UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549

# FORM 8-K

CURRENT REPORT

PURSUANT TO SECTION 13 OR 15(d) OF THE
SECURITIES EXCHANGE ACT OF 1934

Date of Report (Date of earliest event reported): October 31, 2013


# A. H. BELO CORPORATION

(Exact name of registrant as specified in its charter)

Commission file number: **1-33741**

| | |
|---|---|
| **Delaware** | **38-3765318** |
| (State or other jurisdiction of incorporation or organization) | (I.R.S. Employer Identification No.) |
| **P. O. Box 224866, Dallas, Texas 75222-4866** | **(214) 977-8200** |
| (Address of principal executive offices, including zip code) | (Registrant's telephone number, including area code) |

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions:

☐ Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)
☐ Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)
☐ Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))
☐ Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))

**Item 1.01. Entry into a Material Definitive Agreement.**

Effective as of October 31, 2013, the Press-Enterprise Company (the "Seller"), AHC California Properties LLC and A. H. Belo Management Services Inc., each of which is a wholly-owned subsidiary of A. H. Belo Corporation, entered into Amendment No. 1 (the "Amendment") to the Asset Purchase Agreement dated October 9, 2013, (the "Purchase Agreement") for the sale of substantially all of the assets of the Press-Enterprise Company and certain other assets (the "Sale"), comprising the newspaper operations of *The Press-Enterprise* and related real property located in Riverside, California, to Freedom Communications Holdings, Inc. (the "Buyer") for $27.25 million in cash (the "Purchase Price"). The Purchase Agreement and the related guaranty were previously filed with the Securities and Exchange Commission on Current Report on Form 8-K filed October 11, 2013.

The Amendment extends the date after which the Seller may terminate the Purchase Agreement to November 15, 2013. In exchange for this extension, the Buyer has paid the Seller $1 million in cash, which amount is nonrefundable but will be credited against the Purchase Price if closing occurs on or prior to November 15, 2013. In addition, the Buyer made certain additional representations, waived all of its closing conditions and termination rights and agreed that the Seller may immediately pursue alternative transactions for *The Press-Enterprise* to be consummated only in the event that the Purchase Agreement is terminated. The foregoing summary of the Amendment to the Purchase Agreement is not complete and is qualified in its entirety by reference to the Amendment, which is filed as Exhibit 10.1 to this Form 8-K and is incorporated herein by reference.

**Item 2.02. Results of Operations and Financial Condition.**

On November 4, 2013, A. H. Belo Corporation announced its consolidated financial results for the three and nine months ended September 30, 2013. A copy of the announcement press release is furnished with this report as Exhibit 99.1.

**Item 9.01. Financial Statements and Exhibits.**

(d) Exhibits.

10.1 Amendment No. 1 to Asset Purchase Agreement dated October 31, 2013, between Press-Enterprise Company, AHC California Properties LLC, A. H. Belo Management Services, Inc. and Freedom Communications Holdings, Inc.

99.1 Press Release issued by A. H. Belo Corporation on November 4, 2013.

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**SIGNATURE**

Pursuant to the requirements of the Securities Exchange Act of 1934, the Registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

A. H. BELO CORPORATION

By: /s/ Alison K. Engel

Alison K. Engel
Senior Vice President/Chief Financial Officer

Date: November 4, 2013

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**EXHIBIT INDEX**

Exhibit No. 10.1 Amendment No. 1 to Asset Purchase Agreement dated October 31, 2013, between Press-Enterprise Company, AHC California Properties LLC, A. H. Belo Management Services, Inc. and Freedom Communications Holdings, Inc.

Exhibit No. 99.1 Press Release issued by A. H. Belo Corporation on November 4, 2013.

**Exhibit 10.1**

# AMENDMENT NO. 1 TO
# ASSET PURCHASE AGREEMENT

This AMENDMENT NO. 1 TO ASSET PURCHASE AGREEMENT, dated as of October 31, 2013 (this " Amendment"), between Press-Enterprise Company, a Delaware corporation (the " Seller"), AHC California Properties, LLC, a Delaware limited liability company ("AHC California"), and A. H. Belo Management Services Inc., a Delaware corporation (" AHBMS" and, together with AHC California, the "Affiliated Sellers"), on the one hand, and Freedom Communications Holdings, Inc., a Delaware corporation (the "Buyer"), on the other hand.

## RECITALS

A. The Seller, the Affiliated Sellers and the Buyer entered into that certain Asset Purchase Agreement, dated October 9, 2013 (the "Agreement"; capitalized terms used but not defined in this Amendment shall have the meanings ascribed to them in the Agreement).

B. Pursuant to the terms and conditions of this Amendment, the parties to the Agreement desire to amend the Agreement to provide for certain changes to the terms and conditions thereof.

C. Pursuant to Section 10.2 of the Agreement, the Agreement may be amended by the parties thereto by an instrument in writing specifically designated as an amendment to the Agreement, signed on behalf of each party to the Agreement.

D. Concurrently herewith, the Buyer has paid to the Seller, by wire transfer to a bank account designated in writing by the Seller, an amount equal to $1,000,000.00 (the "Deposit"), in immediately available funds in United States dollars.

## AGREEMENT

In consideration of the foregoing and the mutual covenants and agreements herein contained, and intending to be legally bound hereby, the parties agree as follows:

Section 1 Deposit. The Seller and the Buyer agree that the Buyer has paid the Deposit to the Seller in full exclusively as consideration for the covenants and agreements contained herein, and the Buyer shall not be entitled to any refund or credit for the Deposit, except as expressly provided herein.

Section 2 Amendments to the Agreement. Notwithstanding any provision of the Agreement, the Agreement is hereby amended as follows:

(a) Consideration. In the event that the Closing occurs on or prior to November 15, 2013 (the " Amended Termination Date"), the amount payable by the Buyer to the Seller pursuant to Section 2.6 of the Agreement shall be reduced by the amount of the Deposit.

(b) Closing Certificate. The duly executed certificate of an executive officer of the Seller certifying the fulfillment of the conditions set forth in Section 7.3(a) of the

Agreement to be delivered to the Buyer pursuant to Section 2.7(b)(xiv) of the Agreement shall be dated as of October 22, 2013 (the "Risk of Loss Date").

(c) Representations and Warranties of the Buyer. A new Section 4.8 is hereby added to the Agreement as follows:

"Section 4.8 Additional Financial Representations.

(a) At the Closing, the Buyer has sufficient capital to fund the total consideration contemplated to be paid hereunder and to satisfy all liabilities of the Buyer when those liabilities become due (including the Assumed Liabilities). As of the Closing, the Buyer shall have taken all measures necessary to ensure that the Buyer will have sufficient cash on hand to pay the total consideration contemplated to be paid hereunder. In addition, as of the Closing, the Buyer shall have taken all measures necessary, including, without limitation, obtaining additional capital contributions, to ensure that, after giving effect to the Transactions, including the payment of the Purchase Price and the satisfaction of all liabilities of the Buyer (including the Assumed Liabilities) when those liabilities become due, the Buyer will be Solvent.

(b) For purposes of this Agreement, "Solvent" when used with respect to the Buyer, means that, as of any date of determination (i) the amount of the Present Fair Salable Value of its assets will, as of such date, exceed all of its liabilities, contingent or otherwise, as of such date, (ii) the Buyer will not have, as of such date, an unreasonably small amount of capital for the business in which it is engaged or will be engaged and (iii) the Buyer will be able to pay its debts as they become absolute and mature, taking into account the timing of and amounts of cash to be received by it and the timing of and amounts of cash to be payable on or in respect of its indebtedness, in each case after giving effect to the Transactions. For purposes of the definition of "Solvent," (i) "debt" means liability on a "claim" and (ii) "claim" means (A) any right to payment, whether or not such a right is reduced to judgment, liquidated, unliquidated, fixed, contingent, matured, unmatured, disputed, undisputed, legal, equitable, secured or unsecured or (B) the right to an equitable remedy for breach on performance if such breach gives rise to a right to payment, whether or not such equitable remedy is reduced to judgment, liquidated, unliquidated, fixed, contingent, matured, unmatured, disputed, undisputed, legal, equitable, secured or unsecured.

(c) "Present Fair Saleable Value" means the amount that may be realized if the aggregate assets of the Buyer (including goodwill) are sold as an entirety with reasonable promptness in an arms-length transaction under present conditions for the sale of comparable business enterprises.

(d) None of the consideration contemplated to be paid hereunder shall be paid from the Merger Agreement Funds. "Merger Agreement Funds" means any "Released Holdback Amount" as defined in that certain

Agreement and Plan of Merger dated as of June 9, 2012 pursuant to which 2100 Trust, LLC acquired the Buyer, which is the subject of that certain Verified Complaint, filed on October 25, 2013 in the Court of Chancery of the State of Delaware, on behalf of Angelo, Gordon Management, LLC, in its capacity as Stockholder Representative, as plaintiff, against 2100 Trust, LLC, as defendant.

(d) Exclusivity. Section 5.10 of the Agreement is amended and restated in its entirety as follows:

"Section 5.10 Exclusivity. The Seller and the Affiliated Sellers agree that between the date of this Agreement and the earlier of the Closing and the termination of this Agreement, the Seller and the Affiliated Sellers shall not enter into any legally binding agreement with any Person other than the Seller pursuant to which such Person would, directly or indirectly, acquire or purchase all or any portion of the Business or the Transferred Assets (an "Alternative Transaction"), whether effected by sale of assets, sale of stock, merger or otherwise, other than inventory to be sold in the ordinary course of business consistent with past practice of the Business, that would materially impair the ability of the Seller or any Affiliated Seller to consummate the Transactions. For the avoidance of doubt, subject to the Confidentiality Agreements, the Seller and the Affiliated Sellers shall not be limited or restricted in their ability to solicit, initiate, consider, encourage, discuss, negotiate or furnish information with respect to other proposals or offers from any Person relating to an Alternative Transaction so long as (a) each third party is notified in writing of the Seller's exclusive commitment to close the transaction with the Buyer unless this Agreement is terminated and (b) each third party acknowledges in writing or by signature of a notice provided by the Seller that such third party will not directly or indirectly interfere with the Closing of the Transactions under this Agreement prior to the Termination Date (as amended)."

(e) Conditions to Obligations of the Buyer. All of the conditions to the obligations of the Buyer to consummate the Transactions set forth in Section 7.1 and 7.3 of the Agreement shall be deemed fulfilled from October 15, 2013 until the earlier of the Closing and the termination of the Agreement.

(f) Survival of Representations, Warranties and Covenants. For purposes of Section 8.1 of the Agreement, any reference to the Closing Date shall be deemed to be a reference to the Risk of Loss Date.

(g) Termination. The Buyer may not terminate the Agreement. The Seller may not terminate the Agreement, unless the Closing shall not have occurred by the Amended Termination Date, in which case the Seller may terminate the Agreement at any time.

(h) Termination Date. The Termination Date shall be amended to be the Amended Termination Date.

Section 3 Effect of Amendment. This Amendment shall only become effective upon receipt by the Seller of the Deposit. Except as amended as set forth above, the Agreement shall continue in full force and effect.

Section 4 Amendment and Modification. This Amendment may not be amended, modified or supplemented in any manner, whether by course of conduct or otherwise, except by an instrument in writing specifically designated as an amendment hereto, signed on behalf of each party.

Section 5 Interpretation. The headings contained in this Amendment are for convenience of reference purposes only and shall not affect in any way the meaning or interpretation of this Amendment. All words used in this Amendment will be construed to be of such gender or number as the circumstances require.

Section 6 Governing Law. This Amendment and all disputes or controversies arising out of or relating to this Amendment or the transactions contemplated hereby shall be governed by, and construed in accordance with, the internal laws of the State of California, without regard to the laws of any other jurisdiction that might be applied because of the conflicts of laws principles of the State of California.

Section 7 Submission to Jurisdiction. Each of the parties irrevocably agrees that any legal action or proceeding arising out of or relating to this Amendment shall be subject to Section 10.9 (Submission to Jurisdiction) of the Agreement.

Section 8 Successors and Assigns. This Amendment will be binding upon, inure to the benefit of and be enforceable by the parties and their respective successors and permitted assigns.

Section 9 Counterparts; Electronic Signatures. This Amendment may be executed in one or more counterparts, each of which shall be deemed to be an original but all of which together shall constitute one and the same instrument and shall become effective when one or more counterparts have been signed by each of the parties and delivered to the other parties. A facsimile, PDF or other electronic signature of this Amendment shall be valid and have the same force and effect as a manually signed original.

[The remainder of this page is intentionally left blank.]

IN WITNESS WHEREOF, the Seller and the Affiliated Sellers and the Buyer have caused this Amendment to be executed as of the date first written above by their respective officers thereunto duly authorized.

PRESS-ENTERPRISE COMPANY,
a Delaware corporation

By: /s/ Alison K. Engel
Name: Alison Engel
Title: Treasurer and Assistant Secretary

AHC CALIFORNIA PROPERTIES, LLC,
a Delaware limited liability company

By: /s/ Alison K. Engel
Name: Alison Engel
Title: Treasurer and Assistant Secretary

A. H. BELO MANAGEMENT SERVICES, INC.,
a Delaware corporation

By: /s/ Alison K. Engel
Name: Alison Engel
Title: Treasurer and Assistant Secretary

FREEDOM COMMUNICATIONS HOLDINGS, INC.,
a Delaware corporation

By: /s/ Aaron Kushner Name: Aaron Kushner
Title: CEO

SIGNATURE PAGES TO AMENDMENT NO. 1 TO ASSET PURCHASE AGREEMENT

Exhibit 99.1

**FOR IMMEDIATE RELEASE**
Monday, November 4, 2013
7:00 A.M. CST

**A. H. Belo Corporation Announces Third Quarter 2013 Net Income from Continuing Operations and Updates Sales of Assets and Financial and Operating Strategies**

**DALLAS** - A. H. Belo Corporation (NYSE: AHC) today reported third quarter 2013 net income of $0.09 per share from continuing operations compared to net income of $0.11 per share from continuing operations in the third quarter of 2012. Third quarter 2012 net income from continuing operations included a nonrecurring credit of $2.5 million for a consent judgment related to past tax assessments of real estate by the City of Providence.

In conjunction with the completed sale of the five-story office building and the pending sale of the newspaper operations in Riverside, California, *The Press-Enterprise* newspaper operations and the sale of such building and assets are now reported as discontinued operations in the Company's financial statements (see further discussion below).

Earnings before interest, taxes, depreciation and amortization ("EBITDA"), from continuing operations, was $7.9 million in the third quarter of 2013, compared to $9.1 million in the prior year period. Excluding the nonrecurring credit of $2.5 million in third quarter of 2012, EBITDA improved by $1.3 million in the third quarter of 2013 due primarily to continued expense containment. As of September 30, 2013, cash and cash equivalents were $56.4 million, and the Company had no debt.

Jim Moroney, chairman, president and Chief Executive Officer, said, "Increases in revenues from new businesses offset just under half of the core print revenue declines in the third quarter. Strong expense management contributed to the positive results for the quarter.

"We are pleased to have completed the sale of the five-story office building and related assets in Riverside, California to the County of Riverside and look forward to closing on the previously announced sale of the newspaper operations of *The Press-Enterprise* to Freedom Communications Holdings, Inc. in mid-November. The cash



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proceeds from each of these transactions will allow the Company to continue to pursue opportunities to diversify and grow revenues and EBITDA and reduce our reliance on core print advertising revenues which remain challenged."

**<u>Discontinued Operations and Sales of Assets</u>**

On October 9, 2013, the Company and Freedom Communications Holdings, Inc. entered into a definitive asset purchase agreement under which Freedom Communications Holdings, Inc. would acquire substantially all of the assets which comprise the newspaper operations of *The Press-Enterprise* located in Riverside, CA (including the production facility and related land) for $27.25 million in cash and subject to usual closing costs and customary working capital adjustment to be finalized by January 2014. Effective October 31, 2013, the Company amended the asset purchase agreement. The amendment effectively extends the transaction closing date to mid-November in return for a non-refundable deposit of $1.0 million to be credited to the purchase price at closing.

On July 17, 2013, the Company completed the sale of its five-story office building and certain related assets in Riverside, California to the County of Riverside for $30.0 million. The proceeds to the Company were approximately $28.6 million after selling costs of approximately $1.4 million. In the third quarter of 2013 the Company recorded a pretax gain of $4.5 million related to this transaction.

In the third quarter of 2013, *The Press-Enterprise* also sold certain equipment which was idled in 2012 when the newspaper ceased printing certain unprofitable commercial products. This transaction generated net proceeds of $0.5 million and a pretax gain of $0.3 million.

These gains, along with third quarter pretax losses of $1.6 million related to *The Press-Enterprise,* resulted in income from discontinued operations of $3.2 million, net of tax.

A. H. Belo will continue to own and market for sale the land and buildings associated with a discontinued commercial printing operation in Riverside. This property is expected to generate proceeds in the $1.4 to $1.6 million range.

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## Update on Financial and Operating Strategies

A. H. Belo's management team and its Board of Directors have reviewed A. H. Belo's previously disclosed financial and operating strategies in anticipation of the sale of substantially all of the assets of *The Press-Enterprise*. The Company plans to:

- Explore further opportunities to invest in or buy advertising or marketing services companies with established financial performance and strong management teams in order to diversify and grow revenue and EBITDA, and
- In the future, consider modifying share repurchase programs after balancing the potential for acquisitions or investments with the possibility of generating additional cash proceeds.

The Company's acquisition and investment efforts are focused on businesses with products and services that complement the existing advertising and marketing services currently offered by its newspapers. Grant Moise, senior vice president/business development, is leading an effort to identify and evaluate qualified businesses. While the level of investment is not currently known, the Company anticipates that it will exceed previous investments, which were in the $3.0 to $5.0 million range.

The Company remains focused on returning capital to shareholders primarily through its quarterly dividend, which was increased to $0.08 per share in the third quarter of 2013, and modest share repurchases. The Company will evaluate the ability to modify share repurchase levels in the future after balancing the acquisitions and investments potential with possibility of generating additional cash proceeds.

## Third Quarter Results from Continuing Operations

Total revenue was $90.2 million in the third quarter of 2013, a decrease of 2 percent compared to the prior year period.

Revenue from advertising and marketing services, including print and digital revenues, decreased 4 percent. Digital revenue increased 22 percent over the prior year quarter, primarily due to continued growth in automotive digital revenue at *The Dallas Morning News* and marketing services revenue associated with 508 Digital



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and Speakeasy. Increases in digital revenue were offset by declines in display, preprint and classified advertising revenues which decreased 11 percent, 3 percent and 13 percent, respectively.

Advertising revenue from niche publications, which is a component of the display, preprint, classified and digital revenues reported above, decreased 3 percent compared to the prior year period.

Circulation revenue decreased 1 percent to $30.6 million in the third quarter of 2013 compared to the prior year period due to home delivery and single copy volume declines mostly offset by increased average rate for home delivery.

Printing and distribution revenue increased 6 percent to $9.8 million in the third quarter of 2013 primarily due to expansion of the distribution of outside newspapers at *The Providence Journal*.

Total consolidated operating expense in the third quarter was $88.9 million, a 1 percent decrease compared to the prior year period as headcount related expenses, newsprint, distribution, outside solicitation and depreciation expenses all decreased.

The Company's newsprint expense in the third quarter was $6.8 million, a decrease of 10 percent compared to the prior year period. Newsprint consumption dropped 5 percent to approximately 11,500 metric tons. Compared to the prior year period, newsprint cost per metric ton and the average purchase price per metric ton for newsprint decreased 6 percent and 4 percent, respectively.

Corporate and non-operating unit expenses in the third quarter were $4.5 million, a decrease of 16 percent compared to the prior year period as legal and technology expenses decreased.

Capital expenditures totaled $1.4 million in the third quarter. The Company anticipates full-year 2013 capital expenditures to be approximately $7.0 million.

As of September 30, 2013, A. H. Belo had approximately 1,600 full-time equivalent employees, a decrease of approximately 5 percent compared to the prior year period.

**-more-**

## Pension Plans

In the third quarter of 2013, the Company made voluntary contributions to its pension plans of $4.6 million and required contributions of $5.1 million, which included the acceleration of the scheduled fourth quarter pension payment. No further pension contributions will be made in 2013.

## Non-GAAP Financial Measures

Reconciliations of net income (loss) to EBITDA from continuing operations are included as exhibits to this release.

## Financial Results Conference Call

A. H. Belo will conduct a conference call on Monday, November 4 at 2:00 p.m. CST to discuss financial results. The conference call will be available via webcast by accessing the Company's website ( www.ahbelo.com/invest) or by dialing 1-800-230-1085 (USA) or 612-234-9960 (International). A replay line will be available at 1-800-475-6701 (USA) or 320-365-3844 (International) from 4:00 p.m. CST on November 4 until 11:59 p.m. CST on November 11, 2013. The access code for the replay is 304953.



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## About A. H. Belo Corporation

A. H. Belo Corporation (NYSE: AHC), headquartered in Dallas, Texas, is a distinguished newspaper publishing and local news and information company that owns and operates three daily newspapers and related websites. A. H. Belo publishes *The Dallas Morning News*, Texas' leading newspaper and winner of nine Pulitzer Prizes; *The Providence Journal*, the oldest continuously-published daily newspaper in the United States and winner of four Pulitzer Prizes; and the *Denton Record-Chronicle*. The Company publishes various niche publications targeting specific audiences, and its investments include Classified Ventures, owner of Cars.com, and Wanderful Media, owner of Find&Save. A. H. Belo offers digital marketing solutions through 508 Digital and Speakeasy and also owns and operates commercial printing, distribution and direct mail service businesses. Additional information is available at www.ahbelo.com or by contacting Alison K. Engel, Senior Vice President/Chief Financial Officer, at 214-977-2248.

*Statements in this communication concerning A. H. Belo Corporation's (the "Company's") business outlook or future economic performance, anticipated profitability, revenue, expense, dividends, capital expenditures, investments, impairments, business initiatives, pension plan contributions and obligations, real estate sales, working capital, future financings and other financial and non-financial items that are not historical facts, are "forward-looking statements" as the term is defined under applicable federal securities laws. Forward-looking statements are subject to risks, uncertainties and other factors that could cause actual results to differ materially from those statements.*

*Such risks, uncertainties and factors include, but are not limited to, changes in capital market conditions and prospects, and other factors such as changes in advertising demand and newsprint prices; newspaper circulation trends and other circulation matters, including changes in readership methods, patterns and demography; and audits and related actions by the Alliance for Audited Media; challenges implementing increased subscription pricing and new pricing structures; challenges in achieving expense reduction goals in a timely manner and the resulting potential effects on operations; technological changes; development of Internet commerce; industry cycles; changes in pricing or other actions by existing and new competitors and suppliers; consumer acceptance of new products and business initiatives; labor relations; regulatory, tax and legal changes; adoption of new accounting standards or changes in existing accounting standards by the Financial Accounting Standards Board or other accounting standard-setting bodies or authorities; the effects of Company acquisitions, dispositions, co-owned ventures and investments; pension plan matters; general economic conditions and changes in interest rates; significant armed conflict; acts of terrorism; and other factors beyond our control, as well as other risks described in the Company's Annual Report on Form 10-K, and in the Company's other public disclosures and filings with the Securities and Exchange Commission.*

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## A. H. Belo Corporation
## Condensed Consolidated Statements of Operations

| *In thousands, except share and per share amounts (unaudited)* | *Three Months Ended September 30,* 2013 | *Three Months Ended September 30,* 2012 | *Nine Months Ended September 30,* 2013 | *Nine Months Ended September 30,* 2012 |
|---|---|---|---|---|
| **Net Operating Revenue** | | | | |
| Advertising and marketing services | $ 49,785 | $ 52,095 | $ 151,561 | $ 156,350 |
| Circulation | 30,603 | 30,942 | 89,277 | 92,644 |
| Printing and distribution | 9,773 | 9,222 | 27,258 | 26,228 |
| Total net operating revenue | 90,161 | 92,259 | 268,096 | 275,222 |
| **Operating Costs and Expense** | | | | |
| Salaries, wages and employee benefits | 35,914 | 37,462 | 110,689 | 113,762 |
| Other production, distribution and operating costs | 34,713 | 33,755 | 104,805 | 102,392 |
| Newsprint, ink and other supplies | 12,803 | 12,508 | 37,132 | 36,443 |
| Depreciation | 4,371 | 4,790 | 14,053 | 16,648 |
| Amortization | 1,122 | 1,092 | 3,368 | 3,278 |
| Total operating costs and expense | 88,923 | 89,607 | 270,047 | 272,523 |
| Income (loss) from operations | 1,238 | 2,652 | (1,951) | 2,699 |
| **Other Income (Expense), Net** | | | | |
| Other income, net | 1,131 | 567 | 2,190 | 2,381 |
| Interest income (expense) | 108 | (128) | (311) | (506) |
| Total other income (expense), net | 1,239 | 439 | 1,879 | 1,875 |
| **Income (Loss) from Continuing Operations Before Income Taxes** | 2,477 | 3,091 | (72) | 4,574 |
| Income tax expense | 392 | 523 | 1,284 | 1,342 |
| **Income (Loss) from Continuing Operations** | 2,085 | 2,568 | (1,356) | 3,232 |
| Loss from discontinued operations | (1,575) | (1,149) | (5,130) | (5,478) |
| Gain related to the divestiture of discontinued operations | 4,746 | — | 4,746 | — |
| Tax benefit from discontinued operations | 13 | 22 | 49 | 56 |
| **Income (Loss) from Discontinued Operations** | 3,184 | (1,127) | (335) | (5,422) |
| Net Income (Loss) | 5,269 | 1,441 | (1,691) | (2,190) |
| Net loss attributable to noncontrolling interests | (52) | (42) | (171) | (42) |
| **Net Income (Loss) Attributable to A. H. Belo Corporation** | $ 5,321 | $ 1,483 | $ (1,520) | $ (2,148) |
| | | | | |
| **Per Share Basis** | | | | |
| **Basic** | | | | |
| Continuing operations | $ 0.09 | $ 0.11 | $ (0.06) | $ 0.15 |
| Discontinued operations | 0.15 | (0.04) | (0.02) | (0.25) |
| Net income (loss) attributable to A. H. Belo Corporation | $ 0.24 | $ 0.07 | $ (0.08) | $ (0.10) |
| | | | | |
| **Diluted** | | | | |
| Continuing operations | $ 0.09 | $ 0.11 | $ (0.06) | $ 0.15 |
| Discontinued operations | 0.14 | (0.05) | (0.02) | (0.25) |
| Net income (loss) attributable to A. H. Belo Corporation | $ 0.23 | $ 0.06 | $ (0.08) | $ (0.10) |
| | | | | |
| **Weighted average shares outstanding** | | | | |
| Basic | 21,944 | 22,808 | 22,006 | 21,850 |
| Diluted | 22,070 | 22,928 | 22,006 | 21,850 |

## A. H. Belo Corporation
## Condensed Consolidated Balance Sheets

| *In thousands (unaudited)* | *September 30, 2013* | *December 31, 2012* |
|---|---|---|
| **Assets** | | |
| Current assets: | | |
| Cash and cash equivalents | $ 56,436 | $ 34,094 |
| Accounts receivable, net | 34,375 | 39,212 |
| Other current assets | 15,764 | 15,628 |
| Assets of discontinued operations | 18,347 | 48,402 |
| Total current assets | 124,922 | 137,336 |
| Property, plant and equipment, net | 99,567 | 108,854 |
| Intangible assets, net | 31,048 | 34,055 |
| Other assets | 15,037 | 11,694 |
| Total assets | $ 270,574 | $ 291,939 |
| **Liabilities and Shareholders' Equity** | | |
| Current liabilities: | | |
| Accounts payable | $ 15,376 | $ 13,635 |
| Accrued expenses | 18,335 | 22,824 |
| Advance subscription payments | 19,562 | 17,693 |
| Liabilities of discontinued operations | 7,153 | 7,781 |
| Total current liabilities | 60,426 | 61,933 |
| Long-term pension liabilities | 108,146 | 122,821 |
| Other liabilities | 6,281 | 5,125 |
| Total shareholders' equity | 95,721 | 102,060 |
| Total liabilities and shareholders' equity | $ 270,574 | $ 291,939 |

## A. H. Belo Corporation
## Reconciliation of Net Income (Loss) to EBITDA from Continuing Operations

| | Three Months Ended September 30, | | Nine Months Ended September 30, | |
|---|---|---|---|---|
| | **2013** | **2012** | **2013** | **2012** |
| **Net Income (Loss) Attributable to A. H. Belo Corporation** | $ 5,321 | $ 1,483 | $ (1,520) | $ (2,148) |
| Less: Net Income (Loss) from Discontinued Operations | 3,184 | (1,127) | (335) | (5,422) |
| Plus: Net loss attributable to noncontrolling interests | (52) | (42) | (171) | (42) |
| Income (Loss) from Continuing Operations | 2,085 | 2,568 | (1,356) | 3,232 |
| Depreciation and amortization | 5,493 | 5,882 | 17,421 | 19,926 |
| Interest (income) expense | (108) | 128 | 311 | 506 |
| Income tax expense | 392 | 523 | 1,284 | 1,342 |
| **EBITDA from continuing operations** | $ 7,862 | $ 9,101 | $ 17,660 | $ 25,006 |

EBITDA is presented for continuing operations by adjusting Net Income (Loss) Attributable to A. H. Belo Corporation for Income (Loss) from Discontinued Operations and Net loss attributable to noncontrolling interest, and by adding depreciation and amortization, interest expense and income tax expense. Adjusted EBITDA is calculated, as applicable, by adding back the loss from withdrawal from the G. B. Dealey Retirement Pension Plan, non-cash impairment expense and net investment-related losses to EBITDA. For the periods presented above, no adjustments were made to EBITDA.

Neither EBITDA nor Adjusted EBITDA is a measure of financial performance under generally accepted accounting principles ("GAAP"). Management uses EBITDA, Adjusted EBITDA 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. Adjusted EBITDA is also used by management to evaluate the cash flows available for capital spending, investing, pension contributions (required and voluntary), dividends and other equity-related transactions. Neither EBITDA nor Adjusted EBITDA should be considered in isolation or as a substitute for cash flows provided by operating activities or other income or cash flow data prepared in accordance with GAAP, and these non-GAAP measures may not be comparable to similarly-titled measures of other companies.

In previous periods, the Company added back the entire recorded pension expense in the determination of Adjusted EBITDA, including both recurring pension expense and the loss from withdrawal from the G. B. Dealey Retirement Pension Plan. Management reassessed this measurement and determined it is more appropriate to consider only the non-recurring loss from withdrawal from the G. B. Dealey Retirement Pension Plan as an add-back to determine Adjusted EBITDA. Accordingly, all periods for which Adjusted EBITDA is presented exclude an adjustment for recurring pension expense.