

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</i>							
	<i>June 30, 2019</i>	<i>March 31, 2019</i>	<i>December 31, 2018</i>	<i>September 30, 2018</i>	<i>June 30, 2018</i>	<i>March 31, 2018</i>	<i>December 31, 2017</i>	<i>September 30, 2017</i>
Total net operating revenue	\$ 47,735	\$ 46,589	\$ 52,613	\$ 49,052	\$ 51,169	\$ 49,453	\$ 64,077	\$ 60,559
Total operating costs and expense	24,940	50,641	53,616	50,354	52,536	55,670	65,389	60,557
Operating Income (Loss)	\$ 22,795	\$ (4,052)	\$ (1,003)	\$ (1,302)	\$ (1,367)	\$ (6,217)	\$ (1,312)	\$ 2
Total net operating revenue	\$ 47,735	\$ 46,589	\$ 52,613	\$ 49,052	\$ 51,169	\$ 49,453	\$ 64,077	\$ 60,559
Addback:								
Advertising contra revenue	2,464	2,652	2,943	3,018	2,906	2,853	-	-
Circulation contra revenue	145	175	217	262	269	258	-	-
Adjusted Operating Revenue	\$ 50,344	\$ 49,416	\$ 55,773	\$ 52,332	\$ 54,344	\$ 52,564	\$ 64,077	\$ 60,559
Total operating costs and expense	\$ 24,940	\$ 50,641	\$ 53,616	\$ 50,354	\$ 52,536	\$ 55,670	\$ 65,389	\$ 60,557
Addback:								
Advertising contra expense	2,464	2,652	2,943	3,018	2,906	2,853	-	-
Circulation contra expense	145	175	217	262	269	258	-	-
Less:								
Depreciation	2,333	2,386	2,380	2,514	2,535	2,473	2,575	2,607
Amortization	200	200	200	199	200	200	200	200
Severance expense	800	601	17	222	411	123	84	531
Gain on sale of assets, net	(25,908)	-	-	-	-	-	-	-
Asset impairments	-	-	-	-	(22)	-	3,116	-
Adjusted Operating Expense	\$ 50,124	\$ 50,281	\$ 54,179	\$ 50,699	\$ 52,587	\$ 55,985	\$ 59,414	\$ 57,219
Adjusted operating revenue	\$ 50,344	\$ 49,416	\$ 55,773	\$ 52,332	\$ 54,344	\$ 52,564	\$ 64,077	\$ 60,559
Adjusted operating expense	50,124	50,281	54,179	50,699	52,587	55,985	59,414	57,219
Adjusted Operating Income (Loss)	\$ 220	\$ (865)	\$ 1,594	\$ 1,633	\$ 1,757	\$ (3,421)	\$ 4,663	\$ 3,340
Adjusted Operating Income (Loss) as previously reported			\$ 2,621	\$ 2,563	\$ 2,688	\$ (2,491)	\$ 5,525	\$ 4,200

A. H. Belo Corporation (the "Company") calculates adjusted operating income (loss) by adjusting operating income (loss) to exclude depreciation, amortization, severance expense, gain on sale of assets 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.

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 non-GAAP presentation, these adjustments have no effect on adjusted operating income (loss). Additionally, the Company adopted the new retirement benefits guidance (Topic 715) retrospectively 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 of January 1, 2019, the Company determined pension and post-employment expense (benefit) would no longer be an addback in the calculation of adjusted operating expense. For comparative purposes, adjusted operating expense and adjusted operating income (loss) for the prior periods were restated.

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 versus 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.

A. H. Belo Corporation - 2019 Non-GAAP Financial Measures (by Segment)
Reconciliation of Operating Income (Loss) to Adjusted Operating Income (Loss)

<i>In thousands (unaudited)</i>	<i>Six Months Ended</i>		<i>Three Months Ended</i>			
	<i>June 30, 2019</i>		<i>June 30, 2019</i>		<i>March 31, 2019</i>	
	<i>Publishing</i>	<i>Marketing Services</i>	<i>Publishing</i>	<i>Marketing Services</i>	<i>Publishing</i>	<i>Marketing Services</i>
Total net operating revenue	\$ 81,618	\$ 12,706	\$ 40,915	\$ 6,820	\$ 40,703	\$ 5,886
Total operating costs and expense	62,916	12,665	18,173	6,767	44,743	5,898
Operating Income (Loss)	\$ 18,702	\$ 41	\$ 22,742	\$ 53	\$ (4,040)	\$ (12)
Total net operating revenue	\$ 81,618	\$ 12,706	\$ 40,915	\$ 6,820	\$ 40,703	\$ 5,886
Addback:						
Advertising contra revenue	3,190	1,926	1,545	919	1,645	1,007
Circulation contra revenue	320	-	145	-	175	-
Adjusted Operating Revenue	\$ 85,128	\$ 14,632	\$ 42,605	\$ 7,739	\$ 42,523	\$ 6,893
Total operating costs and expense	\$ 62,916	\$ 12,665	\$ 18,173	\$ 6,767	\$ 44,743	\$ 5,898
Addback:						
Advertising contra expense	3,190	1,926	1,545	919	1,645	1,007
Circulation contra expense	320	-	145	-	175	-
Less:						
Depreciation	4,580	139	2,263	70	2,317	69
Amortization	-	400	-	200	-	200
Severance expense	1,343	58	742	58	601	-
Gain on sale of assets, net	(25,908)	-	(25,908)	-	-	-
Asset impairments	-	-	-	-	-	-
Adjusted Operating Expense	\$ 86,411	\$ 13,994	\$ 42,766	\$ 7,358	\$ 43,645	\$ 6,636
Adjusted operating revenue	\$ 85,128	\$ 14,632	\$ 42,605	\$ 7,739	\$ 42,523	\$ 6,893
Adjusted operating expense	86,411	13,994	42,766	7,358	43,645	6,636
Adjusted Operating Income (Loss)	\$ (1,283)	\$ 638	\$ (161)	\$ 381	\$ (1,122)	\$ 257

A. H. Belo Corporation - 2018 (Recast) Non-GAAP Financial Measures (by Segment)
Reconciliation of Operating Income (Loss) to Adjusted Operating Income (Loss)

<i>In thousands (unaudited)</i>	<i>Twelve Months Ended</i>		<i>Three Months Ended</i>							
	<i>December 31, 2018</i>		<i>December 31, 2018</i>		<i>September 30, 2018</i>		<i>June 30, 2018</i>		<i>March 31, 2018</i>	
	<i>Publishing</i>	<i>Marketing Services</i>	<i>Publishing</i>	<i>Marketing Services</i>	<i>Publishing</i>	<i>Marketing Services</i>	<i>Publishing</i>	<i>Marketing Services</i>	<i>Publishing</i>	<i>Marketing Services</i>
Total net operating revenue	\$ 178,520	\$ 23,767	\$ 46,558	\$ 6,055	\$ 43,248	\$ 5,804	\$ 45,085	\$ 6,084	\$ 43,629	\$ 5,824
Total operating costs and expense	189,844	22,332	48,056	5,560	44,973	5,381	46,884	5,652	49,931	5,739
Operating Income (Loss)	\$ (11,324)	\$ 1,435	\$ (1,498)	\$ 495	\$ (1,725)	\$ 423	\$ (1,799)	\$ 432	\$ (6,302)	\$ 85
Total net operating revenue	\$ 178,520	\$ 23,767	\$ 46,558	\$ 6,055	\$ 43,248	\$ 5,804	\$ 45,085	\$ 6,084	\$ 43,629	\$ 5,824
Addback:										
Advertising contra revenue	6,782	4,938	1,724	1,219	1,746	1,272	1,711	1,195	1,601	1,252
Circulation contra revenue	1,006	-	217	-	262	-	269	-	258	-
Adjusted Operating Revenue	\$ 186,308	\$ 28,705	\$ 48,499	\$ 7,274	\$ 45,256	\$ 7,076	\$ 47,065	\$ 7,279	\$ 45,488	\$ 7,076
Total operating costs and expense	\$ 189,844	\$ 22,332	\$ 48,056	\$ 5,560	\$ 44,973	\$ 5,381	\$ 46,884	\$ 5,652	\$ 49,931	\$ 5,739
Addback:										
Advertising contra expense	6,782	4,938	1,724	1,219	1,746	1,272	1,711	1,195	1,601	1,252
Circulation contra expense	1,006	-	217	-	262	-	269	-	258	-
Less:										
Depreciation	9,699	203	2,310	70	2,455	59	2,498	37	2,436	37
Amortization	-	799	-	200	-	199	-	200	-	200
Severance expense	740	33	17	-	195	27	407	4	121	2
Gain on sale of assets, net	-	-	-	-	-	-	-	-	-	-
Asset impairments	(22)	-	-	-	-	-	(22)	-	-	-
Adjusted Operating Expense	\$ 187,215	\$ 26,235	\$ 47,670	\$ 6,509	\$ 44,331	\$ 6,368	\$ 45,981	\$ 6,606	\$ 49,233	\$ 6,752
Adjusted operating revenue	\$ 186,308	\$ 28,705	\$ 48,499	\$ 7,274	\$ 45,256	\$ 7,076	\$ 47,065	\$ 7,279	\$ 45,488	\$ 7,076
Adjusted operating expense	187,215	26,235	47,670	6,509	44,331	6,368	45,981	6,606	49,233	6,752
Adjusted Operating Income (Loss)	\$ (907)	\$ 2,470	\$ 829	\$ 765	\$ 925	\$ 708	\$ 1,084	\$ 673	\$ (3,745)	\$ 324
Adjusted Operating Income (Loss) as previously reported	\$ 3,089	\$ 2,292	\$ 1,642	\$ 979	\$ 2,026	\$ 537	\$ 2,069	\$ 619	\$ (2,648)	\$ 157

In the first quarter of 2019, the Company determined one of the Company's business units, previously reported in the Publishing segment, is now providing services and products more closely aligned with the Marketing Services segment. Beginning January 1, 2019, this business unit will be reported in the Marketing Services segment. The 2018 financial information by segment was recast for comparative purposes.

The Company adopted the new retirement benefits guidance (Topic 715) retrospectively 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 of January 1, 2019, the Company determined pension and post-employment expense (benefit) would no longer be an addback in the calculation of adjusted operating expense. For comparative purposes, adjusted operating expense and adjusted operating income (loss) for the prior periods were restated.