

**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>2017</i>	<i>2016</i>	<i>2017</i>	<i>2016</i>
<b>Net Operating Revenue:</b>				
Advertising and marketing services	\$ 34,875	\$ 38,304	\$ 106,101	\$ 111,581
Circulation	18,845	19,633	57,099	59,806
Printing, distribution and other	6,839	6,843	21,349	22,502
Total net operating revenue	60,559	64,780	184,549	193,889
<b>Operating Costs and Expense:</b>				
Employee compensation and benefits	29,693	25,626	82,421	77,417
Other production, distribution and operating costs	27,460	30,615	85,522	88,844
Newsprint, ink and other supplies	5,648	6,315	17,542	18,834
Depreciation	2,607	2,488	7,840	7,725
Amortization	200	225	599	680
Goodwill impairment	—	—	228	—
Total operating costs and expense	65,608	65,269	194,152	193,500
Operating income (loss)	(5,049)	(489)	(9,603)	389
Other income, net	7,639	114	7,209	601
<b>Income (Loss) from Continuing Operations Before Income Taxes</b>	2,590	(375)	(2,394)	990
Income tax provision	10	77	261	1,361
<b>Net Income (Loss)</b>	2,580	(452)	(2,655)	(371)
Net income attributable to noncontrolling interests	—	45	—	65
<b>Net Income (Loss) Attributable to A. H. Belo Corporation</b>	\$ 2,580	\$ (497)	\$ (2,655)	\$ (436)
<b>Per Share Basis</b>				
Net income (loss) attributable to A. H. Belo Corporation				
Basic and diluted	\$ 0.12	\$ (0.02)	\$ (0.13)	\$ (0.02)
Number of common shares used in the per share calculation:				
Basic	21,753,166	21,676,260	21,729,212	21,601,828
Diluted	21,754,627	21,676,260	21,729,212	21,601,828

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

<i>In thousands (unaudited)</i>	<u>September 30,</u> <u>2017</u>	<u>December 31,</u> <u>2016</u>
<b>Assets</b>		
Current assets:		
Cash and cash equivalents	\$ 49,955	\$ 80,071
Accounts receivable, net	25,914	29,114
Assets held for sale	5,510	—
Other current assets	13,602	12,939
Total current assets	<u>94,981</u>	<u>122,124</u>
Property, plant and equipment, net	33,591	43,759
Intangible assets, net	4,273	4,872
Goodwill	13,973	14,201
Other assets	6,975	7,775
Total assets	<u>\$ 153,793</u>	<u>\$ 192,731</u>
<b>Liabilities and Shareholders' Equity</b>		
Current liabilities:		
Accounts payable	\$ 9,121	\$ 9,036
Accrued compensation and other current liabilities	13,036	14,975
Advance subscription payments	12,179	13,243
Total current liabilities	<u>34,336</u>	<u>37,254</u>
Long-term pension liabilities	28,413	54,843
Other liabilities	6,108	8,812
Total liabilities	<u>68,857</u>	<u>100,909</u>
Noncontrolling interest - redeemable	—	2,670
Total shareholders' equity attributable to A. H. Belo Corporation	84,936	87,918
Noncontrolling interests	—	1,234
Total shareholders' equity	<u>84,936</u>	<u>89,152</u>
Total liabilities and shareholders' equity	<u>\$ 153,793</u>	<u>\$ 192,731</u>

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

<i>In thousands (unaudited)</i>	<u>Three Months Ended September 30,</u>		<u>Nine Months Ended September 30,</u>	
	<u>2017</u>	<u>2016</u>	<u>2017</u>	<u>2016</u>
Total net operating revenue	\$ 60,559	\$ 64,780	\$ 184,549	\$ 193,889
Total operating costs and expense	65,608	65,269	194,152	193,500
<b>Operating Income (Loss)</b>	<b>\$ (5,049)</b>	<b>\$ (489)</b>	<b>\$ (9,603)</b>	<b>\$ 389</b>
Total operating costs and expense	\$ 65,608	\$ 65,269	\$ 194,152	\$ 193,500
Less:				
Depreciation	2,607	2,488	7,840	7,725
Amortization	200	225	599	680
Severance expense	531	49	1,175	1,049
Pension plan settlement loss	5,911	—	5,911	—
Goodwill impairment	—	—	228	—
<b>Adjusted Operating Expense</b>	<b>\$ 56,359</b>	<b>\$ 62,507</b>	<b>\$ 178,399</b>	<b>\$ 184,046</b>
Total net operating revenue	\$ 60,559	\$ 64,780	\$ 184,549	\$ 193,889
Adjusted operating expense	56,359	62,507	178,399	184,046
<b>Adjusted Operating Income</b>	<b>\$ 4,200</b>	<b>\$ 2,273</b>	<b>\$ 6,150</b>	<b>\$ 9,843</b>

The Company calculates adjusted operating income by adjusting operating income (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 income (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.