

**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	
	July 1, 2018	June 25, 2017	July 1, 2018	June 25, 2017
NET LOSS	\$ (20,365)	\$ (37,446)	\$ (59,306)	\$ (133,021)
Income tax expense (benefit)	3,618	(21,080)	11,490	(76,529)
Interest expense	17,939	20,292	36,835	40,746
Depreciation and amortization	<u>19,222</u>	<u>19,624</u>	<u>38,455</u>	<u>39,428</u>
EBITDA	20,414	(18,610)	27,474	(129,376)
Severance charges	4,903	5,591	7,596	9,457
Non-cash stock compensation	319	432	1,059	1,461
Non-cash and non-operating retirement benefit expense	2,779	3,328	5,557	6,655
Equity income in unconsolidated companies, net	506	159	1,774	96
Impairments related to equity investments	-	46,147	-	169,147
Other asset impairment charges	-	-	59	1,957
Other operating costs, net (1)	1,154	963	1,897	2,234
Other non-operating, net	<u>(46)</u>	<u>710</u>	<u>5,127</u>	<u>497</u>
Adjusted EBITDA	<u>\$ 30,029</u>	<u>\$ 38,720</u>	<u>\$ 50,543</u>	<u>\$ 62,128</u>
Adjusted EBITDA Margin	14.7%	17.2%	12.5%	13.9%

(1) Other operating costs, net, includes: non cash loss on asset sales 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; trust related litigation, hurricane Irma costs, 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	\$ (20,365)	\$ (37,446)	\$ (59,306)	\$ (133,021)
Add back certain items:				
Loss on extinguishment of debt, net	19	869	5,368	869
Other asset impairment charges	-	-	59	1,957
Impairments related to equity investments	-	46,147	-	169,147
Severance charges	4,903	5,591	7,596	9,457
Accelerated depreciation on equipment	229	-	229	-
Other operating costs, net	1,154	963	1,897	2,234
Certain discrete tax items	10,101	-	24,352	106
Less: Tax effect of adjustments	<u>(1,627)</u>	<u>(20,175)</u>	<u>(3,765)</u>	<u>(69,102)</u>
Adjusted net loss (2)	<u>\$ (5,586)</u>	<u>\$ (4,051)</u>	<u>\$ (23,570)</u>	<u>\$ (18,353)</u>

(2) The tax impact of these non-GAAP adjustments is calculated using the federal statutory rate of 21% plus the net state rate for the jurisdictions in which the subsidiaries file tax returns and ranges from 2.1% to 10.0%.

In 2017 the tax impact of these non-GAAP adjustments was calculated using the federal statutory rate of 35% plus the net state rate for the jurisdictions in which the subsidiaries filed tax returns and ranged from 1.6% to 8.1%.

**Reconciliation of Operating Expenses to Adjusted Operating Expenses**

OPERATING EXPENSES:	\$ 202,737	\$ 213,010	\$ 404,549	\$ 438,741
Add back:				
Depreciation and amortization	19,222	19,624	38,455	39,428
Other asset impairment charges	-	-	59	1,957
Severance charges and non-cash stock compensation	5,222	6,023	8,655	10,918
Other operating costs, net	<u>1,154</u>	<u>963</u>	<u>1,897</u>	<u>2,234</u>
Adjusted operating expenses	<u>\$ 177,139</u>	<u>\$ 186,400</u>	<u>\$ 355,483</u>	<u>\$ 384,204</u>