

## Recent Developments

The tables below are derived from Vertis, Inc.'s ("we," "our" and "us") preliminary unaudited results for the three and six months ended June 30, 2010 and are subject to the completion and review of our interim financial statements for such periods. Our actual results of operations for the three and six months ended June 30, 2010 may differ from these preliminary estimates, which are not necessarily indicative of the results to be achieved for the remainder of 2010 or any other future periods, including as a result of quarter-end closing procedures or review adjustments, and any such changes could be material.

(\$ in millions) certain numbers may not add due to rounding

Comparison of Q2' 10 to Q2'09												
	Revenue				Value-Added Revenue				Adjusted EBITDA			
	2009	2010	Variance		2009	2010	Variance		2009	2010	Variance	
			\$	%			\$	%			\$	%
Advertising Inserts	\$239	\$215	(\$24)	(10%)	\$157	\$141	(\$16)	(10%)	\$35	\$28	(\$7)	(19%)
Direct Marketing	57	69	12	21%	44	54	10	22%	0	11	10	NM
Corporate & Other	26	20	(6)	(23%)	26	20	(6)	(23%)	2	1	(1)	NM
Intersegment revenue	(2)	(2)	-	-	(2)	(2)	-	-	-	-	-	-
<b>Total</b>	<b>\$321</b>	<b>\$303</b>	<b>(\$18)</b>	<b>(6%)</b>	<b>\$226</b>	<b>\$213</b>	<b>(\$12)</b>	<b>(5%)</b>	<b>\$37</b>	<b>\$39</b>	<b>\$2</b>	<b>6%</b>

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Comparison of 1H'10 to 1H'09												
	Revenue				Value-Added Revenue				Adjusted EBITDA			
	2009	2010	Variance		2009	2010	Variance		2009	2010	Variance	
			\$	%			\$	%			\$	%
Advertising Inserts	\$469	\$407	(\$62)	(13%)	\$297	\$266	(\$30)	(10%)	\$54	\$48	(\$7)	(12%)
Direct Marketing	131	146	14	11%	102	113	11	10%	6	20	14	239%
Corporate & Other	52	42	(10)	(20%)	52	42	(10)	(20%)	(0)	0	1	NM
Intersegment revenue	(3)	(4)	(1)	(17%)	(3)	(4)	(1)	-	-	-	-	-
<b>Total</b>	<b>\$649</b>	<b>\$590</b>	<b>(\$59)</b>	<b>(9%)</b>	<b>\$448</b>	<b>\$417</b>	<b>(\$30)</b>	<b>(7%)</b>	<b>\$60</b>	<b>\$68</b>	<b>\$8</b>	<b>13%</b>

Adjusted EBITDA for the twelve months ended June 30, 2010 was approximately \$170 million. At August 16, 2010, the aggregate outstanding borrowings under both tranches of our existing revolving credit facility is expected to be approximately \$41 million with an additional \$16.1 million in outstanding letters of credit. In addition, at August 16, 2010, we will have approximately (i) \$418.7 million outstanding under our existing term loan facility and (ii) \$484.8 million of Senior Secured Second Lien Notes due 2012 outstanding, in each case, taking into account all accrued interest up to such date.

## Non-GAAP Financial Measures

EBITDA represents net (loss) income plus interest expense (net of interest income), income tax expense (benefit) and depreciation and amortization of intangibles. Adjusted EBITDA represents EBITDA (as defined above) adding back all restructuring charges as well as charges related to the achievement of the Integration Plan and certain non-cash items as defined under our existing debt agreements. This is the measurement reported to our chief operating decision maker for the purpose of making decisions about allocating resources to the segments and assessing performance of the segments. Value added revenue represents net revenue excluding the cost of paper. Value added revenue provides an indication of our top line performance while normalizing for paper costs, which we are generally able to pass on to our customers.

We present EBITDA, Adjusted EBITDA and value added revenue to provide additional information regarding our performance and because these are measures by which we gauge the profitability and assess the performance of our segments as we believe these are appropriate metrics to use in measuring our ability to service our existing debt obligations. These calculations are not measures of financial performance in accordance with accounting principles generally accepted in the United States of America. You should not consider these measures alternatives to net income (loss) as measures of operating performance or to cash flows from operating activities as a measure of liquidity. Our calculation of EBITDA, Adjusted EBITDA and value added revenue may be different from the calculations used by other companies and therefore comparability may be limited.