

A. H. Belo Corporation
Condensed 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>2013</i>	<i>2012</i>	<i>2013</i>	<i>2012</i>
Net Operating Revenue				
Advertising and marketing services	\$ 57,398	\$ 59,758	\$ 208,959	\$ 216,108
Circulation	31,039	30,580	120,316	123,224
Printing and distribution	9,717	9,130	36,975	35,358
Total net operating revenue	98,154	99,468	366,250	374,690
Operating Costs and Expense				
Employee compensation and benefits	35,618	38,761	146,307	152,523
Other production, distribution and operating costs	35,425	37,174	140,230	139,566
Newsprint, ink and other supplies	13,678	12,958	50,810	49,401
Depreciation	4,026	4,753	18,079	21,401
Amortization	1,125	1,095	4,493	4,373
Total operating costs and expense	89,872	94,741	359,919	367,264
Income from operations	8,282	4,727	6,331	7,426
Other Income (Expense), Net				
Other income (expense), net	531	999	2,721	3,380
Interest income (expense), net	—	(123)	(311)	(629)
Total other income (expense), net	531	876	2,410	2,751
Income from Continuing Operations Before Income Taxes	8,813	5,603	8,741	10,177
Income tax provision	300	462	1,584	1,804
Income from Continuing Operations	8,513	5,141	7,157	8,373
Income (loss) from discontinued operations	430	(2,548)	(4,700)	(8,026)
Gain related to the divestiture of discontinued operations	8,656	—	13,402	—
Tax benefit from discontinued operations	(18)	(16)	(67)	(72)
Income (Loss) from Discontinued Operations, Net	9,104	(2,532)	8,769	(7,954)
Net Income	17,617	2,609	15,926	419
Net loss attributable to noncontrolling interests	(22)	(65)	(193)	(107)
Net Income Attributable to A. H. Belo Corporation	\$ 17,639	\$ 2,674	\$ 16,119	\$ 526
Per Share Basis				
Basic				
Continuing operations	\$ 0.36	\$ 0.23	\$ 0.31	\$ 0.37
Discontinued operations	0.41	(0.12)	0.40	(0.36)
Net income attributable to A. H. Belo Corporation	\$ 0.77	\$ 0.11	\$ 0.71	\$ 0.01
Diluted				
Continuing operations	\$ 0.36	\$ 0.22	\$ 0.31	\$ 0.37
Discontinued operations	0.41	(0.11)	0.40	(0.36)
Net income attributable to A. H. Belo Corporation	\$ 0.77	\$ 0.11	\$ 0.71	\$ 0.01
Weighted average shares outstanding				
Basic	21,972,832	22,000,475	21,967,666	21,947,981
Diluted	22,098,783	22,101,468	22,063,741	22,065,856

A. H. Belo Corporation
Condensed Consolidated Balance Sheets

<i>In thousands (unaudited)</i>	<u>December 31,</u> <u>2013</u>	<u>December 31,</u> <u>2012</u>
Assets		
Current assets:		
Cash and cash equivalents	\$ 82,193	\$ 34,094
Accounts receivable, net	41,174	39,212
Other current assets	15,685	15,628
Assets of discontinued operations	1,633	48,402
Total current assets	<u>140,685</u>	<u>137,336</u>
Property, plant and equipment, net	97,112	108,854
Intangible assets, net	29,924	34,055
Other assets	11,497	11,694
Total assets	<u><u>\$ 279,218</u></u>	<u><u>\$ 291,939</u></u>
Liabilities and Shareholders' Equity		
Current liabilities:		
Accounts payable	\$ 15,488	\$ 13,635
Accrued expenses	17,640	22,824
Advance subscription payments	19,184	17,693
Liabilities of discontinued operations	2,028	7,781
Total current liabilities	<u>54,340</u>	<u>61,933</u>
Long-term pension liabilities	50,082	122,821
Other liabilities	6,020	5,125
Total shareholders' equity	<u>168,776</u>	<u>102,060</u>
Total liabilities and shareholders' equity	<u><u>\$ 279,218</u></u>	<u><u>\$ 291,939</u></u>

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

<i>In thousands (unaudited)</i>	<i>Three Months Ended December 31,</i>		<i>Twelve Months Ended December 31,</i>	
	<i>2013</i>	<i>2012</i>	<i>2013</i>	<i>2012</i>
Net Income Attributable to A. H. Belo Corporation	\$ 17,639	\$ 2,674	\$ 16,119	\$ 526
Less: Income (loss) from discontinued operations, net	9,104	(2,532)	8,769	(7,954)
Plus: Net loss attributable to noncontrolling interests	(22)	(65)	(193)	(107)
Income from Continuing Operations	8,513	5,141	7,157	8,373
Depreciation and amortization	5,151	5,848	22,572	25,774
Interest expense	—	123	311	629
Income tax provision	300	462	1,584	1,804
EBITDA from Continuing Operations	\$ 13,964	\$ 11,574	\$ 31,624	\$ 36,580

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. For the periods presented above, no adjustments were made to EBITDA.

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 the pension expense in the determination of Adjusted EBITDA. Management reassessed this measurement and no longer excludes pension expense from Adjusted EBITDA.