

**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 September 30,</i>		<i>Nine Months Ended September 30,</i>	
	<i>2018</i>	<i>2017</i>	<i>2018</i>	<i>2017</i>
<b>Net Operating Revenue:</b>				
Advertising and marketing services	\$ 25,260	\$ 34,875	\$ 77,398	\$ 106,101
Circulation	17,896	18,845	53,564	57,099
Printing, distribution and other	5,896	6,839	18,712	21,349
Total net operating revenue	49,052	60,559	149,674	184,549
<b>Operating Costs and Expense:</b>				
Employee compensation and benefits	21,174	24,642	67,375	79,088
Other production, distribution and operating costs	20,939	27,460	66,786	85,522
Newsprint, ink and other supplies	5,528	5,648	16,300	17,542
Depreciation	2,514	2,607	7,522	7,840
Amortization	199	200	599	599
Asset impairments	—	—	(22)	228
Total operating costs and expense	50,354	60,557	158,560	190,819
Operating income (loss)	(1,302)	2	(8,886)	(6,270)
Other income, net	862	2,588	2,641	3,876
<b>Income (Loss) Before Income Taxes</b>	(440)	2,590	(6,245)	(2,394)
Income tax provision (benefit)	596	10	(661)	261
<b>Net Income (Loss)</b>	\$ (1,036)	\$ 2,580	\$ (5,584)	\$ (2,655)
<b>Per Share Basis</b>				
Net income (loss)				
Basic and diluted	\$ (0.05)	\$ 0.12	\$ (0.26)	\$ (0.13)
Number of common shares used in the per share calculation:				
Basic	21,709,557	21,753,166	21,761,110	21,729,212
Diluted	21,709,557	21,754,627	21,761,110	21,729,212

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

<i>In thousands (unaudited)</i>	<i>September 30, 2018</i>	<i>December 31, 2017</i>
<b>Assets</b>		
Current assets:		
Cash and cash equivalents	\$ 58,471	\$ 57,660
Accounts receivable, net	19,759	26,740
Assets held for sale	1,089	1,089
Other current assets	10,824	16,905
Total current assets	<u>90,143</u>	<u>102,394</u>
Property, plant and equipment, net	27,294	31,706
Intangible assets, net	3,474	4,073
Goodwill	13,973	13,973
Deferred income taxes, net	6,679	5,355
Other assets	4,123	5,347
Total assets	<u>\$ 145,686</u>	<u>\$ 162,848</u>
<b>Liabilities and Shareholders' Equity</b>		
Current liabilities:		
Accounts payable	\$ 7,064	\$ 10,303
Accrued compensation and other current liabilities	12,042	12,518
Advance subscription payments	11,095	11,670
Total current liabilities	<u>30,201</u>	<u>34,491</u>
Long-term pension liabilities	19,746	23,038
Other liabilities	8,698	7,620
Total liabilities	<u>58,645</u>	<u>65,149</u>
Total shareholders' equity	<u>87,041</u>	<u>97,699</u>
Total liabilities and shareholders' equity	<u>\$ 145,686</u>	<u>\$ 162,848</u>

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

<i>In thousands (unaudited)</i>	<i>Three Months Ended September 30,</i>		<i>Nine Months Ended September 30,</i>	
	<i>2018</i>	<i>2017</i>	<i>2018</i>	<i>2017</i>
Total net operating revenue	\$ 49,052	\$ 60,559	\$ 149,674	\$ 184,549
Total operating costs and expense	50,354	60,557	158,560	190,819
<b>Operating Income (Loss)</b>	<b>\$ (1,302)</b>	<b>\$ 2</b>	<b>\$ (8,886)</b>	<b>\$ (6,270)</b>
Total net operating revenue	\$ 49,052	\$ 60,559	\$ 149,674	\$ 184,549
Addback:				
Advertising contra revenue	3,018	—	8,777	—
Circulation contra revenue	262	—	789	—
<b>Adjusted Operating Revenue</b>	<b>\$ 52,332</b>	<b>\$ 60,559</b>	<b>\$ 159,240</b>	<b>\$ 184,549</b>
Total operating costs and expense	\$ 50,354	\$ 60,557	\$ 158,560	\$ 190,819
Addback:				
Advertising contra expense	3,018	—	8,777	—
Circulation contra expense	262	—	789	—
Pension and post-employment expense (benefit)	(930)	5,051	(2,791)	3,333
Less:				
Depreciation	2,514	2,607	7,522	7,840
Amortization	199	200	599	599
Severance expense	222	531	756	1,175
Pension plan settlement loss	—	5,911	—	5,911
Asset impairments	—	—	(22)	228
<b>Adjusted Operating Expense</b>	<b>\$ 49,769</b>	<b>\$ 56,359</b>	<b>\$ 156,480</b>	<b>\$ 178,399</b>
Adjusted operating revenue	\$ 52,332	\$ 60,559	\$ 159,240	\$ 184,549
Adjusted operating expense	49,769	56,359	156,480	178,399
<b>Adjusted Operating Income</b>	<b>\$ 2,563</b>	<b>\$ 4,200</b>	<b>\$ 2,760</b>	<b>\$ 6,150</b>

The Company adopted the new revenue guidance (Topic 606) using the modified retrospective approach as of January 1, 2018. Results for reporting periods beginning after January 1, 2018, are presented in accordance with the new guidance, while prior period amounts are not restated. While the Company adjusts operating revenue and expense, for comparative purposes, these adjustments have no effect on adjusted operating income (loss). In addition, the Company adopted the new retirement benefits guidance (Topic 715) as of January 1, 2018, which requires net periodic pension and other post-employment expense (benefit) to be included in non-operating income (expense). As a result of adopting this guidance, total operating costs and expense increased \$930 and \$2,791 for the three and nine months ended September 30, 2018, respectively, and expense decreased \$5,051 and \$3,333 for the three and nine months ended September 30, 2017, respectively. In the third quarter of 2017, the Company completed a de-risking transaction to reduce the Company's pension liability, which resulted in a charge to pension expense of \$5,911.

The Company calculates adjusted operating income (loss) by adjusting operating income (loss) to include pension and post-employment expense (benefit) and exclude depreciation, amortization, severance expense, pension plan settlement loss and asset impairments ("adjusted operating income (loss)"). 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 (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 (loss), 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.