leroy T. Barnes, Jr.
Former Vice President and
Treasurer, PG&E Corporation

William K. Coblentz
Senior Partner, Coblentz, Patch,
Duffy & Bass

Molly Maloney Evangelisti
Former Special Projects
Coordinator,
The Sacramento Bee

Dr. Kathleen Foley Feldstein
President, Economics Studies, Inc.

Larry Jinks
Former Newspaper Executive,
Knight-Ridder, Inc.

Joan F. Lane
Special Assistant to the
Board of Trustees,
Stanford University

Brown McClatchy Maloney
Owner and Publisher,
Olympic View Publishing
and Owner, Radio Pacific

Kevin S. McClatchy
Former Managing General Partner
and Chief Executive Officer,
Pittsburgh Pirates

William B. McClatchy
Entrepreneur, Journalist and
Co-founder of Index Investing, LLC

Theodore R. Mitchell
President and
Chief Executive Officer,
New Schools Venture Fund

Gary B. Pruitt
Chairman, President and
Chief Executive Officer,
The McClatchy Company

P. Anthony Ridder
Former Chairman and
Chief Executive Officer
Knight-Ridder, Inc.

S. Donley Ritchey, Jr.
Former Chairman and
Chief Executive Officer,
Lucky Stores, Inc.

Frederick R. Ruiz
Chairman & CEO,
Ruiz Food Products, Inc.

OFFICERS

Gary B. Pruitt
Chairman, President and
Chief Executive Officer

Lynn Dickerson
Vice President, Operations

Heather Fagundes
Vice President, Human Resources

Christian A. Hendricks
Vice President, Interactive Media

Karole Morgan-Prager
Vice President, General Counsel
and Corporate Secretary

Patrick J. Talamantes
Vice President, Finance and
Chief Financial Officer

Howard Weaver
Vice President, News

Robert J. Weil
Vice President, Operations

Frank R. J. Whittaker
Vice President, Operations

R. Elaine Lintecum
Treasurer

Hai V. Nguyen
Controller

STOCKHOLDER INFORMATION

GENERAL OFFICE

The McClatchy Company
2100 Q Street
Sacramento, California 95816
(916) 321-1846

TRANSFER AGENT AND REGISTRAR
Wells Fargo Shareowner Services
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St. Paul, Mn 55164-0874
www.shareowneronline.com
(800) 718-2377

Independent Auditor:
Deloitte & Touche LLP
400 Capitol Mall
Sacramento, Ca 95814

FORM 10-K

Upon request, the Company will provide, without charge, a copy of its report on Form 10-K filed with the Securities and Exchange Commission. Requests should be made in writing to:

The McClatchy Company
Attention: Treasurer
P. O. Box 15779
Sacramento, California 95852

ANNUAL MEETING

The annual meeting of stockholders will be held at the Vizcaya Pavilion, 2019 21st Street, Sacramento, California, on Tuesday, May 13, 2008 at 9:00 a.m. Pacific Time.

CERTIFICATIONS OF OFFICERS

The company submitted its Annual CEO Certification for 2007 to the New York Stock Exchange on June 15, 2007. The company has filed with the Securities and Exchange Commission as Exhibits 31.3 and 31.2 to its Annual Report on Form 10-K for the fiscal year ended December 30, 2007, the Certifications of its Chief Executive Officer and Chief Financial Officer required in connection with that report by rules 13a-14(a) and 15-d-14(a) under the Securities Exchange Act.



THE MCCLATCHY COMPANY
Since 1857

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