

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 31, 2017 53 Weeks	December 31, 2017 52 Weeks	December 25, 2016 52 Weeks	December 31, 2017 53 Weeks	December 31, 2017 52 Weeks	December 25, 2016 52 Weeks
NET INCOME (LOSS)	\$ 60,353	\$ 60,375	\$ 3,086	\$ (333,144)	\$ (333,122)	\$ (34,193)
Income tax provision (benefit)	(56,280)	(56,262)	7,666	104,996	105,014	(13,065)
Interest expense	22,203	20,955	20,745	82,750	81,502	83,168
Depreciation and amortization	21,113	19,605	19,895	80,129	78,621	89,446
EBITDA	47,389	44,673	51,392	(65,269)	(67,985)	125,356
Severance charges	1,925	1,925	1,762	15,853	15,853	15,160
Non-cash stock compensation	689	676	1,025	2,475	2,462	3,130
Non-cash and non-operating retirement benefit expense	3,421	3,421	3,694	13,404	13,404	14,776
Equity (income) loss in unconsolidated companies, net	1,002	1,002	(2,747)	1,698	1,698	(13,384)
Impairments related to equity investments	(1,006)	(1,006)	-	170,007	170,007	892
Other asset impairment charges	12,770	12,770	9,196	23,442	23,442	9,526
Other operating costs, net (1)	(12,743)	(12,761)	(2,088)	(17,193)	(17,211)	20,974
Other non-operating, net	270	270	995	2,454	2,454	(878)
Adjusted EBITDA	<u>\$ 53,717</u>	<u>\$ 50,970</u>	<u>\$ 63,229</u>	<u>\$ 146,871</u>	<u>\$ 144,124</u>	<u>\$ 175,552</u>
Adjusted EBITDA Margin	22.0%	20.8%	22.7%	16.3%	16.0%	16.5%

(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 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 Income

NET INCOME (LOSS)	\$ 60,353	\$ 60,375	\$ 3,086	\$ (333,144)	\$ (333,122)	\$ (34,193)
Add back certain items:						
Loss (Gain) on extinguishment of debt, net	-	-	1,104	2,700	2,700	(431)
Impairment charges related to equity investments	(1,006)	(1,006)	720	170,007	170,007	1,621
Other asset impairment charges	12,770	12,770	9,196	23,442	23,442	9,196
Severance charges	1,925	1,925	1,762	15,853	15,853	15,160
Accelerated depreciation and other miscellaneous charges	548	548	25	548	548	6,960
Other operating costs, net	(12,743)	(12,761)	(2,257)	(17,193)	(17,211)	21,135
Certain discrete tax items	(57,997)	(57,997)	3,175	188,193	188,193	2,278
Less: Tax effect of adjustments	(699)	(699)	(3,915)	(73,721)	(73,721)	(20,344)
Adjusted net income (2)	<u>\$ 3,151</u>	<u>\$ 3,155</u>	<u>\$ 12,896</u>	<u>\$ (23,315)</u>	<u>\$ (23,311)</u>	<u>\$ 1,382</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:	\$ 214,693	\$ 201,906	\$ 228,740	\$ 861,427	\$ 848,640	\$ 939,777
Add back:						
Depreciation and amortization	21,113	19,605	19,895	80,129	78,621	89,446
Other asset impairment charges	12,770	12,770	9,196	23,442	23,442	9,196
Severance charges and non-cash stock compensation	2,614	2,601	2,787	18,328	18,315	18,290
Other operating costs, net	(12,743)	(12,761)	(2,088)	(17,193)	(17,211)	21,304
Adjusted operating expenses	<u>\$ 190,939</u>	<u>\$ 179,691</u>	<u>\$ 198,950</u>	<u>\$ 756,721</u>	<u>\$ 745,473</u>	<u>\$ 801,541</u>