

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

Reconciliation of Net Loss to Adjusted EBITDA

	Quarters Ended		Nine Months Ended	
	September 25, 2016	September 27, 2015	September 25, 2016	September 27, 2015
NET LOSS	\$ (9,804)	\$ (1,149)	\$ (37,279)	\$ (308,992)
Income tax benefit	(5,885)	(4,882)	(20,731)	(16,035)
Interest expense	20,953	21,230	62,423	65,740
Depreciation and amortization	20,559	27,295	69,551	75,892
EBITDA	25,823	42,494	73,964	(183,395)
Severance charges	4,746	2,554	13,398	10,686
Equity income in unconsolidated companies, net	(3,632)	(5,158)	(9,745)	(13,701)
Charges associated with relocations of certain operations	274	108	6,896	392
Technology conversion costs related to co-sourcing a majority of information technology operations	4,576	-	10,218	-
Costs associated with reorganizing sales and other operations	2,070	1,304	5,948	2,697
Goodwill and other asset impairment charges	330	-	330	300,429
Other non-operating, net	(97)	(1,652)	(1,873)	(8,747)
Adjusted EBITDA	<u>\$ 34,090</u>	<u>\$ 39,650</u>	<u>\$ 99,136</u>	<u>\$ 108,361</u>
Adjusted EBITDA Margin	14.5%	15.8%	13.9%	14.1%

Reconciliation of Net Loss to Adjusted Net Income (Loss)

NET LOSS	\$ (9,804)	\$ (1,149)	\$ (37,279)	\$ (308,992)
Add back certain items:				
Gain on extinguishment of debt	-	(1,632)	(1,535)	(749)
Impairment charges related to equity investments	-	-	901	-
Intangible asset impairment charges	330	-	330	300,429
Gain on sale of equity investments	-	-	-	(8,093)
Severance charges	4,746	2,554	13,398	10,686
Accelerated depreciation on equipment	293	4,894	6,935	6,659
Loss on pension plan asset sale	-	-	1,112	-
Charges associated with relocations of certain operations	274	108	5,784	392
Technology conversion costs related to co-sourcing a majority of information technology operations	4,576	-	10,218	-
Costs associated with reorganizing sales and other operations	2,070	1,304	5,948	2,697
Other	-	17	-	22
Certain discrete tax items	-	-	(897)	-
Less: Tax effect of adjustments	(4,626)	(2,895)	(16,429)	(8,467)
Adjusted net income (loss) (1)	<u>\$ (2,141)</u>	<u>\$ 3,201</u>	<u>\$ (11,514)</u>	<u>\$ (5,416)</u>

(1) 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:	\$ 233,166	\$ 242,822	\$ 722,119	\$ 1,052,484
Add back:				
Depreciation and amortization	20,559	27,295	69,551	75,892
Goodwill and other asset impairments	330	-	330	300,429
Severance charges	4,746	2,554	13,398	10,686
Charges associated with relocations of certain operations	274	108	6,896	392
Technology conversion costs related to co-sourcing a majority of information technology operations	4,576	-	10,218	-
Costs associated with reorganizing sales and other operations	2,070	1,304	5,948	2,697
Adjusted operating expenses	<u>\$ 200,611</u>	<u>\$ 211,561</u>	<u>\$ 615,778</u>	<u>\$ 662,388</u>