

**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>2017</i>	<i>2016</i>
<b>Net Operating Revenue:</b>		
Advertising and marketing services	\$ 35,204	\$ 35,237
Circulation	19,166	20,352
Printing, distribution and other	6,531	6,894
Total net operating revenue	60,901	62,483
<b>Operating Costs and Expense:</b>		
Employee compensation and benefits	27,875	27,017
Other production, distribution and operating costs	28,326	28,331
Newsprint, ink and other supplies	5,901	6,058
Depreciation	2,506	2,632
Amortization	200	226
Goodwill impairment	228	—
Total operating costs and expense	65,036	64,264
Operating loss	(4,135)	(1,781)
Other income (expense), net	(337)	79
<b>Loss from Continuing Operations Before Income Taxes</b>	(4,472)	(1,702)
Income tax benefit	(42)	(1,109)
<b>Net Loss</b>	(4,430)	(593)
Net income attributable to noncontrolling interests	—	39
<b>Net Loss Attributable to A. H. Belo Corporation</b>	\$ (4,430)	\$ (632)
<b>Per Share Basis</b>		
Net loss attributable to A. H. Belo Corporation		
Basic and diluted	\$ (0.21)	\$ (0.03)
Number of common shares used in the per share calculation:		
Basic and diluted	21,690,371	21,514,133

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

<i>In thousands (unaudited)</i>	<i>March 31,</i> <i>2017</i>	<i>December 31,</i> <i>2016</i>
<b>Assets</b>		
Current assets:		
Cash and cash equivalents	\$ 69,205	\$ 80,071
Accounts receivable, net	25,524	29,114
Other current assets	14,768	12,939
Total current assets	109,497	122,124
Property, plant and equipment, net	41,582	43,759
Intangible assets, net	4,672	4,872
Goodwill	13,973	14,201
Other assets	7,908	7,775
Total assets	<u>\$ 177,632</u>	<u>\$ 192,731</u>
<b>Liabilities and Shareholders' Equity</b>		
Current liabilities:		
Accounts payable	\$ 11,550	\$ 9,036
Accrued compensation and other current liabilities	11,568	14,975
Advance subscription payments	13,791	13,243
Total current liabilities	36,909	37,254
Long-term pension liabilities	53,916	54,843
Other liabilities	10,104	8,812
Total liabilities	100,929	100,909
Noncontrolling interest - redeemable	—	2,670
Total shareholders' equity attributable to A. H. Belo Corporation	76,703	87,918
Noncontrolling interests	—	1,234
Total shareholders' equity	76,703	89,152
Total liabilities and shareholders' equity	<u>\$ 177,632</u>	<u>\$ 192,731</u>

**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>2017</i>	<i>2016</i>
Total net operating revenue	\$ 60,901	\$ 62,483
Total operating costs and expense	65,036	64,264
<b>Operating Loss</b>	<b>\$ (4,135)</b>	<b>\$ (1,781)</b>
Total operating costs and expense	\$ 65,036	\$ 64,264
Less:		
Depreciation	2,506	2,632
Amortization	200	226
Severance expense	367	742
Goodwill impairment	228	—
<b>Adjusted Operating Expense</b>	<b>\$ 61,735</b>	<b>\$ 60,664</b>
Total net operating revenue	\$ 60,901	\$ 62,483
Adjusted operating expense	61,735	60,664
<b>Adjusted Operating Income (Loss)</b>	<b>\$ (834)</b>	<b>\$ 1,819</b>

The Company calculates adjusted operating income (loss) by adjusting operating loss to exclude depreciation, amortization, severance expense, pension plan settlement loss and goodwill impairment (“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 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.