

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

**Reconciliation of Net Income (Loss) to Adjusted EBITDA**

	Quarters Ended		Twelve Months Ended	
	December 25, 2016	December 27, 2015	December 25, 2016	December 27, 2015
NET INCOME (LOSS)	\$ 3,086	\$ 8,830	\$ (34,193)	\$ (300,162)
Income tax provision (benefit)	7,666	4,238	(13,065)	(11,797)
Interest expense	20,745	20,233	83,168	85,973
Depreciation and amortization	19,895	25,703	89,446	101,595
EBITDA	51,392	59,004	125,356	(124,391)
Severance charges	1,762	2,241	15,160	12,927
Non-cash stock compensation	1,025	428	3,130	3,178
Equity income in unconsolidated companies, net	(2,747)	3,615	(12,492)	(10,086)
(Gain) loss on sale of land and relocation charges, net	(3,971)	190	3,255	582
Technology conversion costs related to co-sourcing a majority of information technology operations	619	380	10,837	380
Costs associated with reorganizing sales and other operations	1,048	691	6,996	3,388
Goodwill and other asset impairment charges	9,196	4,419	9,196	304,848
Net acquisition costs	216	-	216	-
Other non-operating, net	995	(520)	(878)	(9,267)
Adjusted EBITDA	<u>\$ 59,535</u>	<u>\$ 70,448</u>	<u>\$ 160,776</u>	<u>\$ 181,559</u>
Adjusted EBITDA Margin	22.7%	24.6%	16.5%	17.2%

**Reconciliation of Net Income (Loss) to Adjusted Net Income**

NET INCOME (LOSS)	\$ 3,086	\$ 8,830	\$ (34,193)	\$ (300,162)
Add back certain items:				
Loss (Gain) on extinguishment of debt, net	1,104	(418)	(431)	(1,167)
Impairment charges related to equity investments	720	8,167	1,621	8,167
Intangible impairment charges	9,196	4,419	9,196	304,848
Gain on sale of equity investments	-	-	-	(8,061)
Severance charges	1,762	2,241	15,160	12,927
Accelerated depreciation on equipment	25	3,589	6,960	10,248
(Gain) loss on sale of land and relocation charges, net	(3,971)	190	3,255	582
Technology conversion costs related to co-sourcing a majority of information technology operations	619	380	10,837	380
Costs associated with reorganizing sales and other operations	1,048	691	6,996	3,388
Net acquisition costs and other	47	44	47	34
Certain discrete tax items	3,175	(3,548)	2,278	(3,548)
Less: Tax effect of adjustments	(3,915)	(7,333)	(20,344)	(15,800)
Adjusted net income (1)	<u>\$ 12,896</u>	<u>\$ 17,252</u>	<u>\$ 1,382</u>	<u>\$ 11,836</u>

(1) 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:	\$ 232,434	\$ 249,429	\$ 954,553	\$ 1,301,913
Add back:				
Depreciation and amortization	19,895	25,703	89,446	101,595
Goodwill and other asset impairment charges	9,196	4,419	9,196	304,848
Severance charges and non-cash stock compensation	2,787	2,669	18,290	16,105
(Gain) loss on sale of land and relocation charges, net	(3,971)	190	3,255	582
Technology conversion costs related to co-sourcing a majority of information technology operations	619	380	10,837	380
Costs associated with reorganizing sales and other operations	1,048	691	6,996	3,388
Net acquisition costs	216	-	216	-
Adjusted operating expenses	<u>\$ 202,644</u>	<u>\$ 215,377</u>	<u>\$ 816,317</u>	<u>\$ 875,015</u>