

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

Reconciliation of Net Loss to Adjusted EBITDA

	Quarters Ended	
	April 1, 2018	March 26, 2017
NET LOSS	\$ (38,941)	\$ (95,575)
Income tax provision (benefit)	7,872	(55,449)
Interest expense	18,896	20,454
Depreciation and amortization	19,233	19,804
EBITDA	7,060	(110,766)
Severance charges	2,693	3,866
Non-cash stock compensation	740	1,029
Non-cash and non-operating retirement benefit expense	2,778	3,327
Equity (income) loss in unconsolidated companies, net	1,268	(63)
Impairments related to equity investments	-	123,000
Other asset impairment charges	59	1,957
Other operating costs, net (1)	(2,332)	971
Other non-operating, net	5,173	(213)
Adjusted EBITDA	<u>\$ 17,439</u>	<u>\$ 23,108</u>
Adjusted EBITDA Margin	8.8%	10.4%

(1) Other operating costs, net, includes: Gain and 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; 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	\$ (38,941)	\$ (95,575)
Add back certain items:		
Loss on extinguishment of debt, net	5,349	-
Impairment charges related to equity investments	-	123,000
Other asset impairment charges	59	1,957
Severance charges	2,693	3,866
Other operating costs, net	(2,332)	971
Certain discrete tax items	14,251	106
Less: Tax effect of adjustments	(1,421)	(48,812)
Adjusted net loss (2)	<u>\$ (20,342)</u>	<u>\$ (14,487)</u>

(2) The tax impact of these non-GAAP adjustments in 2018 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 file tax returns and ranged from 1.6% to 8.1%.

Reconciliation of Operating Expenses to Adjusted Operating Expenses

OPERATING EXPENSES:	\$ 201,812	\$ 225,731
Add back:		
Depreciation and amortization	19,233	19,804
Other asset impairment charges	59	1,957
Severance charges and non-cash stock compensation	3,433	4,895
Other operating costs, net	(2,332)	971
Adjusted operating expenses	<u>\$ 181,419</u>	<u>\$ 198,104</u>