

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

Reconciliation of Net Income (Loss) to Adjusted EBITDA

	Quarters Ended		Nine Months Ended	
	September 30, 2018	September 24, 2017	September 30, 2018	September 24, 2017
NET INCOME (LOSS)	\$ 7,038	\$ (260,476)	\$ (52,268)	\$ (393,497)
Income tax expense (benefit)	(14,422)	237,805	(2,932)	161,276
Interest expense	23,346	19,801	60,181	60,547
Depreciation and amortization	19,041	19,588	57,496	59,016
EBITDA	35,003	16,718	62,477	(112,658)
Severance charges	3,833	4,476	11,429	13,933
Non-cash stock compensation	758	325	1,817	1,786
Non-cash and non-operating retirement benefit expense	2,778	3,328	8,335	9,983
Equity income in unconsolidated companies, net	473	600	2,247	696
Impairments related to equity investments	-	1,866	-	171,013
Gain on sale of equity investment	(1,721)	-	(1,721)	-
Other asset impairment charges	14,148	8,715	14,207	10,672
(Gain) loss on extinguishment of debt, net	(36,286)	1,831	(30,918)	2,700
Other operating costs, net (1)	330	2,418	2,227	4,652
Other non-operating, net	(271)	(144)	(512)	(516)
Adjusted EBITDA	\$ 19,045	\$ 40,133	\$ 69,588	\$ 102,261
Adjusted EBITDA Margin	10.0%	18.9%	11.7%	15.5%

(1) Other operating costs, net, includes: non cash loss on asset sales 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 Income (Loss) to Adjusted Net Loss

NET INCOME (LOSS)	\$ 7,038	\$ (260,476)	\$ (52,268)	\$ (393,497)
Add back certain items:				
(Gain) loss on extinguishment of debt, net	(36,286)	1,831	(30,918)	2,700
Other asset impairment charges	14,148	8,715	14,207	10,672
Impairments related to equity investments	-	1,866	-	171,013
Gain on sale of equity investment	(1,721)	-	(1,721)	-
Severance charges	3,833	4,476	11,429	13,933
Accelerated depreciation on equipment	257	-	486	-
Other operating costs, net	330	2,418	2,227	4,652
Certain discrete tax items	(2,776)	246,084	21,576	246,190
Less: Tax effect of adjustments	(8,597)	(7,479)	(12,362)	(76,581)
Adjusted net loss (2)	\$ (23,774)	\$ (2,565)	\$ (47,344)	\$ (20,918)

(2) The tax impact of these non-GAAP adjustments is generally 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%. Note that other asset impairment charges receive a tax rate of 10%. 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 filed tax returns and ranged from 1.6% to 8.1%.

Reconciliation of Operating Expenses to Adjusted Operating Expenses

OPERATING EXPENSES:	\$ 210,130	\$ 207,993	\$ 614,679	\$ 646,734
Add back:				
Depreciation and amortization	19,041	19,588	57,496	59,016
Other asset impairment charges	14,148	8,715	14,207	10,672
Severance charges and non-cash stock compensation	4,591	4,801	13,246	15,719
Other operating costs, net	330	2,418	2,227	4,652
Adjusted operating expenses	\$ 172,020	\$ 172,471	\$ 527,503	\$ 556,675