

THE McCLATCHY COMPANY
Reconciliation of GAAP Measures to Non-GAAP Amounts
(In thousands)

Reconciliation of Net Loss to Adjusted EBITDA

	Quarters Ended		Six Months Ended	
	June 25, 2017	June 26, 2016	June 25, 2017	June 26, 2016
NET LOSS	\$ (37,446)	\$ (14,734)	\$ (133,021)	\$ (27,475)
Income tax benefit	(21,080)	(4,731)	(76,529)	(14,846)
Interest expense	20,292	21,223	40,746	41,470
Depreciation and amortization	19,624	24,430	39,428	48,992
EBITDA	(18,610)	26,188	(129,376)	48,141
Severance charges	5,591	5,647	9,457	8,652
Non-cash stock compensation	432	383	1,461	1,757
Non-cash and non-operating retirement benefit expense	3,328	3,694	6,655	7,388
Equity (income) loss in unconsolidated companies, net	159	(4,264)	96	(7,005)
Impairments related to equity investments	46,147	-	169,147	892
Other asset impairment charges	-	-	1,957	-
Other operating costs, net (1)	(2,278)	12,003	(1,307)	16,142
Other non-operating, net	710	(303)	497	(1,776)
Adjusted EBITDA	<u>\$ 35,479</u>	<u>\$ 43,348</u>	<u>\$ 58,587</u>	<u>\$ 74,191</u>
Adjusted EBITDA Margin	15.8%	17.9%	13.1%	15.4%

(1) Other operating costs, net, includes: Gain and loss on sale of land and relocation charges, net; Technology conversion costs related to co-sourcing a majority of information technology operations; costs associated with reorganizing sales and other operations; and net acquisition costs. See the text of the press release for the detailed gross and net of tax contribution of each category.

Reconciliation of Net Loss to Adjusted Net Loss

NET LOSS	\$ (37,446)	\$ (14,734)	\$ (133,021)	\$ (27,475)
Add back certain items:				
(Gain) loss on extinguishment of debt, net	869	-	869	(1,535)
Other asset impairment charges	-	-	1,957	-
Impairments related to equity investments	46,147	-	169,147	901
Severance charges	5,591	5,647	9,457	8,652
Accelerated depreciation on equipment	-	3,802	-	6,642
Other operating costs, net	(2,278)	11,888	(1,307)	16,142
Certain discrete tax items	-	-	106	(897)
Less: Tax effect of adjustments	(18,955)	(8,088)	(67,767)	(11,803)
Adjusted net loss (2)	<u>\$ (6,072)</u>	<u>\$ (1,485)</u>	<u>\$ (20,559)</u>	<u>\$ (9,373)</u>

(2) The tax impact of these non-GAAP adjustments is calculated using the federal statutory rate of 35% plus the net state rate for the jurisdictions in which the subsidiaries file tax returns and ranges from 1.6% to 8.1%.

Reconciliation of Operating Expenses to Adjusted Operating Expenses

OPERATING EXPENSES:	\$ 213,010	\$ 241,233	\$ 438,741	\$ 481,565
Add back:				
Depreciation and amortization	19,624	24,430	39,428	48,992
Other asset impairment charges	-	-	1,957	-
Severance charges and non-cash stock compensation	6,023	6,030	10,918	10,409
Other operating costs, net	(2,278)	12,003	(1,307)	16,142
Adjusted operating expenses	<u>\$ 189,641</u>	<u>\$ 198,770</u>	<u>\$ 387,745</u>	<u>\$ 406,022</u>