

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 24, 2017	September 25, 2016	September 24, 2017	September 25, 2016
NET LOSS	\$ (238,857)	\$ (9,804)	\$ (371,878)	\$ (37,279)
Income tax expense (benefit)	216,186	(5,885)	139,657	(20,731)
Interest expense	19,801	20,953	60,547	62,423
Depreciation and amortization	19,588	20,559	59,016	69,551
EBITDA	16,718	25,823	(112,658)	73,964
Severance charges	4,476	4,746	13,933	13,398
Non-cash stock compensation	325	348	1,786	2,105
Non-cash and non-operating retirement benefit expense	3,328	3,694	9,983	11,082
Equity (income) loss in unconsolidated companies, net	600	(3,632)	696	(10,637)
Impairments related to equity investments	1,866	-	171,013	892
Other asset impairment charges	8,715	330	10,672	330
Other operating costs, net (1)	(3,147)	6,920	(4,454)	23,062
Other non-operating, net	1,687	(97)	2,184	(1,873)
Adjusted EBITDA	<u>\$ 34,568</u>	<u>\$ 38,132</u>	<u>\$ 93,155</u>	<u>\$ 112,323</u>
Adjusted EBITDA Margin	16.3%	16.2%	14.1%	15.7%

(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	\$ (238,857)	\$ (9,804)	\$ (371,878)	\$ (37,279)
Add back certain items:				
(Gain) loss on extinguishment of debt, net	1,831	-	2,700	(1,535)
Other asset impairment charges	8,715	330	10,672	330
Impairments related to equity investments	1,866	-	171,013	901
Severance charges	4,476	4,746	13,933	13,398
Accelerated depreciation on equipment	-	293	-	6,935
Other operating costs, net	(3,147)	6,920	(4,454)	23,062
Certain discrete tax items	224,465	-	224,571	(897)
Less: Tax effect of adjustments	(5,256)	(4,626)	(73,022)	(16,429)
Adjusted net loss (2)	<u>\$ (5,907)</u>	<u>\$ (2,141)</u>	<u>\$ (26,465)</u>	<u>\$ (11,514)</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:	\$ 207,993	\$ 229,472	\$ 646,734	\$ 711,037
Add back:				
Depreciation and amortization	19,588	20,559	59,016	69,551
Other asset impairment charges	8,715	330	10,672	330
Severance charges and non-cash stock compensation	4,801	5,094	15,719	15,503
Other operating costs, net	(3,147)	6,920	(4,454)	23,062
Adjusted operating expenses	<u>\$ 178,036</u>	<u>\$ 196,569</u>	<u>\$ 565,781</u>	<u>\$ 602,591</u>