

**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 30,<br>2018 | December 31,<br>2017 | December 31,<br>2017 | December 30,<br>2018 | December 31,<br>2017 | December 31,<br>2017 |
|   | 52 weeks             | 53 weeks             | 52 weeks             | 52 weeks             | 53 weeks             | 52 weeks             |
| NET INCOME (LOSS)                                     | \$ (27,489)          | \$ 61,139            | \$ 61,161            | \$ (79,757)          | \$ (332,358)         | \$ (332,336)         |
| Income tax expense (benefit)                          | 762                  | (55,817)             | (55,799)             | (2,170)              | 105,459              | 105,477              |
| Interest expense                                      | 21,216               | 20,954               | 19,706               | 81,397               | 81,501               | 80,253               |
| Depreciation and amortization                         | 18,746               | 21,113               | 19,605               | 76,242               | 80,129               | 78,621               |
| EBITDA  | 13,235               | 47,389               | 44,673               | 75,712               | (65,269)             | (67,985)             |
| Severance charges                                     | 2,361                | 1,925                | 1,925                | 13,790               | 15,853               | 15,853               |
| Non-cash stock compensation                           | 239                  | 689                  | 676                  | 2,056                | 2,475                | 2,462                |
| Non-cash and non-operating retirement benefit expense | 2,779                | 3,421                | 3,421                | 11,114               | 13,404               | 13,404               |
| Equity income in unconsolidated companies, net        | (19)                 | 1,002                | 1,002                | 2,228                | 1,698                | 1,698                |
| Impairments related to equity investments             | -                    | (1,006)              | (1,006)              | -                    | 170,007              | 170,007              |
| Gain on sale of equity investment                     | -                    | -                    | -                    | (1,721)              | -                    | -                    |
| Other asset impairment charges                        | 23,067               | 12,770               | 12,770               | 37,274               | 23,442               | 23,442               |
| (Gain) loss on extinguishment of debt, net            | 341                  | -                    | -                    | (30,577)             | 2,700                | 2,700                |
| Other operating costs, net (1)                        | 6,090                | 1,508                | 1,490                | 8,317                | 6,160                | 6,142                |
| Other non-operating, net                              | (135)                | 270                  | 270                  | (647)                | (246)                | (246)                |
| Adjusted EBITDA                                       | <u>\$ 47,958</u>     | <u>\$ 67,968</u>     | <u>\$ 65,221</u>     | <u>\$ 117,546</u>    | <u>\$ 170,224</u>    | <u>\$ 167,477</u>    |
| Adjusted EBITDA Margin                                | 22.5%                | 27.8%                | 28.3%                | 14.6%                | 18.8%                | 18.8%                |

(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)                          | \$ (27,489)     | \$ 61,139        | \$ 61,161        | \$ (79,757)        | \$ (332,358)      | \$ (332,336)      |
| Add back certain items:                    |                 |                  |                  |                    |                   |                   |
| (Gain) loss on extinguishment of debt, net | 341             | -                | -                | (30,577)           | 2,700             | 2,700             |
| Other asset impairment charges             | 23,067          | 12,770           | 12,770           | 37,274             | 23,442            | 23,442            |
| Impairments related to equity investments  | -               | (1,006)          | (1,006)          | -                  | 170,007           | 170,007           |
| Gain on sale of equity investment          | -               | -                | -                | (1,721)            | -                 | -                 |
| Severance charges                          | 2,361           | 1,925            | 1,925            | 13,790             | 15,853            | 15,853            |
| Accelerated depreciation on equipment      | 90              | 269              | 269              | 576                | 269               | 269               |
| Other operating costs, net                 | 6,090           | 1,508            | 1,490            | 8,317              | 6,160             | 6,142             |
| Certain discrete tax items                 | (1,208)         | (57,997)         | (57,997)         | 20,368             | 188,193           | 188,193           |
| Less: Tax effect of adjustments            | (4,115)         | (6,175)          | (6,175)          | (16,477)           | (82,756)          | (82,756)          |
| Adjusted net income (loss) (2)             | <u>\$ (863)</u> | <u>\$ 12,433</u> | <u>\$ 12,437</u> | <u>\$ (48,207)</u> | <u>\$ (8,490)</u> | <u>\$ (8,486)</u> |

(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:                               | \$ 215,500        | \$ 214,693        | \$ 201,906        | \$ 830,179        | \$ 861,427        | \$ 848,640        |
| Add back:   |                   |                   |                   |                   |                   |                   |
| Depreciation and amortization                     | 18,746            | 21,113            | 19,605            | 76,242            | 80,129            | 78,621            |
| Other asset impairment charges                    | 23,067            | 12,770            | 12,770            | 37,274            | 23,442            | 23,442            |
| Severance charges and non-cash stock compensation | 2,600             | 2,614             | 2,601             | 15,846            | 18,328            | 18,315            |
| Other operating costs, net                        | 6,090             | 1,508             | 1,490             | 8,317             | 6,160             | 6,142             |
| Adjusted operating expenses                       | <u>\$ 164,997</u> | <u>\$ 176,688</u> | <u>\$ 165,440</u> | <u>\$ 692,500</u> | <u>\$ 733,368</u> | <u>\$ 722,120</u> |

**Reconciliation of Amounts Excluding Gains on Real Estate Sales**

|   |            |            |            |            |            |            |
|---|------------|------------|------------|------------|------------|------------|
| <b>PROFORMA FOR REAL ESTATE ACTIVITY</b>          |            |            |            |            |            |            |
| Total gains on sales of real estate               | \$ 1,156   | \$ 14,251  | \$ 14,251  | \$ 4,231   | \$ 23,357  | \$ 23,357  |
| Operating expenses adjusted for gains             | \$ 216,656 | \$ 228,944 | \$ 216,157 | \$ 834,410 | \$ 884,784 | \$ 871,997 |
| Adjusted operating expenses adjusted for gains    | \$ 166,153 | \$ 190,939 | \$ 179,691 | \$ 696,731 | \$ 756,725 | \$ 745,477 |
| Adjusted EBITDA less gains on sale of real estate | \$ 46,802  | \$ 53,717  | \$ 50,970  | \$ 113,315 | \$ 146,867 | \$ 144,120 |