

A. H. Belo Corporation
Condensed Consolidated Statements of Operations

<i>In thousands, except per share amounts (unaudited)</i>	Three months ended December 31,		Twelve months ended December 31,	
	2011	2010	2011	2010
Net operating revenues				
Advertising	\$ 79,587	\$ 86,731	\$ 282,621	\$ 310,309
Circulation	35,192	35,122	139,892	141,091
Printing and distribution	10,073	8,995	38,990	35,908
Total net operating revenues	<u>124,852</u>	<u>130,848</u>	<u>461,503</u>	<u>487,308</u>
Operating costs and expenses				
Salaries, wages and employee benefits	44,186	50,605	187,738	212,998
Other production, distribution and operating costs	44,066	46,673	174,942	183,017
Newsprint, ink and other supplies	15,890	18,478	60,081	55,472
Depreciation	7,202	7,801	30,427	32,902
Amortization	1,309	1,308	5,239	5,238
Asset impairments	6,500	2,547	6,500	3,404
Pension plan withdrawal	-	132,346	1,988	132,346
Total operating costs and expenses	<u>119,153</u>	<u>259,758</u>	<u>466,915</u>	<u>625,377</u>
Income (loss) from operations	5,699	(128,910)	(5,412)	(138,069)
Other (expense) income, net				
Interest expense	(158)	(203)	(669)	(808)
Other (expense) income, net	<u>(2,318)</u>	<u>(730)</u>	<u>159</u>	<u>7,067</u>
Total other (expense) income	<u>(2,476)</u>	<u>(933)</u>	<u>(510)</u>	<u>6,259</u>
Earnings				
Income (loss) before income taxes	3,223	(129,843)	(5,922)	(131,810)
Income tax expense (benefit)	<u>472</u>	<u>(10,335)</u>	<u>5,011</u>	<u>(7,575)</u>
Net income (loss)	<u>\$ 2,751</u>	<u>\$ (119,508)</u>	<u>\$ (10,933)</u>	<u>\$ (124,235)</u>
Net income (loss) per share:				
Basic	\$ 0.12	\$ (5.65)	\$ (0.51)	\$ (5.92)
Diluted	\$ 0.12	\$ (5.65)	\$ (0.51)	\$ (5.92)
Average shares outstanding:				
Basic	22,570	21,164	21,496	20,992
Diluted	22,740	21,164	21,496	20,992

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Condensed Consolidated Balance Sheets

<i>In thousands (unaudited)</i>	December 31, 2011	December 31, 2010
Assets		
Current assets		
Cash and cash equivalents	\$ 57,440	\$ 86,291
Accounts receivable, net	50,533	56,793
Other current assets	20,225	29,875
Total current assets	<u>128,198</u>	<u>172,959</u>
Property, plant and equipment, net	163,418	176,676
Intangible assets, net	41,532	46,771
Other assets	11,940	23,643
Total assets	<u>\$ 345,088</u>	<u>\$ 420,049</u>
Liabilities and Shareholders' Equity		
Current liabilities		
Accounts payable	\$ 18,062	\$ 29,159
Pension liabilities	-	54,833
Accrued expenses	30,167	27,448
Advance subscription payments	22,491	23,057
Total current liabilities	<u>70,720</u>	<u>134,497</u>
Pension liabilities	145,980	77,513
Other liabilities	6,908	8,166
Total shareholders' equity	<u>121,480</u>	<u>199,873</u>
Total liabilities and shareholders' equity	<u>\$ 345,088</u>	<u>\$ 420,049</u>

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Reconciliation of Net Income (Loss) to EBITDA and Adjusted EBITDA

<i>In thousands (unaudited)</i>	Three months ended December 31,		Twelve months ended December 31,	
	2011	2010	2011	2010
AS REPORTED				
Net income (loss)	\$ 2,751	\$ (119,508)	\$ (10,933)	\$ (124,235)
Addback:				
Depreciation and amortization	8,511	9,109	35,666	38,140
Interest expense	158	203	669	808
Income tax expense (benefit)	472	(10,335)	5,011	(7,575)
EBITDA (1)	<u>11,892</u>	<u>(120,530)</u>	<u>30,413</u>	<u>(92,862)</u>
Addback:				
Pension expense	1,248	133,578	8,161	145,985
Asset impairments	6,500	2,547	6,500	3,404
Net investment-related losses	2,634	-	2,634	-
Adjusted EBITDA (1)	<u>\$ 22,274</u>	<u>\$ 15,595</u>	<u>\$ 47,708</u>	<u>\$ 56,527</u>

- (1) EBITDA is calculated by adding depreciation and amortization, interest expense and income tax expense recorded to net income (loss). Adjusted EBITDA is calculated by adding pension expense, non-cash impairment expense and net investment-related losses recorded 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 a supplemental measure of the Company's financial performance and to assist with determining bonus achievement, performance comparisons against its peer group of companies, as well as capital spending and other investing decisions. EBITDA or similar measures are also common alternative measures of performance used by investors, financial analysts and rating agencies to evaluate financial performance. 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.