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NATIONAL RESEARCH CORPORATION ANNOUNCES FOURTH QUARTER AND YEAR-END 2013 RESULTS

Company Achieves Record Net New Sales

LINCOLN, Nebraska (February 11, 2014) — National Research Corporation (NASDAQ: NRCIA and NRCIB) today announced results for the fourth quarter and year-end 2013.

Fourth Quarter

- Net new sales of \$6.4 million
- Revenue up 4% to \$22.9 million
- Operating income up 4% to \$6.0 million

Year-End 2013

- Total contract value of \$102.3 million
- Revenue up 7% to \$92.6 million
- Operating income up 9% to \$24.8 million
- Combined diluted earnings per share of \$0.63, up 2%

Remarking on company performance, Michael D. Hays, chief executive officer of National Research said, "Net new sales were at record levels for the second quarter in a row. In fact, the last half of 2013 registered a 36% increase in net new sales over the first half of 2013. While this positive sales performance will grow revenue in 2014, given our subscription-based business model, such performance did little to drive revenue growth in 2013 which ended the year at 7%."

Revenue for the quarter ended December 31, 2013, was \$22.9 million, compared to \$22.0 million for the same quarter in 2012. Net income for the quarter ended December 31, 2013, was \$3.8 million, compared to \$3.7 million for the quarter ended December 31, 2012. A combined diluted earnings per share was \$0.15 for both quarters ended December 31, 2013, and 2012.

Revenue for the year ended December 31, 2013, increased to \$92.6 million, compared to \$86.4 million for the same period in 2012. Net income for the year ended December 31, 2013,

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was \$15.5 million, compared to \$15.1 million for the year ended December 31, 2012. Combined diluted earnings per share increased to \$0.63 for the year ended December 31, 2013, from \$0.62 for the year ended 2012.

Regarding the company's annual performance, Kevin Karas, chief financial officer of National Research said, "We continued to increase our operating income margin during 2013, to 27% of revenue for the full year. With our growth in total contract value to \$102.3 million, we expect to realize continued leverage of our revenue growth and margin expansion in 2014."

A listen-only simulcast of the National Research 2013 fourth quarter and year-end conference call will be available online on the Street Events network February 12, 2013, beginning at 11:00 a.m. Eastern time. The online replay will follow approximately one hour later and continue for 30 days.

For more than 30 years, National Research Corporation (NASDAQ: NRCIA and NRCIB) has been at the forefront of patient-centered care. Today, the company's focus on empowering customer-centric healthcare across the continuum extends patient-centered care to incorporate families, communities, employees, senior housing residents, and other stakeholders. Currently recognized by Modern Healthcare as the largest patient satisfaction firms in the U.S., National Research is dedicated to representing the true voice of patients and other healthcare stakeholders. This integration of cross-continuum metrics and analytics uncovers insights for effective performance improvement, quality measurement, care transitions, and many other factors that impact population health management. For more information, call 800-388-4264, write to info@nationalresearch.com, or visit www.nationalresearch.com.

The information discussed within this release includes financial results and projections that are in accordance with accounting principles generally accepted in the United States (GAAP). In addition, certain non-GAAP financial measures have been provided that calculate combined earnings per share based on combined Class A and Class B shares and share equivalents outstanding, respectively. The non-GAAP measures should be read in conjunction with the corresponding GAAP measures and should be considered in addition to, and not as an alternative or substitute for, the measures prepared in accordance with GAAP. Please note that the Company's non-GAAP measures may be different than those used by other companies. The additional non-GAAP financial information the Company presents should be considered in conjunction with, and not as a substitute for, the Company's financial information presented in accordance with GAAP. The non-GAAP financial measures are provided in an effort to provide information that investors may deem relevant to evaluate results from the Company's core business operations and to compare the Company's performance with prior periods. The Company uses both GAAP and these non-GAAP financial measures for evaluating comparable financial performance against prior periods.

This press release includes "forward-looking" statements related to the Company that can generally be identified as describing the Company's future plans, objectives or goals. Such forward-looking statements are subject to risks and uncertainties that could cause actual results or outcomes to differ materially from those currently anticipated. These forward-looking statements are made pursuant to the safe harbor provisions of the Private Securities Litigation Reform Act of 1995. For further information about the factors that could affect the Company's future results, please see the Company's filings with the Securities and Exchange Commission.

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NATIONAL RESEARCH CORPORATION AND SUBSIDIARY
Unaudited Condensed Consolidated Statements of Income
(In thousands, except per share data)

	Three months ended December 31,		Twelve months ended December 31,	
	2013	2012	2013	2012
Revenue	\$ 22,923	\$ 21,996	\$ 92,590	\$ 86,421
Operating expenses:				
Direct	9,648	9,128	38,844	35,461
Selling, general and administrative	6,304	6,001	25,208	23,542
Depreciation and amortization	944	1,093	3,732	4,699
Total operating expenses	<u>16,896</u>	<u>16,222</u>	<u>67,784</u>	<u>63,702</u>
Operating income	6,027	5,774	24,806	22,719
Other income (expense):				
Interest income	17	12	63	32
Interest expense	(88)	(125)	(397)	(541)
Other, net	<u>(11)</u>	<u>13</u>	<u>16</u>	<u>(3)</u>
Total other expense	<u>(82)</u>	<u>(100)</u>	<u>(318)</u>	<u>(512)</u>
Income before income taxes	5,945	5,674	24,488	22,207
Provision for income taxes	<u>2,178</u>	<u>1,971</u>	<u>9,004</u>	<u>7,139</u>
Net income	<u>\$ 3,767</u>	<u>\$ 3,703</u>	<u>\$ 15,484</u>	<u>\$ 15,068</u>
Earnings Per Share of Common Stock:				
Basic Earnings Per Share:				
Class A	<u>\$ 0.09</u>	<u>\$ 0.09</u>	<u>\$ 0.37</u>	<u>\$ 0.37</u>
Class B	<u>\$ 0.55</u>	<u>\$ 0.54</u>	<u>\$ 2.25</u>	<u>\$ 2.22</u>
Diluted Earnings Per Share:				
Class A	<u>\$ 0.09</u>	<u>\$ 0.09</u>	<u>\$ 0.37</u>	<u>\$ 0.36</u>
Class B	<u>\$ 0.54</u>	<u>\$ 0.53</u>	<u>\$ 2.20</u>	<u>\$ 2.17</u>
Weighted average shares and share equivalents outstanding				
Class A - basic	<u>20,692</u>	<u>20,513</u>	<u>20,677</u>	<u>20,325</u>
Class B - basic	<u>3,452</u>	<u>3,419</u>	<u>3,447</u>	<u>3,387</u>
Class A - diluted	<u>21,137</u>	<u>20,959</u>	<u>21,099</u>	<u>20,854</u>
Class B - diluted	<u>3,514</u>	<u>3,493</u>	<u>3,514</u>	<u>3,476</u>
Combined Earnings Per Share (non-GAAP)				
Basic Earnings Per Share	<u>\$ 0.16</u>	<u>\$ 0.15</u>	<u>\$ 0.64</u>	<u>\$ 0.64</u>
Diluted Earnings Per Share	<u>\$ 0.15</u>	<u>\$ 0.15</u>	<u>\$ 0.63</u>	<u>\$ 0.62</u>
Combined weighted average shares and share equivalents outstanding (non-GAAP)				
Combined - Basic	<u>24,144</u>	<u>23,932</u>	<u>24,124</u>	<u>23,712</u>

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Combined - Diluted 24,651 24,452 24,613 24,330

NATIONAL RESEARCH CORPORATION AND SUBSIDIARY

Unaudited Condensed Consolidated Balance Sheets

(Dollars in thousands, except per share amounts and par value)

	<u>Dec. 31,</u> <u>2013</u>	<u>Dec. 31,</u> <u>2012</u>
ASSETS		
Current Assets:		
Cash and cash equivalents	\$ 22,092	\$ 8,286
Accounts receivable, net	11,043	12,119
Income taxes receivable	265	158
Other current assets	<u>3,074</u>	<u>3,252</u>
Total current assets	36,474	23,815
Property and equipment, net	11,898	12,493
Goodwill	57,592	57,799
Other, net	<u>5,032</u>	<u>5,939</u>
Total Assets	<u>\$ 110,996</u>	<u>\$ 100,046</u>
LIABILITIES AND SHAREHOLDERS' EQUITY		
Current Liabilities:		
Accounts payable and accrued expenses	\$ 3,231	\$ 2,658
Deferred revenue	13,885	15,812
Accrued compensation	4,318	4,392
Notes payable	<u>2,256</u>	<u>12,436</u>
Total current liabilities	23,690	35,298
Non-current liabilities	<u>15,551</u>	<u>8,006</u>
Total Liabilities	<u>39,241</u>	<u>43,304</u>
Shareholders' Equity:		
Preferred stock, \$0.01 par value, authorized 2,000,000 shares, none issued	--	--
Class A Common stock, \$0.001 par value; authorized 60,000,000 shares, issued 25,285,029 in 2013 and 25,129,776 in 2012, outstanding 20,768,784 in 2013 and 20,624,976 in 2012	25	25
Class B Common stock, \$0.001 par value; authorized 80,000,000 shares, issued 4,220,118 in 2013 and 4,188,296 in 2012, outstanding 3,467,410 in 2013 and 3,437,496 in 2012	4	4
Additional paid-in capital	42,192	39,493
Retained earnings	58,042	44,700
Accumulated other comprehensive income	302	1,124
Treasury stock	<u>(28,810)</u>	<u>(28,604)</u>
Total shareholder's equity	<u>71,755</u>	<u>56,742</u>
Total liabilities and shareholders' equity	<u>\$ 110,996</u>	<u>\$ 100,046</u>

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