

A. H. Belo Corporation

Condensed Consolidated Statements of Operations

| <i>In thousands, except share and per share amounts (unaudited)</i> | <i>Three Months Ended June 30,</i> | | <i>Six Months Ended June 30,</i> | |
|--|------------------------------------|-------------|----------------------------------|-------------|
| | <i>2014</i> | <i>2013</i> | <i>2014</i> | <i>2013</i> |
| Net Operating Revenue | | | | |
| Advertising and marketing services | \$ 40,251 | \$ 42,223 | \$ 77,977 | \$ 81,886 |
| Circulation | 21,227 | 21,257 | 42,239 | 42,237 |
| Printing and distribution | 7,783 | 5,643 | 13,437 | 11,106 |
| Total net operating revenue | 69,261 | 69,123 | 133,653 | 135,229 |
| Operating Costs and Expense | | | | |
| Employee compensation and benefits | 25,722 | 26,702 | 53,886 | 56,538 |
| Other production, distribution and operating costs | 29,640 | 28,436 | 58,084 | 57,129 |
| Newsprint, ink and other supplies | 8,114 | 8,592 | 16,102 | 17,114 |
| Depreciation | 3,348 | 3,964 | 6,758 | 7,843 |
| Amortization | 30 | 30 | 60 | 60 |
| Total operating costs and expense | 66,854 | 67,724 | 134,890 | 138,684 |
| Income (Loss) from operations | 2,407 | 1,399 | (1,237) | (3,455) |
| Other Income (Expense), Net | | | | |
| Gains on equity method investments, net | 18,567 | 546 | 18,159 | 1,095 |
| Interest expense | — | (8) | — | (419) |
| Other income (loss), net | 141 | 68 | 258 | (36) |
| Total other income, net | 18,708 | 606 | 18,417 | 640 |
| Income (Loss) from Continuing Operations Before Income Taxes | 21,115 | 2,005 | 17,180 | (2,815) |
| Income tax provision | 1,428 | 500 | 2,319 | 989 |
| Income (Loss) from Continuing Operations | 19,687 | 1,505 | 14,861 | (3,804) |
| Income (loss) from discontinued operations | 2,146 | (452) | 3,123 | (3,289) |
| Gain (loss) related to the divestiture of discontinued operations, net | 153 | — | (25) | — |
| Tax expense (benefit) from discontinued operations | 30 | (63) | 46 | (133) |
| Gain (Loss) from Discontinued Operations, Net | 2,269 | (389) | 3,052 | (3,156) |
| Net Income (Loss) | 21,956 | 1,116 | 17,913 | (6,960) |
| Net loss attributable to noncontrolling interests | (24) | (65) | (30) | (119) |
| Net Income (Loss) Attributable to A. H. Belo Corporation | \$ 21,980 | \$ 1,181 | \$ 17,943 | \$ (6,841) |
| Per Share Basis | | | | |
| Basic | | | | |
| Continuing operations | \$ 0.86 | \$ 0.07 | \$ 0.64 | \$ (0.17) |
| Discontinued operations | 0.10 | (0.02) | 0.14 | (0.14) |
| Net income (loss) attributable to A. H. Belo Corporation | \$ 0.96 | \$ 0.05 | \$ 0.78 | \$ (0.31) |
| Diluted | | | | |
| Continuing operations | \$ 0.85 | \$ 0.07 | \$ 0.64 | \$ (0.17) |
| Discontinued operations | 0.10 | (0.02) | 0.14 | (0.14) |
| Net income (loss) attributable to A. H. Belo Corporation | \$ 0.95 | \$ 0.05 | \$ 0.78 | \$ (0.31) |
| Weighted average shares outstanding | | | | |
| Basic | 22,014,125 | 22,041,414 | 21,946,256 | 22,037,132 |
| Diluted | 22,121,695 | 22,135,162 | 22,064,339 | 22,037,132 |

A. H. Belo Corporation
Condensed Consolidated Balance Sheets

| <i>In thousands (unaudited)</i> | <u>June 30,</u> <u>2014</u> | <u>December 31,</u> <u>2013</u> |
|---|--------------------------------|------------------------------------|
| Assets | | |
| Current assets: | | |
| Cash and cash equivalents | \$ 59,754 | \$ 82,193 |
| Accounts receivable, net | 28,399 | 32,270 |
| Other current assets | 18,796 | 11,246 |
| Assets of discontinued operations | 36,658 | 42,716 |
| Total current assets | <u>143,607</u> | <u>168,425</u> |
| Property, plant and equipment, net | 68,308 | 74,863 |
| Intangible assets, net | 25,136 | 24,823 |
| Other assets | 12,839 | 11,107 |
| Total assets | <u>\$ 249,890</u> | <u>\$ 279,218</u> |
| Liabilities and Shareholders' Equity | | |
| Current liabilities: | | |
| Accounts payable | \$ 12,575 | \$ 13,717 |
| Accrued expenses | 13,064 | 14,275 |
| Advance subscription payments | 14,555 | 14,842 |
| Liabilities of discontinued operations | 9,489 | 11,538 |
| Total current liabilities | <u>49,683</u> | <u>54,372</u> |
| Long-term pension liabilities | 44,187 | 50,082 |
| Other liabilities | 6,831 | 5,988 |
| Total shareholders' equity | <u>149,189</u> | <u>168,776</u> |
| Total liabilities and shareholders' equity | <u>\$ 249,890</u> | <u>\$ 279,218</u> |

A. H. Belo Corporation

Reconciliation of Net Loss to EBITDA and Adjusted EBITDA from Continuing Operations

| <i>In thousands (unaudited)</i> | <i>Three Months Ended June 30,</i> | | <i>Six Months Ended June 30,</i> | |
|---|------------------------------------|-----------------|----------------------------------|-----------------|
| | <i>2014</i> | <i>2013</i> | <i>2014</i> | <i>2013</i> |
| Net Loss Attributable to A. H. Belo Corporation | \$ 21,980 | \$ 1,181 | \$ 17,943 | \$ (6,841) |
| Less: Gain (loss) from discontinued operations, net | 2,269 | (389) | 3,052 | (3,156) |
| Plus: Net loss attributable to noncontrolling interests | (24) | (65) | (30) | (119) |
| Income (Loss) from Continuing Operations | 19,687 | 1,505 | 14,861 | (3,804) |
| Depreciation and amortization | 3,378 | 3,994 | 6,818 | 7,903 |
| Interest expense | — | 8 | — | 419 |
| Income tax provision | 1,428 | 500 | 2,319 | 989 |
| EBITDA from Continuing Operations | 24,493 | 6,007 | 23,998 | 5,507 |
| Addback: | | | | |
| Net investment-related gains | (18,532) | — | (17,598) | — |
| Adjusted EBITDA from Continuing Operations | \$ 5,961 | \$ 6,007 | \$ 6,400 | \$ 5,507 |

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, as applicable, by adding back to EBITDA non-cash impairment expense and net investment-related losses.

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. Adjusted EBITDA is also used by management to evaluate the cash flows available for capital spending, investing, pension contributions (required and voluntary), dividends and other equity-related transactions. Neither EBITDA nor Adjusted EBITDA should be considered in isolation or as a substitute for cash flows provided by operating activities or other income or cash flow data prepared in accordance with GAAP, and these non-GAAP measures may not be comparable to similarly-titled measures of other companies.

In previous periods, the Company added back pension expense in the determination of Adjusted EBITDA. Management reassessed this measurement and no longer excludes pension expense from Adjusted EBITDA.