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): July 26, 2019

A. H. BELO CORPORATION

(Exact name of registrant as specified in its charter)

Commission file number: **1-33741**

Texas (State or other jurisdiction of incorporation or organization)	**38-3765318** (I.R.S. Employer Identification No.)
P. O. Box 224866, Dallas, Texas 75222-4866 (Address of principal executive offices, including zip code)	**(214) 977-8222** (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))

Securities registered pursuant to Section 12(b) of the Act:

Title of each class	Trading Symbol	Name of each exchange on which registered
Common Stock, $.01 par value	AHC	New York Stock Exchange

Indicate by check mark whether the registrant is an emerging growth company as defined in Rule 405 of the Securities Act of 1933 (§230.405 of this chapter) or Rule 12b-2 of the Securities Exchange Act of 1934 (§240.12b-2 of this chapter).

Emerging growth company ☐

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act. ☐

Item 2.02. Results of Operations and Financial Condition.

On July 29, 2019, A. H. Belo Corporation (the “Company”) announced its consolidated financial results for the three months ended June 30, 2019. A copy of the announcement press release is furnished with this report as Exhibit 99.1.

Item 5.02. Departure of Directors or Certain Officers; Election of Directors; Appointment of Certain Officers; Compensatory Arrangements of Certain Officers.

On July 17, 2019, the Company filed with the Securities and Exchange Commission a Form 8-K disclosing that Timothy M. Storer, 45, President of Belo + Company, will be departing the Company effective December 31, 2019.

On July 26, 2019, in connection with Mr. Storer’s departure, the Compensation Committee of the Board of Directors approved, and the Company entered into a letter agreement that amends Mr. Storer’s December 10, 2018 Employment Agreement. The letter agreement provides for Mr. Storer’s continued employment through December 31, 2019. During this period of time Mr. Storer will facilitate a transition of responsibilities. Mr. Storer will continue to be compensated at his current annualized base salary of $461,250. Provided Mr. Storer provides such transition assistance and remains employed by the Company through December 31, 2019, he will be entitled to receive a lump sum payment of (i) $100,000, which represents long-term incentive cash that vests on December 31, 2019 in accordance with its terms; (ii) a $150,000 cash incentive payment; and (iii) a payment of approximately $13,572, which equals six times the monthly COBRA premium applicable in 2020 under the A. H. Belo Health and Welfare Benefit Plan. During his employment period, Mr. Storer will continue to be eligible, at his election, to participate in all employee benefit plans and programs generally available to other Company executives.

The foregoing summary of the letter agreement is not complete and is qualified in its entirety by reference to the Letter Amendment to Employment Agreement, which is filed herewith as Exhibit 10.1 and incorporated by reference. Mr. Storer’s Employment Agreement was previously filed with the Securities and Exchange Commission on December 11, 2018 as Exhibit 10.1 to the Company’s Form 8-K.

Item 9.01. Financial Statements and Exhibits.

(d) *Exhibits*.

10.1 Letter Amendment effective July 17, 2019 by and between Timothy M. Storer and A. H. Belo Corporation

99.1 Press Release issued by A. H. Belo Corporation on July 29, 2019

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

Date: July 29, 2019

By: /s/ Katy Murray
Katy Murray
Senior Vice President/Chief Financial Officer

EXHIBIT INDEX

Exhibit No. 10.1 Letter Amendment effective July 17, 2019 by and between Timothy M. Storer and A. H. Belo Corporation
Exhibit No. 99.1 Press Release issued by A. H. Belo Corporation on July 29, 2019

A. H. BELO CORPORATION

Effective July 17, 2019

Mr. Timothy M. Storer
8350 N Central Expy #1600
Dallas, TX 75206

Dear Tim:

This letter agreement, entered into as of the above Effective Date, summarizes the terms of your departure from A. H. Belo Corporation (the “Company”) and amends your Employment Agreement as set forth herein. References in this letter agreement to “Employment Agreement” shall mean the Amended and Restated Employment Agreement dated as of December 10, 2018 by and among you, A. H. Belo Corporation and DMV Digital Holdings Company.

I. **Employment Term**. The Company agrees to pay you and you accept continued employment with the Company through the period ending on December 31, 2019 (the “Employment Period”).

II. **No Coverage Under Company Severance Plans.** The agreements and payments as outlined herein are in lieu of any payments under the A. H. Belo Severance Plan. You will not continue to be covered under the A. H. Belo Corporation Change in Control Severance Plan as of the Effective Date.

III. **Title and Nature of Duties.** As of the Effective Date, you will retain the title of President, Belo + Company. Your duties will be those set forth herein. During the Employment Period, you agree to complete all Q2 2019 corporate governance related items and provide transition assistance for matters related to Belo + Company including, but not limited to: client relationships, sales and marketing efforts, preparing marketing materials, assistance in retention of key talent, operational matters, and fulfillment of contractual commitments to Belo + Company customers. You will have access to Belo + Company offices during your transition at the Company’s discretion; however, you will not be required to be in the office on a regular basis in order to perform these duties and responsibilities.
You will continue to report to the Company’s Chief Executive Officer and you will provide the other members of the A. H. Belo Management Committee assistance as reasonably requested to facilitate a successful transition, to include the transition matters described above.

You shall notify the Company promptly if you accept other employment during the Employment Period. In the event you commence employment with another company during the Employment Period, the terms and conditions of this agreement shall be subject to review and may be revised and prorated by the Compensation Committee of the Board of Directors.

IV. **Compensation and Benefits.**

a. **Base Salary**. For the Employment Period, you will continue to receive compensation at an annualized rate of $461,250 to be paid bi-weekly.

b. **Cash Incentive Payment for 2019.** For the calendar year 2019 only, you will be eligible to receive a cash incentive payment of $150,000, the amount of your full-year target bonus opportunity for Individual Objectives in 2019. This cash incentive payment is contingent upon your successful completion of the transition items listed in Section III. of this letter agreement, as determined by the Company's Chief Executive Officer in his sole discretion. Any cash incentive payment approved by the Chief Executive Officer shall be paid on December 31, 2019.

c. **Long-term Incentive Compensation.** For the calendar year 2019, you will continue to be eligible to receive $100,000 in long-term cash incentive compensation (LTCI) upon vesting on December 31, 2019, provided you remain in the continuous employment of the Company and its subsidiaries up to and through the vesting date. This represents 50% of your 2019 LTCI grant. The remainder of your 2019 LTCI grant shall be forfeited.

d. **Standard Benefits.** During the Employment Period, you will be entitled, at your election, to participate in all employee benefit plans and programs generally available to other Company executives, including without limitation, medical, dental, life, and short and long-term disability insurance. Your participation in any benefit plan or program will be subject to the terms, conditions, eligibility and premium payment requirements of the applicable plans.

Additionally, at the end of your Employment Period, you will be entitled to an additional payment of approximately $13,572, which is equal to six times the monthly COBRA premium applicable to your current coverage level under the A. H. Belo Health and Welfare Benefit Plan. This payment will be paid on your last paycheck in

January 2020 and may vary due to increases in 2020 COBRA premiums.

e. **Expenses.** During the Employment Period, if you are asked to incur expenses on behalf of the Company you will be entitled to receive reimbursement from the Company for customary, limited travel and business expenses you occur in connection with your employment and as approved by the Chief Executive Officer of the Company. You must account for and document those expenses in accordance with the policies and procedures established by the Company.

f. **Paid Time Off Balance.** Any 2019 PTO days remaining unused as of the Effective Date will be paid on the next payroll after the Effective Date. You agree to waive accrual of additional PTO during the remainder of the Employment Period.

V. **General Release.** You agree that, as a condition to receiving any benefits or payments under this letter agreement, and in consideration of the Employment Period and other payments and compensation described in this Agreement, together with a waiver by the Company of Section 8(a) [Non-Competition] of the Employment Agreement and the amendment to Section 8(b) as set forth below, you will be required to execute and deliver a non-revocable general release, in the form attached hereto, of all claims (except as otherwise expressly set forth in such general release) arising out of your service as an employee of the Company, its subsidiaries or any of their affiliates and the termination of such relationship, in the form previously approved by both you and the Company. Section 8(a) [Non-Competition] of the Employment Agreement shall be of no further force or effect from and after the Effective Date. Effective as of the Effective Date, Section 8(b)[Customer Non-Solicitation] of the Employment Agreement shall be amended to add the following sentence at the end of the paragraph: "The terms "customer" and "client" as used in this Section 8(b) shall not include (i) customers and clients of the Company or *The Dallas Morning News* who have not done business with Belo + Company; or (ii) those inactive customers or clients who have not done business with Belo + Company for a period of twelve (12) months prior to the effective date of this letter agreement. The terms “Non-Competition Term,” “Business,” and “Territory” shall continue to have the meanings set forth in Section 8(a).

All other post-employment covenants of your Employment Agreement will remain in full force and effect, including but not limited to Section 7 [Non-Disclosure], Section 8(b) [Customer Non-Solicitation](except as amended by this letter agreement), Section 8(c) [Employee Non-Solicitation], Section 9 [Non-Disparagement], Section 10 [Return of Documents and Property] and Section 13 [Acknowledgement of Company's Right in Work Product and Assignment].

VI. Lastly, following the Employment Period, you agree to provide reasonable assistance and cooperation in any ongoing matters in which you were involved or are knowledgeable, including any litigation or governmental agency proceedings.

Tim, we value your commitment to a successful transition. Our goal is to ensure a smooth transition for you and your family while advancing the best interests of Belo + Company and A. H. Belo Corporation.

By signing below, I, Tim Storer, have reviewed the foregoing terms and conditions from A. H. Belo Corporation as they relate to my employment with the Company. I have had the opportunity to review all areas and clarify all areas of confusion or disagreement. By signing below, I agree to the terms and conditions in this document.

/s/ Tim Storer	7/26/2019
Tim Storer President	Date
/s/ Robert W. Decherd	7/29/2019
Robert Decherd Chief Executive Officer	Date
/s/ Julie Hoagland	7/29/2019
Julie Hoagland SVP, Chief People Officer	Date

[FORM OF] GENERAL RELEASE

This General Release ("Agreement"), entered into by and between Timothy M. Storer ("you" or the "Employee") and A. H. Belo Corporation (the "Company") as of the Effective Date, arises from your departure from the Company.

This Agreement is legally-binding. You are hereby advised to consult with an attorney before signing it.

You acknowledge that your last day of employment with the Company is December 31, 2019 (the "Termination Date"). The Company has offered you the payments described in the Letter Agreement effective as of July 17, 2019 (the “Letter Agreement”), on the terms and conditions set forth in the Letter Agreement, in conjunction with your departure from the Company. You agree that you are not entitled to any such payments on or after the Termination Date, unless you execute this Agreement by signing the signature line at the conclusion of this Agreement, and do not revoke it during the revocation period described below.

1. **Letter Agreement Payments.** You shall receive such payments, subject to the terms and conditions of the Letter Agreement and to applicable taxes and related withholdings. In the event that you revoke this Agreement, you will be ineligible for any such payments on or after December 31, 2019. You acknowledge that such payments are in addition to any monies or benefits to which you are already entitled and that such payments represent good and sufficient consideration for the releases set forth in this Agreement.

2. **General Release.** In consideration for such payments described in the Letter Agreement, to which you are otherwise not entitled, you agree to waive and release the Company, its affiliates and subsidiaries, and all of their current and former respective officers, directors, employees, stockholders, representatives and agents, including their successors and assigns (collectively the "Releasees"), with respect to any and all claims, losses, liabilities, obligations and causes of action, known and unknown, arising out of, connected with, or relating to: (i) your employment; (ii) the Releasees' refusal or failure to continue your employment; or (iii) your departure from the Company, including, but not limited to, claims for compensation, commissions, bonuses, stock options, other wages and benefits, breach of contract, wrongful termination, impairment of economic opportunity, intentional infliction of emotional distress, claims based on personal injury, work-related accident, any breach of implied or express covenant of good faith and fair dealing, violation of public policy, or any other contract, tort or personal injury claim, or claim based on any municipal, state or federal statute, regulation or ordinance relating to employment, employment discrimination or retaliation, including but not limited to Title VII of the Civil Rights Act of 1964, as amended, 42 U.S.C. § 2000 et seq.; The Civil Rights Act of 1866, as amended, 42 U.S.C. § 1981; The Civil Rights Act of 1991, as amended, 42 U.S.C. § 1981a; **The Age Discrimination in Employment Act of 1967, as amended, 29 U.S.C. § 621 et**

seq.; Americans With Disabilities Act, as amended, 42 U.S.C. § 12101 et seq.; Fair Labor Standards Act, as amended, 29 U.S.C. § 201, et seq.; Equal Pay Act, as amended, 29 U.S.C. § 201 et seq.; National Labor Relations Act, as amended, 29 U.S.C. § 151 et seq.; Worker Adjustment and Retraining Notification Act, as amended, 29 U.S.C. § 2101 et seq., Employee Retirement Income Security Act, as amended, 29 U.S.C. § 1000 et seq.; Family and Medical Leave Act, as amended, 29 U.S.C. § 2601, et seq.; Chapter 21 of the Texas Labor Code or any other statute, rule, regulation, ordinance, or common civil or other law, or judicial or administrative interpretation whether promulgated by Federal, State, local or other jurisdiction or political subdivision.

Notwithstanding any provision of this Agreement to the contrary (including but not limited to this Section 2 and Section 3 below), and for the sake of clarity, you are not releasing or waiving, with respect to your service as an officer, director, manager, employee or agent of, or in any other similar role for, the Company and its affiliates on or prior to the Termination Date (a) the obligations of the Company and its affiliates to indemnify, defend and hold you harmless against third party claims (which shall include derivative shareholder claims) under the Company's and its affiliates' respective organizational documents, the Texas Business Organizations Code, or the Delaware General Corporation law, as applicable law, or (b) your rights and eligibility for coverage or the obligations of any insurer under any insurance policies maintained by or for the benefit of the Company or its affiliates.

3. **Waiver of Claims.** By signing this Agreement, you—on behalf of yourself, your family, assigns, representatives, agents, estate, heirs, beneficiaries, executors, administrators, successors, and/or attorneys, if any— agree to give up any right or entitlement you may have under Federal, State or local law against the Releasees, including but not limited to **The Age Discrimination in Employment Act of 1967, as amended**, concerning any events related to your employment or your departure from the Company, or the Company's failure to continue your employment. This Agreement extinguishes any potential monetary recovery from employment discrimination claims you may have relating to your employment with the Company and your departure from the Company existing on the date you sign this Agreement.

You represent and warrant that you have not assigned to any third party any claim involving the Releasees or authorized any third party to assert on your behalf any claim against the Releasees. If a third party asserts a claim against the Releasees on your behalf or includes you as a class member in any class action involving any claim released under this Agreement, you shall not accept any benefits or damages relating or arising out of such claim.

Nothing in this Agreement will prevent you from initiating or participating in any State or Federal agency administrative proceeding including proceedings before the Equal Employment Opportunity Commission or from testifying at an administrative hearing, deposition, or in court in response to a lawful subpoena.

4. **No Admission of Wrongdoing.** This Agreement shall not in any way be construed as an admission of liability or as an admission that any of the Releasees have acted wrongfully with respect to you. Each of the Releasees specifically denies and disclaims any such liability or wrongful acts.

5. **Venue and Applicable Law.** This Agreement shall be performed in Dallas, Texas, and the laws of the State of Texas shall govern the enforceability, interpretation and legal effect of this Agreement. The parties shall submit to the jurisdiction of the Federal and State courts sitting in Dallas, Texas, for all purposes relating to the validity, interpretation or enforcement of this Agreement, including, without limitation, any application for injunctive relief.

6. **Remedies.** Any material breach by you of the terms and conditions contained in this Agreement shall give Company the right to discontinue the performance of any unperformed duties and obligations under this Agreement to the extent permitted by applicable law, and shall entitle the Company to legal, injunctive, or other equitable relief on account of such breach.

7. **Entire Agreement.** This Agreement, the Letter Agreement and your Amended and Restated Employment Agreement dated December 10, 2018 (as amended by the Letter Agreement) constitute our entire agreement and supersede any prior or contemporaneous agreements or understandings between the Company and you, except for any confidentiality obligations referred to elsewhere herein. You acknowledge that you enter into this Agreement without reliance on any written or oral promise or representation, other than those contained in this Agreement and the Letter Agreement.

8. **Severability.** If any provision of this Agreement shall be determined by a court to be void or unenforceable, the remaining provisions shall remain effective and legally binding, and the void or unenforceable term shall be deemed not to be a part of this Agreement.

9. **Headings.** The headings in each paragraph herein are for convenience of reference only and shall be of no legal effect in the interpretation of the terms hereof.

10. **Waiver.** If you breach any term of the Agreement, any delay by the Company to enforce the Agreement shall not be deemed a waiver or acceptance. No waiver shall bind the Company unless supported by consideration, executed in writing, and delivered to you by an authorized Company officer.

11. **<u>Attorneys' Fees.</u>** In any dispute between the Company and you regarding the terms of this Agreement and/or any alleged breach thereof, the prevailing party shall be entitled to recover its costs and reasonable attorneys' fees arising out of such dispute, provided that such recovery is not otherwise prohibited by law.

12. **<u>Knowing and Voluntary Agreement.</u> You are advised in writing to consult with an attorney before executing this Agreement. You acknowledge and agree that: (i) after you received a copy of this Agreement in writing you had adequate opportunity to review this Agreement; (ii) you fully understand its contents; (iii) <u>you have been advised to consult an attorney before signing it</u>; and (iv) you enter into this Agreement knowingly, voluntarily and after any consultations with your attorney or other advisor, as you deem appropriate.**

13. **<u>Review Period, Execution and Revocation.</u>** You acknowledge that you had at least 45 calendar days from your receipt of this Agreement, on (Date) to consider whether to accept its terms. After signing the Agreement, and returning it to Sandi Scott, Director/Human Resources, The Dallas Morning News, 1954 Commerce St., Dallas, Texas 75201, by (Date), you will have seven (7) calendar days to consider whether to revoke it. The Agreement will not be effective until the expiration of seven (7) calendar days after you sign the Agreement without revoking it. You acknowledge that this Agreement will become effective, fully enforceable and irrevocable following the expiration of seven (7) days after your signing of this Agreement ("Effective Date").

If you choose to revoke this Agreement, you must notify Sandi Scott, in writing, before 5:00 p.m. on the day immediately preceding the Effective Date.

IN WITNESS WHEREOF, this General Release has been executed by each of the listed parties below.

Timothy M. Storer		**A. H. Belo Corporation**
Signature: ______________________	By:	______________________________ [Name/Title of Officer]
Date: ______________________	Date:	______________________________

A. H. BELO CORPORATION

A. H. Belo Corporation Announces Second Quarter 2019 Financial Results

DALLAS – A. H. Belo Corporation (NYSE: AHC) today reported second quarter 2019 net income of $16.9 million, or $0.78 per fully diluted share. In the second quarter of 2018, the Company reported a net loss of $0.5 million, or $(0.03) per share. Second quarter 2019 net income was driven by $28.0 million in proceeds from the sale of real estate previously used as the Company’s headquarters, resulting in a pretax gain of $25.9 million which for tax purposes is fully offset by net operating loss carryforwards.

For the second quarter of 2019, on a non-GAAP basis, A. H. Belo reported operating income adjusted for certain items (“adjusted operating income”) of $0.2 million, a decline of $1.5 million, or 87.5 percent, from $1.8 million reported in the second quarter of 2018. The decline was primarily due to $1.9 million of expense related to a strategy review with an outside consulting firm.

On July 18, the Company established a single operations decision-making structure to include Belo + Company, beginning a leadership transition that results in Tim Storer, Belo + Company's president, assuming an advisory role at this time and departing A. H. Belo at the end of the year.

Robert W. Decherd, chairman, president and Chief Executive Officer, said, “The Company’s operating results in the second quarter are encouraging on several levels. *The Dallas Morning News* is finding its footing in pursuing its digital subscription objectives and is well along in its plan to launch a new website on the Arc platform in September. The creation of a single decision-making structure for all of the Company’s operations under Grant Moise, including digital marketing services, gives additional lift to these initiatives. I want to thank Tim Storer for everything he has done over the past five years to establish a dynamic digital marketing services capability for our Company and for the extraordinarily constructive role he has played on our Management Committee.

"The Board and I have worked closely with a leading global management consulting firm over the past year to deepen our understanding of A. H. Belo's highest potential in the competitive digital media world that will define the Company's future. I am optimistic that we are heading in the right direction and that over the course of the next several years, we can achieve a sustainable and profitable operating model that well serves shareholders, consumers of our content, and customers."

Second Quarter Results

Total revenue for the second quarter of 2019 was $47.7 million, a decrease of $3.4 million, or 6.7 percent, when compared to the second quarter of 2018.

Revenue from advertising and marketing services, including print and digital revenues, was $25.9 million in the second quarter of 2019, a decrease of $0.5 million, or 1.8 percent, when compared to $26.4 million reported for the second quarter of 2018.

Circulation revenue was $17.0 million, a decrease of $0.9 million, or 5.1 percent, when compared to the second quarter of 2018. The decline was primarily due to a decrease in home delivery and single copy volumes, partially offset by rate increases and an increase of $0.3 million, or 26.3 percent, in digital-only subscription revenue.

Printing, distribution and other revenue decreased $2.0 million, or 29.9 percent, to $4.8 million, primarily due to a decrease of $1.5 million related to restructuring the Company's brokered and commercial printing business in the first quarter of 2019, and a decrease of $0.6 million related to event sponsorships.

Total consolidated operating expense in the second quarter of 2019, on a GAAP basis, was $24.9 million, a decrease of $27.6 million or 52.5 percent, compared to the second quarter of 2018. Excluding the gain of $25.9 million from the real estate sale, the improvement was primarily due to decreases of $1.7 million in employee compensation and benefits expense and $1.4 million in newsprint, ink and other supplies expense, partially offset by an increase of

$1.9 million of expense related to the consulting engagement.

In the second quarter of 2019, on a non-GAAP basis, total consolidated operating expense adjusted for certain items ("adjusted operating expense") was $50.1 million, an improvement of $2.5 million, or 4.7 percent, compared to $52.6 million of adjusted operating expense in the second quarter of 2018. The improvement is primarily due to decreases in employee compensation and benefits expense and newsprint expense.

As of June 30, 2019, the Company had 879 employees, a decrease of 151 or 14.7 percent compared to the prior year period. Cash and cash equivalents were $52.0 million and the Company had no debt.

Non-GAAP Financial Measures

Reconciliations of operating income (loss) to adjusted operating income (loss), total net operating revenue to adjusted operating revenue, and total operating costs and expense to adjusted operating expense are included in the exhibits to this release.

Financial Results Conference Call

A. H. Belo Corporation will conduct a conference call on Tuesday, July 30, 2019, at 9:00 a.m. CDT to discuss financial results. The conference call will be available via webcast by accessing the Company's website at www.ahbelo.com/invest. An archive of the webcast will be available at www.ahbelo.com in the Investor Relations section.

To access the listen-only conference call, dial 1-800-230-1093 (USA) or 612-288-0329 (International). A replay line will be available at 1-800-475-6701 (USA) or 320-365-3844 (International) from 11:00 a.m. CDT on July 30, 2019 until 11:59 p.m. CDT on August 6, 2019. The access code for the replay is 470064.

About A. H. Belo Corporation

A. H. Belo Corporation is the leading local news and information publishing company in Texas. The Company has commercial printing, distribution and direct mail capabilities, as well as a presence in emerging media and digital marketing. While focusing on extending the Company's media platforms, A. H. Belo delivers news and information in innovative ways to a broad range of audiences with diverse interests and lifestyles. For additional information, visit www.ahbelo.com or email invest@ahbelo.com.

Statements in this communication concerning A. H. Belo Corporation's business outlook or future economic performance, anticipated profitability, revenues, expenses, dividends, capital expenditures, investments, dispositions, impairments, business initiatives, acquisitions, 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, trends and uncertainties are, in most instances, beyond the Company's control, and include changes in advertising demand and other economic conditions; consumers' tastes; newsprint prices; program costs; labor relations; technology obsolescence; 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. Forward-looking statements, which are as of the date of this filing, are not updated to reflect events or circumstances after the date of the statement.

A. H. Belo Corporation and Subsidiaries
Consolidated Statements of Operations

In thousands, except share and per share amounts (unaudited)	*Three Months Ended June 30,* 2019	2018	*Six Months Ended June 30,* 2019	2018
Net Operating Revenue:				
Advertising and marketing services	$ 25,920	$ 26,397	$ 49,961	$ 52,138
Circulation	17,013	17,921	34,286	35,668
Printing, distribution and other	4,802	6,851	10,077	12,816
Total net operating revenue	47,735	51,169	94,324	100,622
Operating Costs and Expense:				
Employee compensation and benefits	19,828	21,529	40,952	46,201
Other production, distribution and operating costs	24,465	22,833	46,649	45,847
Newsprint, ink and other supplies	4,022	5,461	8,769	10,772
Depreciation	2,333	2,535	4,719	5,008
Amortization	200	200	400	400
Gain on sale of assets, net	(25,908)	—	(25,908)	—
Asset impairments	—	(22)	—	(22)
Total operating costs and expense	24,940	52,536	75,581	108,206
Operating income (loss)	22,795	(1,367)	18,743	(7,584)
Other income, net	1,161	891	2,058	1,779
Income (Loss) Before Income Taxes	23,956	(476)	20,801	(5,805)
Income tax provision (benefit)	7,095	58	6,952	(1,257)
Net Income (Loss)	$ 16,861	$ (534)	$ 13,849	$ (4,548)
Per Share Basis				
Net income (loss)				
Basic and diluted	$ 0.78	$ (0.03)	$ 0.64	$ (0.21)
Number of common shares used in the per share calculation:				
Basic and diluted	21,525,971	21,738,545	21,578,014	21,756,678

A. H. Belo Corporation and Subsidiaries
Consolidated Balance Sheets

In thousands (unaudited)	*June 30, 2019*	*December 31, 2018*
Assets		
Current assets:		
Cash and cash equivalents	$ 52,017	$ 55,313
Accounts receivable, net	20,468	22,057
Assets held for sale	—	1,089
Other current assets	9,262	8,935
Total current assets	81,747	87,394
Property, plant and equipment, net	21,996	26,261
Operating lease right-of-use assets (a)	22,222	—
Intangible assets, net	3,384	3,274
Goodwill	15,566	13,973
Deferred income taxes, net	—	6,417
Long-term note receivable (b)	22,400	—
Other assets	3,675	5,029
Total assets	$ 170,990	$ 142,348
Liabilities and Shareholders' Equity		
Current liabilities:		
Accounts payable	$ 6,062	$ 6,334
Accrued compensation and other current liabilities	11,914	13,880
Advance subscription payments	12,844	11,449
Total current liabilities	30,820	31,663
Long-term pension liabilities	30,105	31,889
Long-term operating lease liabilities (a)	23,631	—
Other liabilities	5,837	8,210
Total liabilities	90,393	71,762
Total shareholders' equity	80,597	70,586
Total liabilities and shareholders' equity	$ 170,990	$ 142,348

(a) The Company adopted the new lease guidance (Topic 842) using the modified retrospective approach as of January 1, 2019, which requires a right-of-use asset and a lease liability be recorded for substantially all leases. Prior periods were not restated.

(b) As a result of the real estate sale in the second quarter of 2019, the Company acquired a promissory note of $22.4 million.

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

	Three Months Ended June 30,		Six Months Ended June 30,	
In thousands (unaudited)	*2019*	*2018*	*2019*	*2018*
Total net operating revenue	$ 47,735	$ 51,169	$ 94,324	$ 100,622
Total operating costs and expense	24,940	52,536	75,581	108,206
Operating Income (Loss)	**$ 22,795**	**$ (1,367)**	**$ 18,743**	**$ (7,584)**
Total net operating revenue	$ 47,735	$ 51,169	$ 94,324	$ 100,622
Addback:				
Advertising contra revenue	2,464	2,906	5,116	5,759
Circulation contra revenue	145	269	320	527
Adjusted Operating Revenue	**$ 50,344**	**$ 54,344**	**$ 99,760**	**$ 106,908**
Total operating costs and expense	$ 24,940	$ 52,536	$ 75,581	$ 108,206
Addback:				
Advertising contra expense	2,464	2,906	5,116	5,759
Circulation contra expense	145	269	320	527
Less:				
Depreciation	2,333	2,535	4,719	5,008
Amortization	200	200	400	400
Severance expense	800	411	1,401	534
Gain on sale of assets, net	(25,908)	—	(25,908)	—
Asset impairments	—	(22)	—	(22)
Adjusted Operating Expense	**$ 50,124**	**$ 52,587**	**$ 100,405**	**$ 108,572**
Adjusted operating revenue	$ 50,344	$ 54,344	$ 99,760	$ 106,908
Adjusted operating expense	50,124	52,587	100,405	108,572
Adjusted Operating Income (Loss)	**$ 220**	**$ 1,757**	**$ (645)**	**$ (1,664)**

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. 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. As a result of this change, adjusted operating expense increased and adjusted operating income (loss) decreased $931 and $1,861 for the three and six months ended June 30, 2018, respectively.

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.