

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

Reconciliation of Net Loss to Adjusted EBITDA

| | Quarters Ended | |
|---|-------------------|-------------------|
| | March 26, 2017 | March 27, 2016 |
| NET LOSS | \$ (95,575) | \$ (12,741) |
| Income tax benefit | (55,449) | (10,115) |
| Interest expense | 20,454 | 20,247 |
| Depreciation and amortization | 19,804 | 24,562 |
| EBITDA | (110,766) | 21,953 |
| Severance charges | 3,866 | 3,005 |
| Non-cash stock compensation | 1,029 | 1,374 |
| Non-cash and non-operating retirement benefit expense | 3,327 | 3,694 |
| Equity income in unconsolidated companies, net | (63) | (2,741) |
| Impairments related to equity investments | 123,000 | 892 |
| Other asset impairment charges | 1,957 | - |
| Other operating costs, net (1) | 971 | 4,139 |
| Other non-operating, net | (213) | (1,473) |
| Adjusted EBITDA | <u>\$ 23,108</u> | <u>\$ 30,843</u> |
| Adjusted EBITDA Margin | 10.4% | 13.0% |

(1) Other operating costs, net, includes: 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 | \$ (95,575) | \$ (12,741) |
| Add back certain items: | | |
| Gain on extinguishment of debt, net | - | (1,535) |
| Other asset impairment charges | 1,957 | - |
| Impairments related to equity investments | 123,000 | 892 |
| Severance charges | 3,866 | 3,005 |
| Accelerated depreciation on equipment | - | 2,840 |
| Other operating costs, net | 971 | 4,263 |
| Certain discrete tax items | 106 | (897) |
| Less: Tax effect of adjustments | (48,812) | (3,715) |
| Adjusted net loss (2) | <u>\$ (14,487)</u> | <u>\$ (7,888)</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: | \$ 225,731 | \$ 240,332 |
| Add back: | | |
| Depreciation and amortization | 19,804 | 24,562 |
| Other asset impairment charges | 1,957 | - |
| Severance charges and non-cash stock compensation | 4,895 | 4,379 |
| Other operating costs, net | 971 | 4,139 |
| Adjusted operating expenses | <u>\$ 198,104</u> | <u>\$ 207,252</u> |