

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 29, 2019	September 30, 2018	September 29, 2019	September 30, 2018
NET LOSS	\$ (304,703)	\$ 7,038	\$ (364,190)	\$ (52,268)
Income tax provision (benefit)	(4,513)	(14,422)	(4,982)	(2,932)
Interest expense	19,733	23,346	59,697	60,181
Depreciation and amortization	5,575	19,041	40,504	57,496
EBITDA	(283,908)	35,003	(268,971)	62,477
Severance charges	261	3,833	3,749	11,429
Non-cash stock compensation	254	758	1,219	1,817
Non-cash and non-operating retirement benefit expense	4,330	2,778	19,386	8,335
Equity (income) loss in unconsolidated companies, net	(361)	473	837	2,247
Impairment related to equity investments	400	-	731	-
Gain on sale of equity investment	-	(1,721)	-	(1,721)
Other asset impairment charges	295,270	14,148	296,009	14,207
Other operating costs, net (1)	3,841	330	10,486	2,227
Other non-operating, net	(173)	(36,557)	1,460	(31,430)
Adjusted EBITDA	<u>\$ 19,914</u>	<u>\$ 19,045</u>	<u>\$ 64,906</u>	<u>\$ 69,588</u>
Adjusted EBITDA Margin	12.0%	10.0%	12.4%	11.7%
EBITDA ADJUSTED FOR REAL ESTATE / MINORITY DISTRIBUTION ACTIVITY	\$ 19,427	\$ 19,045	\$ 62,156	\$ 63,654

(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. See the text of the press release for the detailed gross contribution of each category.

Reconciliation of Net Loss to Adjusted Net Loss

NET LOSS	\$ (304,703)	\$ 7,038	\$ (364,190)	\$ (52,268)
Add back certain items:				
Loss on extinguishment of debt, net	-	(36,286)	1,986	(30,918)
Other asset impairment charges	295,270	14,148	296,009	14,207
Impairments related to equity investments	400	-	731	-
Gain on sale of equity investments and other	(550)	(1,721)	(550)	(1,721)
Severance charges	261	3,833	3,749	11,429
Voluntary early retirement incentive program, pension costs	-	-	6,850	-
Accelerated Depreciation	-	257	106	486
Other operating costs, net	3,841	330	10,486	2,227
Certain discrete tax items	4,792	(2,776)	14,006	21,576
Less: Tax effect of adjustments	(568)	(8,597)	(3,338)	(12,362)
Adjusted net loss (2)	<u>\$ (1,257)</u>	<u>\$ (23,774)</u>	<u>\$ (34,155)</u>	<u>\$ (47,344)</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:	\$ 452,725	\$ 210,130	\$ 813,500	\$ 614,679
Add back:				
Depreciation and amortization	5,575	19,041	40,504	57,496
Other asset impairment charges	295,270	14,148	296,009	14,207
Severance charges and non-cash stock compensation	515	4,591	4,968	13,246
Other operating costs, net	3,841	330	10,486	2,227
Adjusted operating expenses	<u>\$ 147,524</u>	<u>\$ 172,020</u>	<u>\$ 461,533</u>	<u>\$ 527,503</u>
OPEX ADJUSTED FOR REAL ESTATE ACTIVITY	\$ 453,212	\$ 210,130	\$ 816,250	\$ 620,613
ADJUSTED OPEX ADJUSTED FOR REAL ESTATE ACTIVITY	\$ 148,011	\$ 172,020	\$ 464,283	\$ 533,437