

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

Reconciliation of Net Loss to Adjusted EBITDA

	Quarters Ended	
	March 31, 2019	April 1, 2018
NET LOSS	\$ (41,956)	\$ (38,941)
Income tax provision	3,438	7,872
Interest expense	20,044	18,896
Depreciation and amortization	<u>17,518</u>	<u>19,233</u>
EBITDA	(956)	7,060
Severance charges	1,922	2,693
Non-cash stock compensation	663	740
Non-cash and non-operating retirement benefit expense	10,727	2,778
Equity loss in unconsolidated companies, net	629	1,268
Other asset impairment charges	739	59
Other operating costs, net (1)	2,851	743
Other non-operating, net	<u>(135)</u>	<u>5,173</u>
Adjusted EBITDA	<u>\$ 16,440</u>	<u>\$ 20,514</u>
Adjusted EBITDA Margin	9.1%	10.3%
EBITDA ADJUSTED FOR REAL ESTATE ACTIVITY	\$ 16,440	\$ 17,439

(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	\$ (41,956)	\$ (38,941)
Add back certain items:		
Loss on extinguishment of debt, net	-	5,349
Other asset impairment charges	739	59
Severance charges	1,922	2,693
Voluntary early retirement plan	6,850	-
Accelerated depreciation and other miscellaneous charges	106	-
Other operating costs, net	2,851	743
Certain discrete tax items	9,181	14,251
Less: Tax effect of adjustments	<u>(1,201)</u>	<u>(2,138)</u>
Adjusted net loss (2)	<u>\$ (21,508)</u>	<u>\$ (17,984)</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:	\$ 187,592	\$ 201,812
Add back:		
Depreciation and amortization	17,518	19,233
Other asset impairment charges	739	59
Severance charges and non-cash stock compensation	2,585	3,433
Other operating costs, net	<u>2,851</u>	<u>743</u>
Adjusted operating expenses	<u>\$ 163,899</u>	<u>\$ 178,344</u>
OPEX ADJUSTED FOR REAL ESTATE ACTIVITY	\$ 187,592	\$ 204,887
ADJUSTED OPEX ADJUSTED FOR REAL ESTATE ACTIVITY	\$ 163,899	\$ 181,419