

**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 30, 2019	July 1, 2018	June 30, 2019	July 1, 2018
NET LOSS	\$ (17,531)	\$ (20,365)	\$ (59,487)	\$ (59,306)
Income tax provision (benefit)	(3,907)	3,618	(469)	11,490
Interest expense	19,920	17,939	39,964	36,835
Depreciation and amortization	<u>17,411</u>	<u>19,222</u>	<u>34,929</u>	<u>38,455</u>
EBITDA	15,893	20,414	14,937	27,474
Severance charges	1,566	4,903	3,488	7,596
Non-cash stock compensation	302	319	965	1,059
Non-cash and non-operating retirement benefit expense	4,329	2,779	15,056	5,557
Equity (income) loss in unconsolidated companies, net	569	506	1,198	1,774
Loss related to sale of equity investment	331	-	331	-
Other asset impairment charges	-	-	739	59
Other operating costs, net (1)	3,794	1,154	6,645	1,897
Other non-operating, net	<u>1,768</u>	<u>(46)</u>	<u>1,633</u>	<u>5,127</u>
Adjusted EBITDA	<u>\$ 28,552</u>	<u>\$ 30,029</u>	<u>\$ 44,992</u>	<u>\$ 50,543</u>
Adjusted EBITDA Margin	16.0%	14.7%	12.5%	12.5%
EBITDA ADJUSTED FOR REAL ESTATE / MINORITY DISTRIBUTION ACTIVITY	\$ 26,289	\$ 27,170	\$ 42,729	\$ 44,609

(1) Other operating costs, net, includes: Relocation charges; limited technology conversion costs; costs associated with reorganizing operations; trust related litigations, and operating costs associated with the voluntary early retirement program.

**Reconciliation of Net Loss to Adjusted Net Loss**

NET LOSS	\$ (17,531)	\$ (20,365)	\$ (59,487)	\$ (59,306)
Add back certain items:				
Loss on extinguishment of debt, net	1,986	19	1,986	5,368
Other asset impairment charges	-	-	739	59
Loss related to sale of equity investment	331	-	331	-
Severance charges	1,566	4,903	3,488	7,596
Voluntary early retirement incentive program, pension costs	-	-	6,850	-
Accelerated Depreciation	-	229	106	229
Other operating costs, net	3,794	1,154	6,645	1,897
Certain discrete tax items	33	10,101	9,214	24,352
Less: Tax effect of adjustments	<u>(1,569)</u>	<u>(1,627)</u>	<u>(2,770)</u>	<u>(3,765)</u>
Adjusted net loss (2)	<u>\$ (11,390)</u>	<u>\$ (5,586)</u>	<u>\$ (32,898)</u>	<u>\$ (23,570)</u>

(2) The tax impact of these non-GAAP adjustments for 2019 and 2018 are 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%.

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

OPERATING EXPENSES:	\$ 173,183	\$ 202,737	\$ 360,775	\$ 404,549
Add back:				
Depreciation and amortization	17,411	19,222	34,929	38,455
Other asset impairment charges	-	-	739	59
Severance charges and non-cash stock compensation	1,868	5,222	4,453	8,655
Other operating costs, net	<u>3,794</u>	<u>1,154</u>	<u>6,645</u>	<u>1,897</u>
Adjusted operating expenses	<u>\$ 150,110</u>	<u>\$ 177,139</u>	<u>\$ 314,009</u>	<u>\$ 355,483</u>
OPEX ADJUSTED FOR REAL ESTATE ACTIVITY	\$ 175,446	\$ 202,737	\$ 363,038	\$ 407,624
ADJUSTED OPEX ADJUSTED FOR REAL ESTATE ACTIVITY	\$ 152,373	\$ 177,139	\$ 316,272	\$ 358,558