

A. H. Belo Corporation
Consolidated Statements of Operations

<i>In thousands, except share and per share amounts (unaudited)</i>	<i>Three Months Ended December 31,</i>		<i>Twelve Months Ended December 31,</i>	
	<i>2015</i>	<i>2014</i>	<i>2015</i>	<i>2014</i>
Net Operating Revenue				
Advertising and marketing services	\$ 42,509	\$ 43,265	\$ 156,790	\$ 158,183
Circulation	21,448	21,464	83,581	84,922
Printing, distribution and other	9,131	8,483	31,737	29,683
Total net operating revenue	73,088	73,212	272,108	272,788
Operating Costs and Expense				
Employee compensation and benefits	39,169	33,559	120,818	111,710
Other production, distribution and operating costs	32,792	34,309	125,829	122,239
Newsprint, ink and other supplies	7,617	8,495	30,892	32,507
Depreciation	2,820	3,721	11,515	13,820
Amortization	242	77	1,349	198
Total operating costs and expense	82,640	80,161	290,403	280,474
Operating loss	(9,552)	(6,949)	(18,295)	(7,686)
Other (Loss) Income, Net				
Gains (loss) on equity method investments, net	(777)	76,692	(1,065)	93,898
Other (loss) income, net	508	1,637	(404)	5,773
Total other (loss) income, net	(269)	78,329	(1,469)	99,671
Income (Loss) from Continuing Operations Before Income Taxes	(9,821)	71,380	(19,764)	91,985
Income tax (benefit) provision	4,031	2,503	(1,570)	5,978
Income (Loss) from Continuing Operations	(13,852)	68,877	(18,194)	86,007
Income from discontinued operations	—	298	—	4,064
Gain (loss) related to the divestiture of discontinued operations, net	(1)	(52)	(63)	17,057
Tax expense from discontinued operations	—	12,653	—	14,351
Gain (Loss) from Discontinued Operations, Net	(1)	(12,407)	(63)	6,770
Net Income (Loss)	(13,853)	56,470	(18,257)	92,777
Net loss attributable to noncontrolling interests	(196)	(72)	(415)	(152)
Net Income (Loss) Attributable to A. H. Belo Corporation	\$ (13,657)	\$ 56,542	\$ (17,842)	\$ 92,929
Basic				
Continuing operations	\$ (0.64)	\$ 3.09	\$ (0.84)	\$ 3.84
Discontinued operations	—	(0.57)	—	0.31
Net income (loss) attributable to A. H. Belo Corporation	\$ (0.64)	\$ 2.52	\$ (0.84)	\$ 4.15
Diluted				
Continuing operations	\$ (0.64)	\$ 3.07	\$ (0.84)	\$ 3.82
Discontinued operations	—	(0.57)	—	0.31
Net income (loss) attributable to A. H. Belo Corporation	\$ (0.64)	\$ 2.50	\$ (0.84)	\$ 4.13
Weighted average shares outstanding				
Basic	21,460,241	21,943,031	21,408,940	21,899,602
Diluted	21,460,241	22,034,687	21,408,940	22,006,022

A. H. Belo Corporation
Condensed Consolidated Balance Sheets

<i>In thousands, (unaudited)</i>	<i>December 31,</i>	
	<i>2015</i>	<i>2014</i>
Assets		
Current assets:		
Cash and cash equivalents	\$ 78,380	\$ 158,171
Accounts receivable, net	31,502	34,396
Other current assets	13,467	13,323
Assets of discontinued operations	—	565
Total current assets	<u>123,349</u>	<u>206,455</u>
Property, plant and equipment, net	51,358	61,589
Intangible assets, net	5,778	656
Goodwill	36,883	24,582
Other assets	4,133	5,465
Total assets	<u>\$ 221,501</u>	<u>\$ 298,747</u>
Liabilities and Shareholders' Equity		
Current liabilities:		
Accounts payable	\$ 12,736	\$ 12,904
Accrued compensation and other current liabilities	11,812	72,065
Advance subscription payments	14,424	15,894
Liabilities of discontinued operations	—	543
Total current liabilities	<u>38,972</u>	<u>101,406</u>
Long-term pension liabilities	57,446	65,859
Other liabilities	4,812	5,463
Total liabilities	<u>101,230</u>	<u>172,728</u>
Noncontrolling interests - redeemable	1,421	—
Total shareholders' equity attributable to A. H. Belo Corporation	117,781	125,763
Noncontrolling interests	1,069	256
Total shareholders' equity	<u>118,850</u>	<u>126,019</u>
Total liabilities and shareholders' equity	<u>\$ 221,501</u>	<u>\$ 298,747</u>

A. H. Belo Corporation - Non-GAAP Financial Measures

Reconciliation of Operating Income (Loss) to Adjusted Operating Income (Loss)

<i>In thousands, (unaudited)</i>	<i>Three Months Ended December 31,</i>		<i>Twelve Months Ended December 31,</i>	
	<i>2015</i>	<i>2014</i>	<i>2015</i>	<i>2014</i>
Total net operating revenue	\$ 73,088	\$ 73,212	\$ 272,108	\$ 272,788
Total operating costs and expense	82,640	80,161	290,403	280,474
Operating Loss	(9,552)	(6,949)	(18,295)	(7,686)
Addback:				
Depreciation	2,820	3,721	11,515	13,820
Amortization	242	77	1,349	198
Severance expense	145	932	2,891	1,163
Pension plan settlement loss	14,964	7,648	14,964	7,648
Adjusted Operating Income	\$ 8,619	\$ 5,429	\$ 12,424	\$ 15,143

The Company evaluates adjusted operating income which is presented for operating income adjusting for depreciation, amortization, severance expenses and pension plan settlement (“Adjusted Operating Income”). 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 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 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.