

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

<i>In thousands, except share and per share amounts (unaudited)</i>	<i>Three Months Ended March 31,</i>	
	<i>2016</i>	<i>2015</i>
Net Operating Revenue		
Advertising and marketing services	\$ 35,237	\$ 36,831
Circulation	20,352	21,038
Printing, distribution and other	6,894	7,567
Total net operating revenue	62,483	65,436
Operating Costs and Expense		
Employee compensation and benefits	27,017	27,503
Other production, distribution and operating costs	28,331	31,460
Newsprint, ink and other supplies	6,058	8,166
Depreciation	2,632	3,040
Amortization	226	373
Total operating costs and expense	64,264	70,542
Operating loss	(1,781)	(5,106)
Other Income (Expense), Net		
Loss on equity method investments, net	—	(414)
Other income, net	79	109
Total other income (expense), net	79	(305)
Loss from Continuing Operations Before Income Taxes	(1,702)	(5,411)
Income tax benefit	(1,109)	(5,730)
Income (Loss) from Continuing Operations	(593)	319
Loss related to the divestiture of discontinued operations, net	—	(12)
Loss from Discontinued Operations, Net	—	(12)
Net Income (Loss)	(593)	307
Net income (loss) attributable to noncontrolling interests	39	(56)
Net Income (Loss) Attributable to A. H. Belo Corporation	\$ (632)	\$ 363
Per Share Basis		
Net income (loss) attributable to A. H. Belo Corporation		
Basic and diluted	\$ (0.03)	\$ 0.02
Weighted average shares outstanding		
Basic	21,514,133	21,770,698
Diluted	21,514,133	21,845,197

A. H. Belo Corporation and Subsidiaries
Consolidated Balance Sheets

<i>In thousands (unaudited)</i>	<i>March 31,</i> <i>2016</i>	<i>December 31,</i> <i>2015</i>
Assets		
Current assets:		
Cash and cash equivalents	\$ 74,656	\$ 78,380
Accounts receivable, net	26,355	31,502
Other current assets	17,069	13,467
Total current assets	118,080	123,349
Property, plant and equipment, net	50,822	51,358
Intangible assets, net	5,552	5,778
Goodwill	36,883	36,883
Other assets	4,129	4,133
Total assets	\$ 215,466	\$ 221,501
Liabilities and Shareholders' Equity		
Current liabilities:		
Accounts payable	\$ 9,950	\$ 12,736
Accrued compensation and other current liabilities	9,733	11,812
Advance subscription payments	15,564	14,424
Total current liabilities	35,247	38,972
Long-term pension liabilities	56,574	57,446
Other liabilities	5,579	4,812
Total liabilities	97,400	101,230
Noncontrolling interest - redeemable	1,335	1,421
Total shareholders' equity attributable to A. H. Belo Corporation	115,801	117,781
Noncontrolling interests	930	1,069
Total shareholders' equity	116,731	118,850
Total liabilities and shareholders' equity	\$ 215,466	\$ 221,501

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

<i>In thousands (unaudited)</i>	<i>Three Months Ended March 31,</i>	
	<i>2016</i>	<i>2015</i>
Total Net Operating Revenue	\$ 62,483	\$ 65,436
Total Operating Costs and Expense	64,264	70,542
Operating Loss	(1,781)	(5,106)
Addback:		
Depreciation	2,632	3,040
Amortization	226	373
Severance expense	742	(55)
Adjusted Operating Income (Loss)	\$ 1,819	\$ (1,748)

The Company evaluates adjusted operating income (loss) from continuing operations, calculated by adjusting operating loss for depreciation, amortization, severance expense and pension plan settlement (“Adjusted Operating Income (Loss)”). The Company believes that such expenses and charges are not indicative of normal, ongoing operations and their inclusion in the results makes for more difficult comparisons between years and with peer group companies.

Adjusted Operating Income (Loss) is not a measure of financial performance under generally accepted accounting principles (“GAAP”). Management uses Adjusted Operating Income (Loss) 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 (Loss) should not be considered in isolation or as a substitute for net income from continuing operations, cash flows provided by 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.