

**A. H. Belo Corporation and Subsidiaries**  
**Consolidated Statements of Operations**

<i>In thousands, except share and per share amounts (unaudited)</i>	<u>Three Months Ended December 31,</u>		<u>Twelve Months Ended December 31,</u>	
	<u>2016</u>	<u>2015</u>	<u>2016</u>	<u>2015</u>
<b>Net Operating Revenue:</b>				
Advertising and marketing services	\$ 38,734	\$ 42,509	\$ 150,315	\$ 156,790
Circulation	19,813	21,448	79,619	83,581
Printing, distribution and other	7,548	9,131	30,050	31,737
Total net operating revenue	<u>66,095</u>	<u>73,088</u>	<u>259,984</u>	<u>272,108</u>
<b>Operating Costs and Expense:</b>				
Employee compensation and benefits	26,592	39,169	104,009	120,818
Other production, distribution and operating costs	30,986	32,792	119,830	125,829
Newsprint, ink and other supplies	6,756	7,617	25,590	30,892
Depreciation	2,988	2,820	10,713	11,515
Amortization	226	242	906	1,349
Goodwill impairment	22,682	—	22,682	—
Total operating costs and expense	<u>90,230</u>	<u>82,640</u>	<u>283,730</u>	<u>290,403</u>
Operating loss	<u>(24,135)</u>	<u>(9,552)</u>	<u>(23,746)</u>	<u>(18,295)</u>
<b>Other Income (Expense):</b>				
Loss from equity method investments, net	—	(777)	—	(1,065)
Other income (expense), net	1,693	508	2,294	(404)
Total other income (expense), net	<u>1,693</u>	<u>(269)</u>	<u>2,294</u>	<u>(1,469)</u>
<b>Loss from Continuing Operations Before Income Taxes</b>	<u>(22,442)</u>	<u>(9,821)</u>	<u>(21,452)</u>	<u>(19,764)</u>
Income tax provision (benefit)	<u>(3,633)</u>	<u>4,031</u>	<u>(2,272)</u>	<u>(1,570)</u>
<b>Loss from Continuing Operations</b>	<u>(18,809)</u>	<u>(13,852)</u>	<u>(19,180)</u>	<u>(18,194)</u>
Loss from divestiture of discontinued operations	<u>—</u>	<u>(1)</u>	<u>—</u>	<u>(63)</u>
<b>Loss from Discontinued Operations</b>	<u>—</u>	<u>(1)</u>	<u>—</u>	<u>(63)</u>
<b>Net Loss</b>	<u>(18,809)</u>	<u>(13,853)</u>	<u>(19,180)</u>	<u>(18,257)</u>
Net income (loss) attributable to noncontrolling interests	<u>65</u>	<u>(196)</u>	<u>130</u>	<u>(415)</u>
<b>Net Loss Attributable to A. H. Belo Corporation</b>	<u>\$ (18,874)</u>	<u>\$ (13,657)</u>	<u>\$ (19,310)</u>	<u>\$ (17,842)</u>
<b>Per Share Basis</b>				
Net loss attributable to A. H. Belo Corporation				
Basic and diluted	\$ (0.87)	\$ (0.64)	\$ (0.90)	\$ (0.84)
Number of common shares used in the per share calculation:				
Basic and diluted	21,676,260	21,460,241	21,620,539	21,408,940

**A. H. Belo Corporation and Subsidiaries**  
**Consolidated Balance Sheets**

<i>In thousands (unaudited)</i>	<i>December 31,</i>	
	<i>2016</i>	<i>2015</i>
<b>Assets</b>		
Current assets:		
Cash and cash equivalents	\$ 80,071	\$ 78,380
Accounts receivable, net	29,114	31,502
Other current assets	12,939	13,467
Total current assets	122,124	123,349
Property, plant and equipment, net	43,759	51,358
Intangible assets, net	4,872	5,778
Goodwill	14,201	36,883
Other assets	7,775	4,133
Total assets	\$ 192,731	\$ 221,501
<b>Liabilities and Shareholders' Equity</b>		
Current liabilities:		
Accounts payable	\$ 9,036	\$ 12,736
Accrued compensation and other current liabilities	14,975	11,812
Advance subscription payments	13,243	14,424
Total current liabilities	37,254	38,972
Long-term pension liabilities	54,843	57,446
Other liabilities	8,812	4,812
Total liabilities	100,909	101,230
Noncontrolling interest - redeemable	2,670	1,421
Total shareholders' equity attributable to A. H. Belo Corporation	87,918	117,781
Noncontrolling interests	1,234	1,069
Total shareholders' equity	89,152	118,850
Total liabilities and shareholders' equity	\$ 192,731	\$ 221,501

**A. H. Belo Corporation - Non-GAAP Financial Measures**  
**Reconciliation of Operating Loss to Adjusted Operating Income**

<i>In thousands (unaudited)</i>	<u>Three Months Ended December 31,</u>		<u>Twelve Months Ended December 31,</u>	
	<u>2016</u>	<u>2015</u>	<u>2016</u>	<u>2015</u>
Total net operating revenue	\$ 66,095	\$ 73,088	\$ 259,984	\$ 272,108
Total operating costs and expense	90,230	82,640	283,730	290,403
<b>Operating Loss</b>	<b>\$ (24,135)</b>	<b>\$ (9,552)</b>	<b>\$ (23,746)</b>	<b>\$ (18,295)</b>
Total operating costs and expense	\$ 90,230	\$ 82,640	\$ 283,730	\$ 290,403
Less:				
Depreciation	2,988	2,820	10,713	11,515
Amortization	226	242	906	1,349
Severance expense	24	145	1,073	2,891
Pension plan settlement loss	—	14,964	—	14,964
Goodwill impairment	22,682	—	22,682	—
<b>Adjusted Operating Expense</b>	<b>\$ 64,310</b>	<b>\$ 64,469</b>	<b>\$ 248,356</b>	<b>\$ 259,684</b>
Total net operating revenue	\$ 66,095	\$ 73,088	\$ 259,984	\$ 272,108
Adjusted operating expense	64,310	64,469	248,356	259,684
<b>Adjusted Operating Income</b>	<b>\$ 1,785</b>	<b>\$ 8,619</b>	<b>\$ 11,628</b>	<b>\$ 12,424</b>

The Company calculates adjusted operating income by adjusting operating loss to exclude depreciation, amortization, severance expense, pension plan settlement loss and goodwill impairment (“adjusted operating income”). The Company believes that inclusion of certain noncash expenses and other items in the results makes for more difficult comparisons between years and with peer group companies.

Adjusted operating income is not a measure of financial performance under generally accepted accounting principles (“GAAP”). Management uses adjusted operating income 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. Management uses this non-GAAP financial measure for the purposes of evaluating consolidated Company performance. The Company therefore believes that the non-GAAP measure presented provides useful information to investors by allowing them to view the Company’s business through the eyes of management and the Board of Directors, facilitating comparison of results across historical periods and providing a focus on the underlying ongoing operating performance of its business. Adjusted operating income should not be considered in isolation or as a substitute for net loss from continuing operations, cash flows provided by (used for) operating activities or other comparable measures prepared in accordance with GAAP. Additionally, this non-GAAP measure may not be comparable to similarly-titled measures of other companies.