

A. H. Belo Corporation

Consolidated Statements of Operations

<i>In thousands, except share and per share amounts (unaudited)</i>	<i>Three Months Ended December 31,</i>		<i>Twelve Months Ended December 31,</i>	
	<i>2014</i>	<i>2013</i>	<i>2014</i>	<i>2013</i>
Net Operating Revenue				
Advertising and marketing services	\$ 43,265	\$ 45,657	\$ 158,183	\$ 167,945
Circulation	21,464	22,250	84,922	86,274
Printing, distribution and other	8,483	5,574	29,683	21,964
Total net operating revenue	73,212	73,481	272,788	276,183
Operating Costs and Expense				
Employee compensation and benefits	33,559	26,804	111,710	110,412
Other production, distribution and operating costs	34,309	29,080	122,239	114,720
Newsprint, ink and other supplies	8,495	9,363	32,507	34,847
Depreciation	3,721	3,357	13,820	14,861
Amortization	77	32	198	121
Total operating costs and expense	80,161	68,636	280,474	274,961
Operating income (loss)	(6,949)	4,845	(7,686)	1,222
Other Income, Net				
Gains on equity method investments, net	76,692	451	93,898	2,269
Interest expense	—	—	—	(311)
Other income, net	1,637	80	5,773	196
Total other income, net	78,329	531	99,671	2,154
Income from Continuing Operations Before Income Taxes	71,380	5,376	91,985	3,376
Income tax provision	2,503	87	5,978	1,460
Income from Continuing Operations	68,877	5,289	86,007	1,916
Income from discontinued operations	298	3,867	4,064	665
Gain (loss) related to the divestiture of discontinued operations, net	(52)	8,656	17,057	13,402
Tax expense from discontinued operations	12,653	195	14,351	57
Gain (Loss) from Discontinued Operations, Net	(12,407)	12,328	6,770	14,010
Net Income	56,470	17,617	92,777	15,926
Net loss attributable to noncontrolling interests	(72)	(22)	(152)	(193)
Net Income Attributable to A. H. Belo Corporation	\$ 56,542	\$ 17,639	\$ 92,929	\$ 16,119
Per Share Basis				
Basic				
Continuing operations	\$ 3.09	\$ 0.23	\$ 3.84	\$ 0.07
Discontinued operations	(0.57)	0.54	0.31	0.64
Net income attributable to A. H. Belo Corporation	\$ 2.52	\$ 0.77	\$ 4.15	\$ 0.71
Diluted				
Continuing operations	\$ 3.07	\$ 0.23	\$ 3.82	\$ 0.07
Discontinued operations	(0.57)	0.54	0.31	0.64
Net income attributable to A. H. Belo Corporation	\$ 2.50	\$ 0.77	\$ 4.13	\$ 0.71
Weighted average shares outstanding				
Basic	21,943,031	21,972,832	21,899,602	21,967,666
Diluted	22,034,687	22,098,783	22,006,022	22,063,741

A. H. Belo Corporation
Condensed Consolidated Balance Sheets

<i>In thousands (unaudited)</i>	<u>December 31,</u> <i>2014</i>	<u>December 31,</u> <i>2013</i>
Assets		
Current assets:		
Cash and cash equivalents	\$ 158,171	\$ 82,193
Accounts receivable, net	34,396	32,270
Other current assets	13,323	11,246
Assets of discontinued operations	565	42,716
Total current assets	<u>206,455</u>	<u>168,425</u>
Property, plant and equipment, net	61,589	74,863
Intangible assets, net	25,238	24,823
Other assets	5,465	11,107
Total assets	<u><u>\$ 298,747</u></u>	<u><u>\$ 279,218</u></u>
Liabilities and Shareholders' Equity		
Current liabilities:		
Accounts payable	\$ 12,904	\$ 13,717
Accrued expenses and other current liabilities	72,065	14,275
Advance subscription payments	15,894	14,842
Liabilities of discontinued operations	543	11,538
Total current liabilities	<u>101,406</u>	<u>54,372</u>
Long-term pension liabilities	65,859	50,082
Other liabilities	5,463	5,988
Total shareholders' equity	<u>126,019</u>	<u>168,776</u>
Total liabilities and shareholders' equity	<u><u>\$ 298,747</u></u>	<u><u>\$ 279,218</u></u>

A. H. Belo Corporation
Reconciliation of Net Income to EBITDA and Adjusted EBITDA from Continuing Operations

<i>In thousands (unaudited)</i>	<i>Three Months Ended December 31,</i>		<i>Twelve Months Ended December 31,</i>	
	<i>2014</i>	<i>2013</i>	<i>2014</i>	<i>2013</i>
Net Income Attributable to A. H. Belo Corporation	\$ 56,542	\$ 17,639	\$ 92,929	\$ 16,119
Less: Income (loss) from discontinued operations, net	(12,407)	12,328	6,770	14,010
Plus: Net loss attributable to noncontrolling interests	(72)	(22)	(152)	(193)
Income from continuing operations	68,877	5,289	86,007	1,916
Depreciation and amortization	3,798	3,389	14,018	14,982
Interest expense	—	—	—	311
Income tax provision	2,503	87	5,978	1,460
EBITDA from Continuing Operations	75,178	8,765	106,003	18,669
Addback:				
Acquisition costs	577	—	577	—
Pension plan settlement loss	7,648	—	7,648	—
Net investment-related gains	(77,092)	—	(97,240)	—
Adjusted EBITDA from Continuing Operations	\$ 6,311	\$ 8,765	\$ 16,988	\$ 18,669

The Company evaluates earnings before interest, taxes, depreciation and amortization (“EBITDA”) which is presented for continuing operations by adjusting for discontinued operations and losses attributable to noncontrolling interests. Adjusted EBITDA is calculated by adding back to EBITDA recorded expenses to acquire new businesses, expense related to the settlement of pension plan obligations, net investment-related losses and non-cash impairment expense, as applicable.

Neither EBITDA nor Adjusted EBITDA is a measure of financial performance under generally accepted accounting principles (“GAAP”). Management uses EBITDA, Adjusted EBITDA and similar measures in internal analyses as supplemental measures of the Company’s financial performance, and for performance comparisons against its peer group of companies. Neither EBITDA nor Adjusted EBITDA should be considered in isolation or as a substitute for net income from continuing operations, cash flows provided by operating activities or other comparable measures prepared in accordance with GAAP. Additionally, these non-GAAP measures may not be comparable to similarly-titled measures of other companies.