

A. H. Belo Corp
Form 10-Q
August 08, 2018
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UNITED STATES SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

Form 10-Q

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

For the quarterly period ended: June 30, 2018

OR

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

Commission file no. 1-33741

A. H. Belo Corporation

(Exact name of registrant as specified in its charter)

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Texas 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) 977-8222
(Address of principal executive offices, including zip code) (Registrant's telephone number, including area code)

Former name, former address and former fiscal year, if changed since last report.

None

Indicate by check mark whether registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes No

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate website, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (§ 232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files). Yes No

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, smaller reporting company, or an emerging growth company. See the definitions of "large accelerated filer," "accelerated filer," "smaller reporting company," and "emerging growth company" in Rule 12b-2 of the Exchange Act. (Check one):

Large accelerated filer: Accelerated filer: Non-accelerated filer: Smaller reporting company:
(Do not check if a smaller reporting company)
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.

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Act). Yes No

Indicate the number of shares outstanding of each of the issuer's classes of common stock, as of the latest possible date.

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Class	Outstanding at July 31, 2018
Common Stock, \$.01 par value	21,696,702

Total Common Stock consists of 19,227,147 shares of Series A Common Stock and 2,469,555 shares of Series B Common Stock.

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PART I

Item 1. Financial Information

A. H. Belo Corporation and Subsidiaries

Consolidated Statements of Operations

In thousands, except share and per share amounts (unaudited)	Three Months Ended June 30,		Six Months Ended June 30,	
	2018	2017	2018	2017
Net Operating Revenue:				
Advertising and marketing services	\$ 26,397	\$ 36,022	\$ 52,138	\$ 71,226
Circulation	17,921	19,088	35,668	38,254
Printing, distribution and other	6,851	7,979	12,816	14,510
Total net operating revenue	51,169	63,089	100,622	123,990
Operating Costs and Expense:				
Employee compensation and benefits	21,529	25,712	46,201	54,446
Other production, distribution and operating costs	22,833	29,736	45,847	58,062
Newsprint, ink and other supplies	5,461	5,993	10,772	11,894
Depreciation	2,535	2,727	5,008	5,233
Amortization	200	199	400	399
Asset impairments	(22)	—	(22)	228
Total operating costs and expense	52,536	64,367	108,206	130,262
Operating loss	(1,367)	(1,278)	(7,584)	(6,272)
Other income, net	891	766	1,779	1,288
Loss Before Income Taxes	(476)	(512)	(5,805)	(4,984)
Income tax provision (benefit)	58	293	(1,257)	251
Net Loss	\$ (534)	\$ (805)	\$ (4,548)	\$ (5,235)
Per Share Basis				
Net loss				
Basic and diluted	\$ (0.03)	\$ (0.04)	\$ (0.21)	\$ (0.24)
Number of common shares used in the per share calculation:				
Basic and diluted	21,738,545	21,743,390	21,756,678	21,717,032

See the accompanying Notes to the Consolidated Financial Statements.

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A. H. Belo Corporation and Subsidiaries

Consolidated Statements of Comprehensive Income (Loss)

In thousands (unaudited)	Three Months		Six Months Ended	
	Ended June 30,		June 30,	
	2018	2017	2018	2017
Net Loss	\$ (534)	\$ (805)	\$ (4,548)	\$ (5,235)
Other Comprehensive Income (Loss), Net of Tax:				
Amortization of actuarial losses	157	56	315	113
Total other comprehensive income, net of tax	157	56	315	113
Total Comprehensive Loss	\$ (377)	\$ (749)	\$ (4,233)	\$ (5,122)

See the accompanying Notes to the Consolidated Financial Statements.

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A. H. Belo Corporation and Subsidiaries

Consolidated Balance Sheets

In thousands, except share amounts (unaudited)	June 30, 2018	December 31, 2017
Assets		
Current assets:		
Cash and cash equivalents	\$ 56,751	\$ 57,660
Accounts receivable (net of allowance of \$719 and \$1,055 at June 30, 2018 and December 31, 2017, respectively)	19,931	26,740
Inventories	4,101	3,171
Prepays and other current assets	10,515	13,734
Assets held for sale	1,089	1,089
Total current assets	92,387	102,394
Property, plant and equipment, at cost	421,211	418,730
Less accumulated depreciation	(391,972)	(387,024)
Property, plant and equipment, net	29,239	31,706
Intangible assets, net	3,673	4,073
Goodwill	13,973	13,973
Deferred income taxes, net	7,051	5,355
Other assets	4,311	5,347
Total assets	\$ 150,634	\$ 162,848
Liabilities and Shareholders' Equity		
Current liabilities:		
Accounts payable	\$ 7,254	\$ 10,303
Accrued compensation and benefits	7,947	8,243
Other accrued expense	5,186	4,275
Advance subscription payments	11,525	11,670
Total current liabilities	31,912	34,491
Long-term pension liabilities	20,844	23,038
Other post-employment benefits	1,169	2,052
Other liabilities	6,912	5,568
Total liabilities	60,837	65,149
Shareholders' equity:		
Preferred stock, \$.01 par value; Authorized 2,000,000 shares; none issued	—	—
Common stock, \$.01 par value; Authorized 125,000,000 shares Series A: issued 20,851,648 and 20,700,292 shares at June 30, 2018 and December 31, 2017, respectively	209	208

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Series B: issued 2,469,635 and 2,469,755 shares at June 30, 2018

and December 31, 2017, respectively	24	24
Treasury stock, Series A, at cost; 1,591,141 and 1,430,961 shares held at June 30, 2018		
and December 31, 2017, respectively	(12,127)	(11,302)
Additional paid-in capital	495,708	494,989
Accumulated other comprehensive loss	(24,617)	(24,932)
Accumulated deficit	(369,400)	(361,288)
Total shareholders' equity	89,797	97,699
Total liabilities and shareholders' equity	\$ 150,634	\$ 162,848

See the accompanying Notes to the Consolidated Financial Statements.

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A. H. Belo Corporation and Subsidiaries

Consolidated Statements of Shareholders' Equity

In thousands, except share amounts (unaudited)	Common Stock				Treasury Stock		Accumulated Other Comprehensive Income		Noncontro Interests	Total
	Shares Series A	Shares Series B	Amount	Additional Paid-in Capital	Shares Series A	Amount	Loss	Deficit		
Balance at December 31, 2016	20,620,461	2,472,680	\$ 231	\$ 499,552	(1,416,881)	\$ (11,233)	\$ (39,308)	\$ (361,324)	\$ 1,234	\$ 1,234
Net loss	—	—	—	—	—	—	—	(5,235)	—	—
Other comprehensive income	—	—	—	—	—	—	113	—	—	—
Distributions to noncontrolling interests	—	—	—	—	—	—	—	—	—	(118)
Issuance of shares for restricted stock units	76,906	—	1	(1)	—	—	—	—	—	—
Share-based compensation	—	—	—	626	—	—	—	—	—	—
Purchases of noncontrolling interests	—	—	—	(5,506)	—	—	—	—	—	(1,116)
Conversion of Series B to Series A	115	(115)	—	—	—	—	—	—	—	—
Dividends	—	—	—	—	—	—	—	(3,563)	—	—
Balance at June 30, 2017	20,697,482	2,472,565	\$ 232	\$ 494,671	(1,416,881)	\$ (11,233)	\$ (39,195)	\$ (370,122)	\$ —	\$ —
Balance at December 31, 2017	20,700,292	2,469,755	\$ 232	\$ 494,989	(1,430,961)	\$ (11,302)	\$ (24,932)	\$ (361,288)	\$ —	\$ —
Net loss	—	—	—	—	—	—	—	(4,548)	—	—
Other comprehensive income	—	—	—	—	—	—	315	—	—	—
Treasury stock purchases	—	—	—	—	(160,180)	(825)	—	—	—	—
Issuance of shares for restricted stock units	151,236	—	1	(1)	—	—	—	—	—	—
	—	—	—	720	—	—	—	—	—	—

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Share-based compensation										
Conversion of Series B to Series A	120	(120)	—	—	—	—	—	—	—	—
Dividends	—	—	—	—	—	—	—	—	(3,564)	—
Balance at June 30, 2018	20,851,648	2,469,635	\$ 233	\$ 495,708	(1,591,141)	\$ (12,127)	\$ (24,617)	\$ (369,400)	\$ —	\$ —

See the accompanying Notes to the Consolidated Financial Statements.

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A. H. Belo Corporation and Subsidiaries

Consolidated Statements of Cash Flows

In thousands (unaudited)	Six Months Ended	
	June 30, 2018	2017
Operating Activities		
Net loss	\$ (4,548)	\$ (5,235)
Adjustments to reconcile net loss to net cash provided by operating activities:		
Depreciation and amortization	5,408	5,632
Net periodic pension and other post-employment benefit	(1,861)	(1,718)
Share-based compensation	720	626
Deferred income taxes	(1,696)	—
Loss on investment related activity	—	250
Loss on disposal of fixed assets	208	—
Asset impairments	(22)	228
Changes in working capital and other operating assets and liabilities, net of acquisitions:		
Accounts receivable	6,809	5,154
Inventories, prepaids and other current assets	2,289	(921)
Other assets	1,036	637
Accounts payable	(3,049)	(625)
Compensation and benefit obligations	(497)	(175)
Other accrued expenses	3,414	(890)
Advance subscription payments	(145)	(411)
Other post-employment benefits	(901)	(30)
Net cash provided by operating activities	7,165	2,522
Investing Activities		
Purchases of assets	(3,697)	(4,789)
Net cash used for investing activities	(3,697)	(4,789)
Financing Activities		
Purchases of noncontrolling interests	—	(9,231)
Dividends paid	(3,552)	(3,538)
Distributions to noncontrolling interests	—	(179)
Purchases of treasury stock	(825)	—
Net cash used for financing activities	(4,377)	(12,948)
Net decrease in cash and cash equivalents	(909)	(15,215)
Cash and cash equivalents, beginning of period	57,660	80,071
Cash and cash equivalents, end of period	\$ 56,751	\$ 64,856

Supplemental Disclosures

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Income tax paid, net (refund)	\$ (2,315)	\$ 1,163
Noncash investing and financing activities:		
Investments in property, plant and equipment payable	170	160
Dividends payable	1,786	1,788

See the accompanying Notes to the Consolidated Financial Statements.

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A. H. Belo Corporation and Subsidiaries

Notes to the Consolidated Financial Statements

Note 1: Basis of Presentation and Recently Issued Accounting Standards

Description of Business. A. H. Belo Corporation and subsidiaries are referred to collectively herein as “A. H. Belo” or the “Company.” The Company, headquartered in Dallas, Texas, is a leading local news and information publishing company with commercial printing, distribution and direct mail capabilities, as well as expertise in emerging media and digital marketing. With a continued focus on extending the Company’s media platform, A. H. Belo delivers news and information in innovative ways to a broad spectrum of audiences with diverse interests and lifestyles. The Company publishes The Dallas Morning News (www.dallasnews.com), Texas’ leading newspaper and winner of nine Pulitzer Prizes, and various niche publications targeting specific audiences. In December 2017, the Company completed the sale of the Denton Record-Chronicle and the Company no longer owns newspaper operations in Denton, Texas.

Basis of Presentation. The interim consolidated financial statements included herein are unaudited; however, they include adjustments of a normal recurring nature which, in the Company’s opinion, are necessary to present fairly the interim consolidated financial information as of and for the periods indicated. All significant intercompany balances and transactions have been eliminated in consolidation. These financial statements should be read in conjunction with the consolidated financial statements and notes thereto included in the Company’s Annual Report on Form 10-K for the fiscal year ended December 31, 2017. All dollar amounts presented herein, except share and per share amounts, are in thousands, unless the context indicates otherwise.

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America (“GAAP”) requires management to make estimates and assumptions that affect (i) the reported amounts of assets and liabilities, (ii) the disclosure of contingent assets and liabilities known to exist as of the date the financial statements are published, and (iii) the reported amount of net operating revenues and expenses recognized during the periods presented. Adjustments made with respect to the use of estimates often relate to improved information not previously available. Uncertainties with respect to such estimates and assumptions are inherent in the preparation of financial statements; accordingly, actual results could differ from these estimates.

Recently Adopted Accounting Pronouncements.

In May 2014, the Financial Accounting Standards Board (“FASB”) issued Accounting Standards Update (“ASU”) 2014-09 – Revenue from Contracts with Customers (Topic 606). This guidance prescribes a single comprehensive model for entities to use in the accounting of revenue arising from contracts with customers. The core principle contemplated by this new guidance is that an entity should recognize revenue to depict the transfer of promised goods or services to customers in an amount reflecting the consideration the entity expects to be entitled in exchange for those goods or services. New disclosures about the nature, amount, timing and uncertainty of revenue and cash flows arising from contracts with customers are also required. Since May 2014, the FASB issued clarifying updates to the new standard specifically to address certain core principles including the identification of performance obligations, licensing guidance, the assessment of the collectability criterion, the presentation of taxes collected from customers, noncash considerations, contract modifications, and completed contracts at transition. The new guidance will supersede virtually all existing revenue guidance under GAAP and is effective for fiscal years beginning after December 31, 2017. There are two transition options available to entities, the full retrospective approach, in which the Company would restate prior periods, or the modified retrospective approach. The Company adopted ASU 2014-09 using the modified retrospective approach as of January 1, 2018; see Note 3 – Revenue.

In March 2017, the FASB issued ASU 2017-07 – Compensation – Retirement Benefits (Topic 715): Improving the Presentation of Net Periodic Pension Cost and Net Periodic Postretirement Benefit Cost. This update clarifies the presentation and classification of the components of net periodic benefit cost in the Consolidated Statement of Operations. Specifically, this standard requires the service cost component of net periodic benefit cost to be recorded in the same income statement line as other employee compensation costs and all other components of net periodic benefit cost must be presented as non-operating items. The Company adopted this standard retrospectively as of January 1, 2018. The Company’s defined benefit plans have been frozen, so the Company is no longer incurring service costs related to the plans. Therefore, the entire net periodic pension and other post-employment expense (benefit) will be presented in the Consolidated Statements of Operations in non-operating income (expense).

As a result of adopting this guidance, total operating costs and expense increased \$931 and \$1,861 for the three and six months ended June 30, 2018, respectively, and \$859 and \$1,718 for the three and six months ended June 30, 2017, respectively, with the offsetting change recorded to non-operating income (expense). There was no impact to net income (loss), retained earnings and earnings per share for both years.

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New Accounting Pronouncements. The FASB issued the following accounting pronouncements and guidance, which may be applicable to the Company but have not yet become effective.

In February 2016, the FASB issued ASU 2016-02 – Leases (Topic 842). This update requires an entity to recognize a right-of-use asset and a lease liability for virtually all of its leases. The liability will be equal to the present value of lease payments. The asset will generally be based on the liability. For income statement purposes operating leases will result in straight-line expense and finance leases will result in expenses similar to current capital leases. The guidance also requires additional disclosures to enable users of financial statements to understand the amount, timing and uncertainty of cash flows arising from leases. The guidance will be effective for fiscal years beginning after December 15, 2018, including interim periods within those fiscal years and will be applied using the modified retrospective approach. Early adoption is permitted. The Company is currently reviewing its various lease agreements and assessing the potential impact of adopting the new standard. The Company believes it will have a significant impact related to how it accounts for real estate operating leases. Upon adoption, the Company expects to record additional assets and liabilities related to leases, but has not yet quantified its impact on the Company's consolidated financial statements.

In February 2017, the FASB issued ASU 2017-06 – Plan Accounting – Defined Benefit Pension Plans (Topic 960), Defined Contribution Pension Plans (Topic 962) and Health and Welfare Benefit Plans (Topic 965): Employee Benefit Plan Master Trust Reporting. This update clarifies the presentation requirements for a plan's interest in a master trust and requires more detailed disclosures of the plan's interest in the master trust. The guidance will be effective for fiscal years beginning after December 15, 2018, including interim periods within those fiscal years. Early adoption is permitted. The Company is currently evaluating the requirements of this update and has not yet determined its impact on the Company's consolidated financial statements.

Note 2: Segment Reporting

The Company identified two reportable segments based on reporting structure and the go-to-market for the Company's service and product offerings. The two reportable segments are Publishing and Marketing Services.

The Publishing segment includes the Company's core print and digital operations associated with its newspapers, niche publications and related websites and apps. These operations generate revenue from sales of advertising within its newspaper and digital platforms, subscription and retail sales of its newspapers, commercial printing and distribution services, primarily related to national and regional newspapers, and preprint advertisers. Businesses within the Publishing segment leverage the production facilities, subscriber and advertiser base, and digital news platforms to provide additional contribution margin. The Company evaluates Publishing operations based on operating profit and cash flows from operating activities.

The Marketing Services segment includes the operations of DMV Digital Holdings Company (“DMV Holdings”), Your Speakeasy, LLC (“Speakeasy”) and digital advertising through Connect (programmatic advertising). The Company operates this integrated portfolio of assets within its Marketing Services segment as separate businesses that sell digital marketing and advertising through different channels, including programmatic advertising and content marketing within the social media environment.

Based on the organization of the Company’s structure and organizational chart, the Company’s chief operating decision maker (the “CODM”) is its Chief Executive Officer. As of May 17, 2018, Robert W. Decherd became the CODM upon Jim Moroney’s retirement. The CODM allocates resources and capital to the Publishing and Marketing Services segments at the segment level.

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The tables below set forth summarized financial information for the Company's reportable segments.

	Three Months Ended		Six Months Ended	
	June 30,		June 30,	
	2018	2017	2018	2017
Revenue				
Publishing	\$ 45,522	\$ 54,822	\$ 89,532	\$ 108,313
Marketing Services	5,647	8,267	11,090	15,677
Total	\$ 51,169	\$ 63,089	\$ 100,622	\$ 123,990
Operating Income (Loss)				
Publishing	\$ (1,745)	\$ (2,067)	\$ (7,880)	\$ (7,651)
Marketing Services	378	789	296	1,379
Total	\$ (1,367)	\$ (1,278)	\$ (7,584)	\$ (6,272)
Noncash Expenses				
Publishing				
Depreciation	\$ 2,498	\$ 2,706	\$ 4,934	\$ 5,197
Asset impairments	(22)	—	(22)	228
Total	\$ 2,476	\$ 2,706	\$ 4,912	\$ 5,425
Marketing Services				
Depreciation	\$ 37	\$ 21	\$ 74	\$ 36
Amortization	200	199	400	399
Total	\$ 237	\$ 220	\$ 474	\$ 435

	June 30,	December 31,
	2018	2017
Total Assets		
Publishing	\$ 127,657	\$ 137,409
Marketing Services	22,977	25,439
Total	\$ 150,634	\$ 162,848

Net periodic pension and other post-employment expense (benefit) is now included in non-operating income (expense) in the Consolidated Statements of Operations; see Note 1 – Basis of Presentation and Recently Issued

Accounting Standards. As a result of adopting the new retirement benefits guidance, Publishing operating costs and operating loss increased \$931 and \$1,861 for the three and six months ended June 30, 2018, respectively, and \$859 and \$1,718 for the three and six months ended June 30, 2017, respectively.

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Note 3: Revenue

Adoption of ASU 2014-09 – Revenue from Contracts with Customers (Topic 606)

On January 1, 2018, the Company adopted ASU 2014-09 using the modified retrospective approach applied to those contracts which were not completed as of January 1, 2018. Results for reporting periods beginning after January 1, 2018, are presented in accordance with the new guidance under ASU 2014-09, while prior period amounts are not restated.

The table below sets forth the impact on the Company's Consolidated Statements of Operations for the three and six months ended June 30, 2018, due to the adoption of the new revenue guidance. There was no impact to opening retained earnings.

	Three Months Ended June 30, 2018			Six Months Ended June 30, 2018		
	As Reported	Balances Without Adoption	Effect of Change (Decrease)	As Reported	Balances Without Adoption	Effect of Change (Decrease)
Revenue						
Advertising and marketing services	\$ 26,397	\$ 29,303	\$ (2,906)	\$ 52,138	\$ 57,897	\$ (5,759)
Circulation	17,921	18,190	(269)	35,668	36,195	(527)
Expenses						
Other production, distribution and operating costs	\$ 22,833	\$ 26,008	\$ (3,175)	\$ 45,847	\$ 52,133	\$ (6,286)

The impact to advertising and marketing services revenue was related to digital advertising placed on third-party websites where the Company acted as an agent. Prior to adoption, such revenue was generally recorded gross, but under the new standard this revenue is recorded net. The impact to circulation revenue was related to home delivery subscriptions where the Company recorded revenue for the grace period of newspapers delivered after a subscription expires. Prior to adoption, any non-payment of grace was recorded as bad debt expense, but under the new standard this is considered variable consideration and revenue is reduced for the non-payment.

Revenue Recognition

Revenue is recognized when obligations under the terms of a contract with our customer are satisfied. This occurs when control of the promised goods or services is transferred to our customers, in an amount that reflects the consideration we expect to be entitled to in exchange for those goods or services. Sales tax collected concurrent with revenue-producing activities are excluded from revenue.

Accounts receivable are reported net of a valuation reserve that represents an estimate of amounts considered uncollectible. The Company estimates the allowance for doubtful accounts based on historical write-off experience and the Company's knowledge of the customers' ability to pay amounts due. Accounts are written-off after all collection efforts fail; generally, after one year has expired. Expense for such uncollectible amounts is included in other production, distribution and operating costs.

The table below sets forth revenue disaggregated by revenue source. As stated above, prior period amounts have not been restated under the modified retrospective approach.

	Three Months Ended		Six Months Ended	
	June 30,		June 30,	
	2018	2017	2018	2017
Advertising revenue	\$ 20,750	\$ 27,755	\$ 41,048	\$ 55,549
Digital services	4,462	7,426	8,549	13,708
Other services	1,185	841	2,541	1,969
Advertising and marketing services	26,397	36,022	52,138	71,226
Circulation	17,921	19,088	35,668	38,254
Printing, distribution and other	6,851	7,979	12,816	14,510
Total Revenue	\$ 51,169	\$ 63,089	\$ 100,622	\$ 123,990

Advertising and Marketing Services Revenue

Advertising revenue, included in the Publishing segment results, is generated by selling print and digital advertising products. Print advertising revenue represents sales of advertising space within the Company's core and niche newspapers, as well as preprinted advertisements inserted into the Company's core newspapers and niche publications or distributed to non-subscribers through the mail. Digital advertising is generated by selling banner and real estate classified advertising on The Dallas Morning News' website

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dallasnews.com, online employment and obituary classified advertising on third-party websites sold under a print/digital bundle package and sales of online automotive classifieds on the cars.com platform.

Digital services and other services revenues are included in the Marketing Services segment results. Digital services revenue includes targeted and multi-channel (programmatic) advertising placed on third-party websites, content development, social media management, search optimization, and other consulting. Other services revenue is primarily generated from the sale of promotional merchandise.

Advertising and marketing services revenue is primarily recognized at a point in time when the ad or service is complete and delivered. If the customer has signed a contract for additional services in the future, that revenue is not recognized until the delivery date. In addition, certain digital advertising revenue related to website access is recognized over time, based on the customers' monthly rate.

For ads placed on certain third-party websites, the Company must evaluate whether it is acting as the principal, where revenue is reported on a gross basis, or acting as the agent, where revenue is reported on a net basis. Generally, the Company reports advertising revenue for ads placed on third-party websites on a net basis, meaning the amount recorded to revenue is the amount billed to the customer net of amounts paid to the publisher of the third-party website. The Company is acting as the agent because the publisher controls the advertising inventory.

Circulation

Circulation revenue, included in the Publishing segment results, is generated primarily by selling home delivery and digital subscriptions, as well as single copy sales to non-subscribers. Home delivery and single copy revenue is recognized at a point in time when the paper is delivered or purchased. Digital subscriptions are recognized over time, based on the customers' monthly rate.

Printing, Distribution and Other

Printing, distribution and other revenue, included in the Publishing segment results, is primarily generated from printing and distribution of other newspapers, as well as production of preprinted advertisements for other newspapers. Printing, distribution and other revenue is recognized at a point in time when the product or service is delivered.

Remaining Performance Obligations

The Company has various Publishing advertising contracts and Marketing Services digital services contracts that range from 13 months to 36 months. The Company recognizes revenue on the advertising contracts over the term of the agreement at a point in time when the service or product is delivered. The Company recognizes revenue on the digital services contracts over time, based on the customers' monthly rate. At June 30, 2018, the remaining performance obligation was \$2,307. The Company expects to recognize approximately \$787 over the remainder of 2018 and \$1,520 thereafter.

Deferred Revenue

Deferred revenue is recorded when cash payments are received in advance of the Company's performance, including amounts which are refundable. The short-term and long-term deferred revenue increase of \$391 for the six months ended June 30, 2018, was primarily driven by cash payments received in advance of satisfying our performance obligations, offset by \$8,631 of revenue recognized that was included in the deferred revenue balance as of December 31, 2017.

Practical Expedients and Exemptions

The Company generally expenses sales commissions and circulation acquisition costs when incurred because the amortization period would have been one year or less. These costs are recorded within employee compensation and benefits expense and other production, distribution and operating costs expense, respectively.

The Company does not disclose the value of unsatisfied performance obligations for contracts with an original expected length of one year or less and contracts for which revenue is recognized at the amount invoiced for services performed.

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Note 4: Acquisitions

In February 2017, the Company acquired the remaining 30 percent voting interest in Speakeasy for a cash purchase price of \$2,111, and in March 2017, the Company acquired the remaining 20 percent voting interest in DMV Holdings for a cash purchase price of \$7,120. The initial purchase of 80 percent voting interest in DMV Holdings occurred in January 2015. DMV Holdings holds all outstanding ownership interests of three Dallas-based businesses, Distribion, Inc., Vertical Nerve, Inc. and CDFX, LLC. These businesses specialize in local marketing automation, search engine marketing, and direct mail and promotional products, respectively. These acquisitions complement the product and service offerings currently available to A. H. Belo clients, thereby strengthening the Company's diversified product portfolio and allowing for greater penetration in a competitive advertising market. Operating results of the businesses acquired have been included in the Consolidated Statements of Operations from the initial acquisition date forward.

Pro-rata distributions. In connection with the 2015 acquisition of 80 percent voting interest in DMV Holdings, the shareholder agreement provided for a pro-rata distribution of 50 percent and 100 percent of DMV Holdings' free cash flow for fiscal years 2016 and 2015, respectively. Free cash flow is defined as earnings before interest, taxes, depreciation and amortization less capital expenditures, debt amortization and interest expense, as applicable. In the six months ended June 30, 2017, the Company recorded pro-rata distributions to noncontrolling interests of \$163 in connection with this agreement based on 2016 free cash flow as defined.

Note 5: Goodwill and Intangible Assets

The table below sets forth goodwill and other intangible assets by reportable segment as of June 30, 2018 and December 31, 2017. In the first quarter of 2017, the Company reorganized reporting units based on reporting structure and the go-to-market for the Company's service and product offerings. The Company's Publishing and Marketing Services segments each operate as a single reporting unit.

	June 30, 2018	December 31, 2017
Goodwill		
Marketing Services	\$ 13,973	\$ 13,973
Intangible Assets		
Marketing Services		
Cost	\$ 6,470	\$ 6,470

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Accumulated Amortization	(2,797)	(2,397)
Net Carrying Value	\$ 3,673	\$ 4,073

Marketing Services' intangible assets consist of \$4,950 of customer relationships with estimated useful lives of 10 years and \$1,520 of developed technology with an estimated useful life of five years. In 2017, the Publishing segment's fully amortized intangible assets were written-off and had no remaining useful life. Aggregate amortization expense was \$200 and \$400 for the three and six months ended June 30, 2018, respectively, and \$199 and \$399 for the three and six months ended June 30, 2017, respectively.

As a result of the first quarter 2017 segment reorganization, certain goodwill and intangible assets previously reported in the Marketing Services segment were moved to the Publishing segment, which was fully impaired as of December 31, 2016. Therefore, the Company recorded a noncash goodwill impairment charge of \$228 in the first quarter of 2017.

The Company tested the Marketing Services segment's goodwill for impairment as of December 31, 2017, using a discounted cash flow methodology with a peer-based, risk-adjusted weighted average cost of capital, combined with a market approach using peer-based earnings multiples. The Company believes the use of a discounted cash flow approach, combined with the market approach, is the most reliable indicator of the estimated fair value of the business. Upon completion of the annual test, it was determined the Marketing Services reporting unit's fair value exceeded its carrying value by approximately 93 percent. Accordingly, no impairment was warranted.

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Note 6: Long-term Incentive Plan

A. H. Belo sponsors a long-term incentive plan (the “Plan”) under which 8,000,000 shares of the Company’s Series A and Series B common stock are authorized for equity-based awards. Awards may be granted to A. H. Belo employees and outside directors in the form of non-qualified stock options, incentive stock options, restricted share awards, restricted stock units (“RSUs”), performance shares, performance units or stock appreciation rights. In addition, stock options may be accompanied by full and limited stock appreciation rights. Rights and limited stock appreciation rights may also be issued without accompanying stock options. Awards under the Plan were also granted to holders of stock options issued by A. H. Belo’s former parent company in connection with the Company’s separation from its former parent in 2008. Due to the expiration of the Plan on February 8, 2018, A. H. Belo implemented, and shareholders approved, a new long-term incentive plan (the “2017 Plan”) under which an additional 8,000,000 shares of the Company’s Series A and Series B common stock are authorized for equity-based awards. Like its predecessor plan, awards under the 2017 Plan may be granted to A. H. Belo employees and outside directors in the form of non-qualified stock options, incentive stock options, restricted share awards, RSUs, performance shares, performance units or stock appreciation rights.

Stock Options. Stock options granted under the Plan are fully vested and exercisable. No options have been granted since 2009, and all compensation expense associated with stock options has been fully recognized as of June 30, 2018.

There were 100,344 options outstanding at a weighted average exercise price of \$6.46 as of June 30, 2018 and December 31, 2017. No options were exercised in the six months ended June 30, 2018 and 2017. As of June 30, 2018, the aggregate intrinsic value of outstanding options was \$8 and the weighted average remaining contractual life of the Company’s stock options was less than one year.

Restricted Stock Units. The Company’s RSUs have service and/or performance conditions and, subject to retirement eligibility, vest over a period of up to three years. Vested RSUs are redeemed 60 percent in A. H. Belo Series A common stock and 40 percent in cash over a period of up to three years. As of June 30, 2018, the liability for the portion of the awards to be redeemed in cash was \$828.

The table below sets forth a summary of RSU activity under the Company’s long-term incentive plans.

Total RSUs	Issuance of Common	RSUs Redeemed in	Cash Payments at	Weighted Average Price
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	Stock	Cash	Closing Price of Stock	on Date of Grant
Non-vested at December 31, 2017	224,053			\$ 6.07
Granted	338,210			5.08
Canceled	(3,711)			6.06
Vested and outstanding	(184,774)			5.38
Vested and issued	(114,248)	68,543	45,705	\$ 235
Non-vested at June 30, 2018	259,530			5.17

In the six months ended June 30, 2018, the Company issued 82,693 shares of Series A common stock and 55,128 shares were redeemed in cash for RSUs that were previously vested as of December 31, 2017. In addition, 337,778 and 290,825 RSUs were vested and outstanding as of June 30, 2018 and December 31, 2017, respectively.

The fair value of RSU grants is determined using the closing trading price of the Company's Series A common stock on the grant date. As of June 30, 2018, unrecognized compensation expense related to non-vested RSUs totaled \$1,418, which is expected to be recognized over a weighted average period of 2.4 years.

Compensation Expense. A. H. Belo recognizes compensation expense for awards granted under the Company's long-term incentive plans over the vesting period of the award. Compensation expense related to granted RSUs is set forth in the table below.

	RSUs		
	Redeemable in Stock	RSUs Redeemable in Cash	Total RSU Awards Expense
Three Months Ended June 30, 2018	\$ 103	\$ 34	\$ 137
2017	185	38	223
Six Months Ended June 30, 2018	\$ 720	\$ 312	\$ 1,032
2017	626	317	943

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Note 7: Income Taxes

The Company calculates the income tax provision based on the year-to-date pretax loss adjusted for permanent differences and discrete items on a pro-rata basis. As such, a discrete tax rate was calculated for the period.

In December 2017, the Tax Cuts and Jobs Act (the “2017 Tax Act”) was enacted. The 2017 Tax Act includes a number of changes to existing U.S. tax laws that impact the Company, most notably a reduction of the U.S. corporate income tax rate from 35 percent to 21 percent for tax years beginning after December 31, 2017. The 2017 Tax Act also provides for the acceleration of depreciation for certain assets placed into service after September 27, 2017, as well as prospective changes beginning in 2018, including repeal of the domestic manufacturing deduction, acceleration of tax revenue recognition, capitalization of research and development expenditures, additional limitations on executive compensation and limitations on the deductibility of interest.

The Company measures deferred tax assets and liabilities using enacted tax rates that will apply in the years in which the temporary differences are expected to be recovered or paid. Accordingly, the Company’s deferred tax assets and liabilities were remeasured to reflect the reduction in the U.S. corporate income tax rate from 35 percent to 21 percent, resulting in a \$3,570 decrease in income tax benefit for the year ended December 31, 2017.

The Company recognized income tax provision (benefit) of \$58 and \$293 for the three months ended June 30, 2018 and 2017, respectively, and \$(1,257) and \$251 for the six months ended June 30, 2018 and 2017, respectively. The income tax provision (benefit) was calculated using the newly enacted income tax rate of 21 percent, resulting in a \$398 decrease in income tax benefit for the six months ended June 30, 2018. Effective income tax rates were 21.7 percent and (5.0) percent for the six months ended June 30, 2018 and 2017, respectively. The effective income tax rate for the six months ended June 30, 2018, was due to changes in the valuation allowance, an increase in the net operating loss deferred tax asset and the effect of the Texas margin tax. The change to the valuation allowance was a decrease of \$362 for the six months ended June 30, 2018, primarily due to the pension liability, accrued bonuses and the allowance for bad debt.

A refund of \$3,210 was received in the second quarter of 2018, for a tax benefit recognized in 2016 that was carried back against taxes paid in 2014. The tax benefit was the result of the abandonment of the Company’s ownership interest in Wonderful Media, LLC and the sale of the Company’s equity investment in Homesnap, Inc. in the fourth quarter of 2016.

Note 8: Pension and Other Retirement Plans

Defined Benefit Plans. The Company sponsors the A. H. Belo Pension Plans (the “Pension Plans”), which provide benefits to approximately 1,500 current and former employees of the Company. A. H. Belo Pension Plan I provides benefits to certain current and former employees primarily employed with The Dallas Morning News or the A. H. Belo corporate offices. A. H. Belo Pension Plan II provides benefits to certain former employees of The Providence Journal Company. This obligation was retained by the Company upon the sale of the newspaper operations of The Providence Journal. No additional benefits are accruing under the A. H. Belo Pension Plans, as future benefits were frozen.

No contributions are required to the A. H. Belo Pension Plans in 2018 under the applicable tax and labor laws governing pension plan funding.

Net Periodic Pension Benefit

The Company’s estimates of net periodic pension expense or benefit are based on the expected return on plan assets, interest on the projected benefit obligations and the amortization of actuarial gains and losses that are deferred in accumulated other comprehensive loss. The table below sets forth components of net periodic pension benefit, which are included in non-operating income (expense) in the Consolidated Statements of Operations.

	Three Months Ended		Six Months Ended	
	June 30,		June 30,	
	2018	2017	2018	2017
Interest cost	\$ 1,797	\$ 2,386	\$ 3,593	\$ 4,772
Expected return on plans' assets	(2,893)	(3,314)	(5,787)	(6,627)
Amortization of actuarial loss	167	74	335	149
Net periodic pension benefit	\$ (929)	\$ (854)	\$ (1,859)	\$ (1,706)

Defined Contribution Plans. The A. H. Belo Savings Plan (the “Savings Plan”), a defined contribution 401(k) plan, covers substantially all employees of A. H. Belo. Participants may elect to contribute a portion of their pretax compensation as provided by the

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Savings Plan and the Internal Revenue Code. Employees can contribute up to 100 percent of their annual eligible compensation less required withholdings and deductions up to statutory limits. The Company provides an ongoing dollar-for-dollar match of eligible employee contributions, up to 1.5 percent of the employees' compensation. During the three months ended June 30, 2018 and 2017, the Company recorded expense of \$211 and \$231, respectively, and during the six months ended June 30, 2018 and 2017, the Company recorded expense of \$454 and \$495, respectively, for matching contributions to the Savings Plan.

Note 9: Shareholders' Equity

Dividends. On May 16, 2018, the Company's board of directors declared an \$0.08 per share dividend to shareholders of record and holders of RSUs as of the close of business on August 17, 2018, which is payable on September 7, 2018. During the three months ended June 30, 2018, the Company recorded \$1,786 to accrue for dividends declared but not yet paid.

Treasury Stock. The Company repurchased shares of its common stock pursuant to a publicly announced share repurchase program authorized by the Company's board of directors. In the fourth quarter of 2017, the Company resumed open market repurchases under a repurchase plan agreement limited to a total of \$2,500. During the second quarter of 2018, the Company repurchased 51,402 shares of its Series A common stock at a total cost of \$270.

Outstanding Shares. The Company had Series A and Series B common stock outstanding of 19,260,507 and 2,469,635, respectively, net of treasury shares at June 30, 2018. At December 31, 2017, the Company had Series A and Series B common stock outstanding of 19,269,331 and 2,469,755, respectively, net of treasury shares.

Accumulated other comprehensive loss. Accumulated other comprehensive loss consists of actuarial gains and losses attributable to the A. H. Belo Pension Plans, gains and losses resulting from Pension Plans' amendments and other actuarial experience attributable to other post-employment benefit ("OPEB") plans. The Company records amortization of the components of accumulated other comprehensive loss in employee compensation and benefits in its Consolidated Statements of Operations. Gains and losses associated with the A. H. Belo Pension Plans are amortized over the weighted average remaining life expectancy of the Pension Plans' participants. Gains and losses associated with the Company's OPEB plans are amortized over the average remaining service period of active OPEB plans' participants. Net deferred tax assets related to amounts recorded in accumulated other comprehensive loss are fully reserved.

The table below sets forth the changes in accumulated other comprehensive loss, net of tax, as presented in the Company's consolidated financial statements.

	Three Months Ended June 30, 2018			2017		
	Total	Defined benefit pension plans	Other post- employment benefit plans	Total	Defined benefit pension plans	Other post- employment benefit plans
Balance, beginning of period	\$ (24,774)	\$ (25,266)	\$ 492	\$ (39,251)	\$ (39,662)	\$ 411
Amortization	157	167	(10)	56	74	(18)
Balance, end of period	\$ (24,617)	\$ (25,099)	\$ 482	\$ (39,195)	\$ (39,588)	\$ 393

	Six Months Ended June 30, 2018			2017		
	Total	Defined benefit pension plans	Other post- employment benefit plans	Total	Defined benefit pension plans	Other post- employment benefit plans
Balance, beginning of period	\$ (24,932)	\$ (25,434)	\$ 502	\$ (39,308)	\$ (39,737)	\$ 429
Amortization	315	335	(20)	113	149	(36)
Balance, end of period	\$ (24,617)	\$ (25,099)	\$ 482	\$ (39,195)	\$ (39,588)	\$ 393

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Note 10: Earnings Per Share

The table below sets forth the reconciliation for net loss and weighted average shares used for calculating basic and diluted earnings per share (“EPS”). The Company’s Series A and Series B common stock equally share in the distributed and undistributed earnings.

	Three Months Ended June 30,		Six Months Ended June 30,	
	2018	2017	2018	2017
Earnings (Numerator)				
Net loss	\$ (534)	\$ (805)	\$ (4,548)	\$ (5,235)
Less: dividends to participating securities	49	43	94	82
Net loss available to common shareholders	\$ (583)	\$ (848)	\$ (4,642)	\$ (5,317)
Shares (Denominator)				
Weighted average common shares outstanding (basic and diluted)	21,738,545	21,743,390	21,756,678	21,717,032
Loss Per Share				
Basic and diluted	\$ (0.03)	\$ (0.04)	\$ (0.21)	\$ (0.24)

Holders of service-based RSUs participate in A. H. Belo dividends on a one-for-one share basis. Distributed and undistributed income associated with participating securities is included in the calculation of EPS under the two-class method as prescribed under ASC 260 – Earnings Per Share.

The Company considers outstanding stock options and RSUs in the calculation of earnings per share. A total of 697,652 and 615,222 options and RSUs outstanding as of June 30, 2018 and 2017, respectively, were excluded from

the calculation because the effect was anti-dilutive.

Note 11: Contingencies

Legal proceedings. From time to time, the Company is involved in a variety of claims, lawsuits and other disputes arising in the ordinary course of business. Management routinely assesses the likelihood of adverse judgments or outcomes in these matters, as well as the ranges of probable losses to the extent losses are reasonably estimable. Accruals for contingencies are recorded when, in the judgment of management, adverse judgments or outcomes are probable and the financial impact, should an adverse outcome occur, is reasonably estimable. The determination of likely outcomes of litigation matters relates to factors that include, but are not limited to, past experience and other evidence, interpretation of relevant laws or regulations and the specifics and status of each matter. Predicting the outcome of claims and litigation and estimating related costs and financial exposure involves substantial uncertainties that could cause actual results to vary materially from estimates and accruals. In the opinion of management, liabilities, if any, arising from other currently existing claims against the Company would not have a material adverse effect on A. H. Belo's results of operations, liquidity or financial condition.

Note 12: Sales of Assets

Sales of Assets. Assets held for sale include long-lived assets being actively marketed for which a sale is considered probable within the next 12 months. These assets are recorded at the lower of their fair value less costs to sell or their carrying value at the time they are classified as assets held for sale. In the fourth quarter of 2017, the Company announced real estate assets in downtown Dallas, Texas, previously used as the corporate headquarters, are available for sale. These assets, with a total carrying value of \$1,089, are reported as assets held for sale as of June 30, 2018 and December 31, 2017.

Other Dispositions. On December 31, 2017, the Company completed the sale of the outstanding capital stock of the Denton Publishing Company, owner of the Denton Record-Chronicle, to Denton Media Company, Inc. (the "purchaser"). The business did not meet the requirements of a discontinued operation; therefore, all financial results were included in continuing operations. Prior to the disposition, the Denton Record-Chronicle was included in the Publishing segment results.

The Company entered into multi-year agreements with the purchaser, effective January 1, 2018, including an advertising services reseller agreement, printing, distribution and content services agreements. The Company also entered into an agreement to provide transition services to the purchaser through June 30, 2018, which has been extended to November 30, 2018, for certain transition services. In connection with the sale, the Company entered into a sublease with Denton Publishing Company for a term ending on July 30, 2023.

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Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations

A. H. Belo intends for the discussion of its financial condition and results of operations that follows to provide information that will assist in understanding its financial statements, the changes in certain key items in those statements from period to period, and the primary factors that accounted for those changes, as well as how certain accounting principles, policies and estimates affect its financial statements. The following information should be read in conjunction with the Company's consolidated financial statements and related notes filed as part of this report. Unless otherwise noted, amounts in Management's Discussion and Analysis reflect continuing operations of the Company, and all dollar amounts are presented in thousands, except share and per share amounts.

OVERVIEW

A. H. Belo, headquartered in Dallas, Texas, is a leading local news and information publishing company with commercial printing, distribution and direct mail capabilities, as well as expertise in emerging media and digital marketing. With a continued focus on extending the Company's media platform, A. H. Belo delivers news and information in innovative ways to a broad spectrum of audiences with diverse interests and lifestyles.

The Company's Publishing segment includes the operations of The Dallas Morning News (www.dallasnews.com), Texas' leading newspaper and winner of nine Pulitzer Prizes, and various niche publications targeting specific audiences. Its newspaper operations also provide commercial printing and distribution services to large national and regional newspapers and other businesses in Texas. In addition, the segment includes sales of online automotive classifieds on the cars.com platform.

All other operations are reported within the Company's Marketing Services segment. These operations primarily include DMV Digital Holdings Company ("DMV Holdings") and its subsidiaries Distribion, Inc. ("Distribion"), Vertical Nerve, Inc. ("Vertical Nerve") and CDFX, LLC ("MarketingFX"). The segment also includes Your Speakeasy, LLC ("Speakeasy") and targeted display advertising generated by Connect (programmatic advertising).

In March 2017, the Company acquired the remaining 20 percent voting interest in DMV Holdings for a cash purchase price of \$7,120. The initial purchase of 80 percent voting interest in DMV Holdings occurred in January 2015. DMV Holdings holds all outstanding ownership interests of three Dallas-based businesses, Distribion, Vertical Nerve and MarketingFX. These businesses specialize in local marketing automation, search engine marketing, and direct mail and promotional products, respectively. The Company believes this acquisition complements the product and service offerings currently available to A. H. Belo customers, thereby strengthening the Company's diversified product portfolio and allowing for greater penetration in a competitive marketing environment. Operating results of the

businesses acquired have been included in the Consolidated Statements of Operations from the initial acquisition date forward.

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RESULTS OF OPERATIONS

Consolidated Results of Operations

This section contains discussion and analysis of net operating revenue, expense and other information relevant to an understanding of results of operations for the three and six months ended June 30, 2018 and 2017. Net periodic pension and other post-employment expense (benefit) is now included in non-operating income (expense) in the Consolidated Statements of Operations; see Note 1 – Basis of Presentation and Recently Issued Accounting Standards. As a result of adopting the new retirement benefits guidance, Publishing operating costs and operating loss increased by \$931 and \$1,861 for the three and six months ended June 30, 2018, respectively, and \$859 and \$1,718 for the three and six months ended June 30, 2017, respectively.

The table below sets forth the components of A. H. Belo's operating income (loss) by segment.

	Three Months Ended June 30,			Six Months Ended June 30,		
	2018	Percentage Change	2017	2018	Percentage Change	2017
Publishing						
Advertising and marketing services	\$ 20,750	(25.2) %	\$ 27,755	\$ 41,048	(26.1) %	\$ 55,549
Circulation	17,921	(6.1) %	19,088	35,668	(6.8) %	38,254
Printing, distribution and other	6,851	(14.1) %	7,979	12,816	(11.7) %	14,510
Total Net Operating Revenue	45,522	(17.0) %	54,822	89,532	(17.3) %	108,313
Total Operating Costs and Expense	47,267	(16.9) %	56,889	97,412	(16.0) %	115,964
Operating Loss	\$ (1,745)	15.6 %	\$ (2,067)	\$ (7,880)	(3.0) %	\$ (7,651)
Marketing Services						
Advertising and marketing services	\$ 5,647	(31.7) %	\$ 8,267	\$ 11,090	(29.3) %	\$ 15,677
Total Net Operating Revenue	5,647	(31.7) %	8,267	11,090	(29.3) %	15,677
Total Operating Costs and Expense	5,269	(29.5) %	7,478	10,794	(24.5) %	14,298
Operating Income	\$ 378	(52.1) %	\$ 789	\$ 296	(78.5) %	\$ 1,379

Traditionally, the Company's primary revenues are generated from advertising within its core newspapers, niche publications and related websites and from subscription and single copy sales of its printed newspapers. As a result of competitive and economic conditions, the newspaper industry has faced a significant revenue decline over the past decade. Therefore, the Company has sought to diversify its revenues through development and investment in new product offerings, increased circulation rates and leveraging of its existing assets to offer cost efficient commercial printing and distribution services to its local markets. The Company continually evaluates the overall performance of its core products to ensure existing assets are deployed adequately to maximize return.

The Company's advertising revenue from its core newspapers continues to be adversely affected by the shift of advertiser spending to other forms of media and the increased accessibility of free online news content, as well as news content from other sources, which resulted in declines in advertising and paid print circulation volumes and revenue. The most significant decline in advertising revenue has been attributable to print display and classified categories. These categories, which represented 24.0 percent of consolidated revenue in 2015, have declined to 17.8 percent of consolidated revenue thus far in 2018, and further declines are likely in future periods. Decreases in print display and classified categories are indicative of continuing trends by advertisers towards digital platforms, which are widely available from many sources. In the current environment, companies are allocating more of their advertising spending towards programmatic channels that provide digital advertising on multiple platforms with enhanced technology for targeted delivery and measurement. As a result of the continued declines the Publishing segment experienced, and expects to continue to experience, in advertising and print circulation revenues, the Publishing reporting unit's goodwill was determined to be fully impaired as of December 31, 2016. Certain goodwill and intangible assets previously reported in the Marketing Services segment were moved to the Publishing segment as a result of the first quarter 2017 segment reorganization. Therefore, the Company recorded a noncash goodwill impairment charge of \$228 in the first quarter of 2017.

The Company has responded to these challenges by expanding programmatic channels through which it works to meet customer demand for digital advertisement opportunities in display, mobile, video and social media categories. By utilizing advertising exchanges to apply marketing insight, the Company believes it offers greater value to clients through focused targeting of advertising to potential customers. In May 2016, the Company installed a meter on its website and began to build a base of paid digital subscribers.

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The Company's expanded digital and marketing services product offerings leverage the Company's existing resources and relationships to offer additional value to existing and new advertising clients. Solutions provided by DMV Holdings include development of mobile websites, search engine marketing and optimization, video, mobile advertising, email marketing, advertising analytics and online reputation management services. Through Speakeasy, the Company is able to target middle-market business customers and provide turnkey social media account management and content development services.

Advertising and marketing services revenue

Advertising and marketing services revenue was 51.6 percent and 51.8 percent of total revenue for the three and six months ended June 30, 2018, respectively, and 57.1 percent and 57.4 percent for the three and six months ended June 30, 2017, respectively.

	Three Months Ended June 30,			Six Months Ended June 30,		
	2018	Percentage Change	2017	2018	Percentage Change	2017
Publishing						
Advertising revenue	\$ 20,750	(25.2) %	\$ 27,755	41,048	(26.1) %	55,549
Marketing Services						
Digital services	4,462	(39.9) %	7,426	8,549	(37.6) %	13,708
Other services	1,185	40.9 %	841	2,541	29.1 %	1,969
Advertising and Marketing Services	\$ 26,397	(26.7) %	\$ 36,022	\$ 52,138	(26.8) %	\$ 71,226

Publishing

Advertising Revenue – The Company has a comprehensive portfolio of print and digital advertising products, which include display, classified, preprint and digital advertising. Display and classified print revenue primarily represents sales of advertising space within the Company's core and niche newspapers. As advertisers continue to diversify marketing budgets to incorporate more and varied avenues of reaching consumers, traditional display advertising continues to decline. Display revenue decreased in the three and six months ended June 30, 2018, primarily due to lower retail advertising in substantially all categories. In retail, the financial, department store, real estate and other

retail categories experienced the greatest declines with a combined revenue decrease of approximately \$896 and \$1,441 for the three and six months ended June 30, 2018, respectively. The revenue decrease was driven by a retail volume decline of 24.8 percent and 24.9 percent for the three and six months ended June 30, 2018, respectively. Classified print revenue decreased in the three and six months ended June 30, 2018, as a result of revenue declines in all categories, with the largest declines in automotive and real estate.

Preprint revenue primarily reflects preprinted advertisements inserted into the Company's core newspapers and niche publications, or distributed to non-subscribers through the mail. Revenue decreased due to a volume decline in home delivery mail advertising and preprint newspaper inserts, consistent with the decline in circulation volumes discussed below.

Digital Publishing revenue is primarily comprised of banner and real estate classified advertising on The Dallas Morning News' website dallasnews.com, online employment and obituary classified advertising on third-party websites sold under a print/digital bundle package and sales of online automotive classifieds on the cars.com platform. Revenue decreased primarily due to the adoption of the new revenue guidance; see Note 1 – Basis of Presentation and Recently Issued Accounting Standards.

Marketing Services

Digital services – Digital marketing revenue includes targeted and multi-channel advertising placed on third-party websites, content development, social media management, search optimization, and other consulting. Adoption of the new revenue guidance resulted in a revenue decrease of \$939 and \$1,952 for the three and six months ended June 30, 2018, respectively. In addition, in the first quarter of 2018, the segment had attrition of six accounts with significant pass-through revenue in 2017.

Other services – Other services revenue increased \$344 and \$572 in the three and six months ended June 30, 2018, respectively, due to the sale of promotional merchandise by MarketingFX.

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Circulation revenue

Circulation revenue was 35.0 percent and 35.5 percent of total revenue for the three and six months ended June 30, 2018, respectively, and 30.3 percent and 30.9 percent for the three and six months ended June 30, 2017, respectively.

	Three Months Ended June 30,			Six Months Ended June 30,		
	2018	Percentage Change	2017	2018	Percentage Change	2017
Publishing						
Circulation	\$ 17,921	(6.1) %	\$ 19,088	\$ 35,668	(6.8) %	\$ 38,254

Revenue decreased primarily due to home delivery revenue, driven by a volume decline of 11.1 percent and 10.7 percent, for the three and six months ended June 30, 2018, respectively. Single copy revenue also decreased compared to prior year, due to a decline in single copy paid print circulation volume of 23.8 percent and 23.2 percent, for the three and six months ended June 30, 2018, respectively. The single copy volume decline was partially offset by an increase in single copy rates. Volume declines in circulation revenue have been more pronounced with single copy sales. Price increases and supplemental editions are critical to maintaining the revenue base to support this product. Also contributing to the decline was the adoption of the new revenue guidance. Revenue declined by \$269 and \$527 for the three and six months ended June 30, 2018, respectively, related to the grace period for home delivery subscriptions where the Company recorded revenue for newspapers delivered after a subscription expires. Prior to adoption, non-payment of grace was recorded as bad debt expense. However, under the new guidance revenue is reduced.

Printing, distribution and other revenue

Printing, distribution and other revenue was 13.4 percent and 12.7 percent of total revenue for the three and six months ended June 30, 2018, respectively, and 12.6 percent and 11.7 percent for the three and six months ended June 30, 2017, respectively.

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	Three Months Ended June 30,			Six Months Ended June 30,		
	2018	Percentage Change	2017	2018	Percentage Change	2017
Publishing						
Printing, Distribution and Other	\$ 6,851	(14.1) %	\$ 7,979	\$ 12,816	(11.7) %	\$ 14,510

The Company aggressively markets the capacity of its printing and distribution assets to other newspapers that would benefit from cost sharing arrangements. Revenue decreased in the three and six months ended June 30, 2018, due to a decrease in event-related revenue, a decrease in commercial printing volumes and a discontinued product line.

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Operating Costs and Expense

The table below sets forth the components of the Company's operating costs and expense.

	Three Months Ended June 30,			Six Months Ended June 30,		
	2018	Percentage Change	2017	2018	Percentage Change	2017
Publishing						
Employee compensation and benefits	\$ 18,376	(17.8)	% \$ 22,359	\$ 39,691	(16.9)	% \$ 47,760
Other production, distribution and operating costs	21,245	(18.7)	% 26,119	42,498	(17.4)	% 51,445
Newsprint, ink and other supplies	5,170	(9.4)	% 5,705	10,311	(9.0)	% 11,334
Depreciation	2,498	(7.7)	% 2,706	4,934	(5.1)	% 5,197
Asset impairments	(22)	N/A	—	(22)	(109.6)	% 228
Marketing Services						
Employee compensation and benefits	3,153	(6.0)	% 3,353	6,510	(2.6)	% 6,686
Other production, distribution and operating costs	1,588	(56.1)	% 3,617	3,349	(49.4)	% 6,617
Newsprint, ink and other supplies	291	1.0	% 288	461	(17.7)	% 560
Depreciation	37	76.2	% 21	74	105.6	% 36
Amortization	200	0.5	% 199	400	0.3	% 399
Total Operating Costs and Expense	\$ 52,536	(18.4)	% \$ 64,367	\$ 108,206	(16.9)	% \$ 130,262

Publishing

Employee compensation and benefits – The Company continues to implement measures to optimize its workforce and reduce risk associated with future obligations towards employee benefit plans. Employee compensation and benefits decreased \$3,983 and \$8,069 in the three and six months ended June 30, 2018, respectively, primarily due to headcount reductions within the Company.

Other production, distribution and operating costs – Expense decreased in the Company's Publishing segment reflecting savings as the Company continues to manage discretionary spending. In addition to the reduction of expense related to adoption of the new revenue guidance, savings were generated by reductions in temporary services, as well as distribution expense related to delivery of the Company's various publications and products.

Newsprint, ink and other supplies – Expense decreased due to reduced newsprint costs associated with lower circulation volumes. Newsprint consumption for the three months ended June 30, 2018 and 2017, approximated 5,014 and 5,919 metric tons, respectively, at an average cost per metric ton of \$645 and \$561, respectively. Newsprint consumption for the six months ended June 30, 2018 and 2017, approximated 10,013 and 11,754, respectively, at an average cost per metric ton of \$626 and \$562, respectively. The average purchase price for newsprint was \$673 and \$559 for the three months ended June 30, 2018 and 2017, respectively, and \$644 and \$562 for the six months ended June 30, 2018 and 2017, respectively.

Depreciation – Expense decreased in the three and six months ended June 30, 2018, due to a lower depreciable asset base as a higher level of in-service assets are now fully depreciated.

Asset impairments – In the six months ended June 30, 2017, operating costs and expense for the Publishing segment reflect a noncash goodwill impairment charge of \$228.

Marketing Services

Employee compensation and benefits – Expense decreased in the three and six months ended June 30, 2018, primarily due to a reduction in variable compensation, partially offset by an increase in benefits expense due to the segment moving to the Company's fully-insured health plan.

Other production, distribution and operating costs – Expense decreased \$2,029 and \$3,268 in the three and six months ended June 30, 2018, respectively, primarily due to the adoption of the new revenue guidance and a decrease in digital service fees.

Newsprint, ink and other supplies – Expense remained flat in the three months ended June 30, 2018, and decreased in the six months ended June 30, 2018, primarily due to a decrease in promotional material printing costs associated with MarketingFX.

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Depreciation – Marketing Services’ cost structure is primarily labor driven. Capital purchases are required to support technology investments. Capital assets are primarily depreciated over a life of three years.

Amortization – Expense is primarily related to customer lists associated with DMV Holdings.

Other

The table below sets forth the other components of the Company’s results of operations.

	Three Months Ended June 30,			Six Months Ended June 30,				
	2018	Change	Percentage	2018	Change	Percentage		
Other income, net	\$ 891	16.3	%	\$ 766	\$ 1,779	38.1	%	\$ 1,288
Income tax provision (benefit)	\$ 58	(80.2)	%	\$ 293	\$ (1,257)	(600.8)	%	\$ 251

Other income (expense) – Other income (expense), net includes gain (loss) on disposal of fixed assets and gain (loss) from investments.

Net periodic pension and other post-employment expense (benefit) is now included in non-operating income (expense) in the Consolidated Statements of Operations; see Note 1 – Basis of Presentation and Recently Issued Accounting Standards. As a result of adopting the new retirement benefits guidance, other income, net increased by the net periodic pension and other post-employment benefit of \$931 and \$1,861 for the three and six months ended June 30, 2018, respectively, and \$859 and \$1,718 for the three and six months ended June 30, 2017, respectively.

Tax provision – The income tax provision (benefit) was calculated using the newly enacted income tax rate of 21 percent, resulting in a \$398 decrease in income tax benefit for the six months ended June 30, 2018. Effective income tax rates were 21.7 percent and (5.0) percent for the six months ended June 30, 2018 and 2017, respectively. The effective income tax rate for the six months ended June 30, 2018, was due to changes in the valuation allowance,

an increase in the net operating loss deferred tax asset and the effect of the Texas margin tax.

Legal proceedings – From time to time, the Company is involved in a variety of claims, lawsuits and other disputes arising in the ordinary course of business. Management routinely assesses the likelihood of adverse judgments or outcomes in these matters, as well as the ranges of probable losses to the extent losses are reasonably estimable. Accruals for contingencies are recorded when, in the judgment of management, adverse judgments or outcomes are probable and the financial impact, should an adverse outcome occur, is reasonably estimable. The determination of likely outcomes of litigation matters relates to factors that include, but are not limited to, past experience and other evidence, interpretation of relevant laws or regulations and the specifics and status of each matter. Predicting the outcome of claims and litigation and estimating related costs and financial exposure involves substantial uncertainties that could cause actual results to vary materially from estimates and accruals. In the opinion of management, liabilities, if any, arising from other currently existing claims against the Company would not have a material adverse effect on A. H. Belo's results of operations, liquidity or financial condition.

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Liquidity and Capital Resources

The Company's cash balances as of June 30, 2018 and December 31, 2017, were \$56,751 and \$57,660, respectively.

The Company intends to hold existing cash for purposes of future investment opportunities, potential return of capital to shareholders and for contingency purposes. Although revenue from Publishing operations is expected to continue to decline in future periods, operating contributions expected from the Company's Marketing Services businesses and other cost cutting measures, are expected to be sufficient to fund operating activities and capital spending of approximately \$2,000 over the remainder of the year.

The future payment of dividends is dependent upon available cash after considering future operating and investing requirements and cannot be guaranteed. The Company resumed open market stock repurchases in the fourth quarter of 2017 under its prior board-authorized repurchase authority. Current holdings of treasury stock could be used to satisfy its obligations related to share-based awards issued to employees and directors, or can be sold on the open market.

The following discusses the changes in cash flows by operating, investing and financing activities.

Operating Cash Flows

Net cash provided by operating activities for the six months ended months ended June 30, 2018 and 2017, was \$7,165 and \$2,522, respectively. Cash flows from operating activities increased by \$4,643 during the six months ended June 30, 2018, when compared to the prior year period, primarily due to changes in working capital and other operating assets and liabilities and a federal income tax refund of \$3,210; see Note 7 – Income Taxes.

Investing Cash Flows

Net cash used for investing activities was \$3,697 and \$4,789 for the six months ended June 30, 2018 and 2017, respectively, all of which was attributable to capital spending.

Financing Cash Flows

Net cash used for financing activities was \$4,377 and \$12,948 for the six months ended June 30, 2018 and 2017, respectively. Cash flows used for financing activities decreased in 2018 compared to 2017, due to the first quarter 2017 acquisitions of the remaining interests in DMV Holdings and Speakeasy for a purchase price of \$7,120 and \$2,111, respectively. Cash used for financing activities included dividend payments of \$3,552 and \$3,538 in 2018 and 2017, respectively. Additionally, in 2018, the Company purchased 160,180 shares of its Series A common stock at a cost of \$825 under its share repurchase program.

Financing Arrangements

None.

Contractual Obligations

Under the applicable tax and labor laws governing pension plan funding, no contributions to the A. H. Belo Pension Plans are required in 2018.

On May 16, 2018, the Company's board of directors declared an \$0.08 per share dividend to shareholders of record and holders of RSUs as of the close of business on August 17, 2018, which is payable on September 7, 2018.

Additional information related to the Company's contractual obligations is available in Company's Annual Report on Form 10 K for the year ended December 31, 2017, filed on March 16, 2018, with the Securities and Exchange Commission ("SEC").

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Critical Accounting Policies and Estimates

Beginning January 1, 2018, the Company adopted ASU 2014-09 – Revenue from Contracts with Customers (Topic 606). The Company implemented changes to the Company’s policies related to processes around recording revenue for digital advertising placed on third-party websites where the Company acted as an agent under the new standard. Prior to adoption, such revenue was generally recorded gross, but under the new standard this revenue is recorded net.

Except for adoption of the new revenue guidance (Topic 606), no material changes were made to the Company’s critical accounting policies as set forth in “Item 7. Management’s Discussion and Analysis of Financial Condition and Results of Operations”, included in the Company’s Annual Report on Form 10-K filed with the SEC for the year ended December 31, 2017.

Forward-Looking Statements

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.

Item 3. Quantitative and Qualitative Disclosures about Market Risk

There were no material changes in A. H. Belo Corporation’s exposure to market risk from the disclosure included in the Annual Report on Form 10-K for the year ended December 31, 2017.

Item 4. Controls and Procedures

Evaluation of Disclosure Controls and Procedures

The Company maintains disclosure controls and procedures, as defined in Rules 13a-15(e) and 15d-15(e) under the Securities Exchange Act of 1934 (Exchange Act), that are designed to ensure that information required to be disclosed by the Company in reports filed or submitted under the Exchange Act is recorded, processed, summarized and reported within the time periods specified in the SEC's rules and forms. Disclosure controls and procedures include, without limitation, controls and procedures designed to ensure that information required to be disclosed is accumulated and communicated to management, including the Company's Principal Executive Officer and Principal Financial Officer, as appropriate, to allow timely decisions regarding required disclosure.

The Company's management, under the supervision and with the participation of the Company's Principal Executive Officer and Principal Financial Officer, evaluated the effectiveness of the Company's disclosure controls and procedures (as defined in Rule 13a-15(e) under the Securities Exchange Act of 1934) as of the end of the period covered by this report. Based on that evaluation, the Company's Principal Executive Officer and Principal Financial Officer have concluded that as of the end of the period covered by this report, due to material weaknesses in internal control over financial reporting described in Management's Report on Internal Control Over Financial Reporting in the Company's Annual Report on Form 10-K for the year ended December 31, 2017 (the "Management's Report on Internal Controls"), the Company's disclosure controls and procedures were not effective.

Notwithstanding the material weaknesses discussed above, management believes the consolidated financial statements included in this Quarterly Report on Form 10-Q present fairly, in all material respects, the Company's financial condition, results of operations and cash flows at and for the periods presented in accordance with U.S. generally accepted accounting principles.

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Management's Report on Internal Control Over Financial Reporting

The Company's management, with oversight from the Audit Committee of the Board of Directors of the Company, is actively engaged in remediation efforts to address the material weaknesses identified in the Management's Report on Internal Controls. Management has taken, and will take, a number of actions to remediate the 2017 material weaknesses including the following:

- Develop and deliver Internal Controls training to individuals associated with these control deficiencies and enhance training provided to all personnel who have financial reporting or internal control responsibilities to learn from these deficiencies. The training will include a review of individual roles and responsibilities related to internal controls and reemphasize the importance of completing the control procedures on a timely basis.
- Improve monitoring and risk assessment activities to address these control deficiencies.

These improvements are targeted at strengthening the Company's internal control over financial reporting and remediating the 2017 material weaknesses. The Company remains committed to an effective internal control environment and management believes that these actions, and the improvements management expects to achieve as a result, will effectively remediate the 2017 material weaknesses. However, the material weaknesses in the Company's internal control over financial reporting will not be considered remediated until the controls operate for a sufficient period of time and management has concluded, through testing, that these controls operate effectively. The Company expects that the remediation of the 2017 material weaknesses will be completed by December 31, 2018.

Changes in Internal Control Over Financial Reporting

Beginning January 1, 2018, the Company adopted ASU 2014-09 – Revenue from Contracts with Customers (Topic 606). The Company implemented changes to processes related to revenue recognition and the control activities within them. The changes are primarily related to processes around recording revenue for digital advertising placed on third-party websites where the Company acted as an agent under the new standard. Prior to adoption, such revenue was generally recorded gross, but under the new standard this revenue is recorded net.

Except as related to the adoption of the new revenue guidance (Topic 606) and the material weaknesses described above, there have been no changes in the Company's internal control over financial reporting identified in connection with the evaluation required by Rules 13a-15(d) and 15d-15(d) of the Exchange Act that occurred during the second fiscal quarter ended June 30, 2018, that have materially affected, or are reasonably likely to materially affect, the Company's internal control over financial reporting.

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PART II

Item 1. Legal Proceedings

A number of legal proceedings are pending against A. H. Belo. In the opinion of management, liabilities, if any, arising from these legal proceedings would not have a material adverse effect on A. H. Belo's results of operations, liquidity or financial condition.

Item 1A. Risk Factors

There were no material changes from the risk factors disclosed under the heading "Risk Factors" in Item 1A in the Annual Report on Form 10-K for the year ended December 31, 2017.

Item 2. Unregistered Sales of Equity Securities and Use of Proceeds

There were no unregistered sales of the Company's equity securities during the period covered by this report.

Issuer Purchases of Equity Securities

The Company repurchased shares of its common stock pursuant to a publicly announced share repurchase program authorized by the Company's board of directors. In the fourth quarter of 2017, the Company resumed open market repurchases under a repurchase plan agreement limited to a total of \$2,500. During the second quarter of 2018, the Company repurchased 51,402 shares of its Series A common stock at a total cost of \$270. All purchases were made through open market transactions and were recorded as treasury stock.

The following table contains information for shares repurchased during the second quarter of 2018. None of the shares in this table were repurchased directly from any of the Company's officers or directors.

Period	Total Number of Shares Purchased	Average Price Paid per Share	Total Number of Shares Purchased as Part of Publicly Announced Plans or Programs	Maximum Number of Shares that May Yet Be Purchased Under the Plans or Programs
April 2018	36,091	\$ 5.39	1,575,830	924,170
May 2018	3,100	5.63	1,578,930	921,070
June 2018	12,211	4.75	1,591,141	908,859

Item 3. Defaults Upon Senior Securities

None.

Item 4. Mine Safety Disclosures

None.

Item 5. Other Information

None.

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Item 6. Exhibits

Exhibits marked with an asterisk (*) are incorporated by reference to documents previously filed by the Company with the SEC, as indicated. In accordance with Regulation S-T, the XBRL-related information marked with a double asterisk (**) in Exhibit No. 101 to this Quarterly Report on Form 10-Q is deemed filed. All other documents are filed with this report. Exhibits marked with a tilde (~) are management contracts, compensatory plan contracts or arrangements filed pursuant to Item 601(b)(10)(iii)(A) of Regulation S-K.

Exhibit

Number Description

- 2.1 * Agreement and Plan of Merger dated April 23, 2018 by and between A. H. Belo Corporation and A. H. Belo Texas, Inc. (Exhibit 2.1 to the Company's Current Report on Form 8-K filed with the Securities and Exchange Commission on April 23, 2018 (Securities and Exchange Commission File No. 001-33741) (the "April 23, 2018 Form 8-K"))
- 3.1 * Certificate of Formation of A. H. Belo Corporation (successor to A. H. Belo Texas, Inc.) (Exhibit 3.1 to the April 23, 2018 Form 8-K)
- 3.2 * Certificate of Merger (Delaware) of A. H. Belo Corporation with and into A. H. Belo Texas, Inc. (Exhibit 3.3 to the Company's Current Report on Form 8-K filed with the Securities and Exchange Commission on July 2, 2018 (Securities and Exchange Commission File No. 001-33741) (the "July 2, 2018 Form 8-K"))
- 3.3 * Certificate of Merger (Texas) of A. H. Belo Corporation with and into A. H. Belo Texas, Inc. (Exhibit 3.4 to the July 2, 2018 Form 8-K)
- 3.4 * Bylaws of A. H. Belo Corporation (successor to A. H. Belo Texas, Inc.) (Exhibit 3.2 to the April 23, 2018 Form 8-K)
- 4.1(a) * Certain rights of the holders of the Company's Common Stock set forth in Exhibits 3.1 3.4 above
- 4.1(b) * Description of Capital Stock (Exhibit 4.1 to the July 2, 2018 Form 8-K)

- 4.2 * Specimen Form of Certificate representing shares of the Company's Series A Common Stock (Exhibit 4.2 to the July 2, 2018 Form 8-K)
- 4.3 * Specimen Form of Certificate representing shares of the Company's Series B Common Stock (Exhibit 4.3 to the July 2, 2018 Form 8-K)
- 10.1 * Material Contracts
- (1) * Asset Purchase Agreement by and between the Press-Enterprise Company, AHC California Properties LLC, A. H. Belo Management Services, Inc. and Freedom Communications Holdings, Inc. dated October 9, 2013 (Exhibit 10.1 to A. H. Belo Corporation's Current Report on Form 8-K filed with the Securities and Exchange Commission on October 11, 2013 (Securities and Exchange Commission File No. 001-33741) (the "October 11, 2013 Form 8-K"))
- (2) * Form of Limited Guaranty by and between A. H. Belo Corporation and Freedom Communications Holdings, Inc (Exhibit 10.2 to the October 11, 2013 Form 8-K)
- (3) * Amendment No. 1 to Asset Purchase Agreement dated October 31, 2013, between the Press-Enterprise Company, AHC California Properties LLC, A. H. Belo Management Services, Inc. and Freedom Communications Holdings Inc. (Exhibit 10.1 to A. H. Belo Corporation's Current Report on Form 8-K filed with the Securities and Exchange Commission on November 4, 2013 (Securities and Exchange Commission File No. 001-33741))
- (4) * Amendment No. 2 to Asset Purchase Agreement dated November 21, 2013, between the Press-Enterprise Company, AHC California Properties LLC, A. H. Belo Management Services, Inc. and Freedom Communications Holdings Inc. (Exhibit 10.1 to A. H. Belo Corporation's Current Report on Form 8-K filed with the Securities and Exchange Commission on November 25, 2013 (Securities and Exchange

- Commission File No. 001-33741))
- (5) * Asset Purchase Agreement among The Providence Journal Company and LMG Rhode Island Holdings, Inc. dated as of July 22, 2014 (Exhibit 10.1 to A. H. Belo Corporation's Current Report on Form 8-K filed with the Securities and Exchange Commission on July 25, 2014 (Securities and Exchange Commission File No. 001-33741))
- (6) * Unit Purchase Agreement dated August 5, 2014 by and among Gannett Company, Inc., Classified Ventures, LLC, and Unitholders of Classified Ventures, LLC (Exhibit 2.1 to A. H. Belo Corporation's Current Report on Form 8-K filed with the Securities and Exchange Commission on August 6, 2014 (Securities and Exchange Commission File No. 001-33741))

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Exhibit

Number Description

(7*) Sublease Agreement for Old Dallas Library Building dated December 30, 2016 (Exhibit 10.1 to A. H. Belo Corporation's Current Report on Form 8-K filed with the Securities and Exchange Commission on January 3, 2017 (Securities and Exchange Commission File No. 001-33741) (the "January 3, 2017 Form 8-K"))

(8*) Guaranty of Lease dated December 30, 2016 (Exhibit 10.2 to the January 3, 2017 Form 8-K)

10.2 * Compensatory plans and arrangements:

~(*) A. H. Belo Savings Plan as Amended and Restated Effective January 1, 2015 (Exhibit 10.2(1) to the Company's Annual Report on Form 10-K filed with the Securities and Exchange Commission on March 6, 2015 (Securities and Exchange Commission File No. 001-33741))

* (a) First Amendment to the A. H. Belo Savings Plan effective January 1, 2016 (Exhibit 10.2(1)(a) to the Company's Quarterly Report on Form 10-Q filed

- with the Securities and Exchange Commission on November 1, 2016 (Securities and Exchange Commission File No. 001-33741))
- * (b) Second Amendment to the A. H. Belo Savings Plan effective September 8, 2016 (Exhibit 10.2(1)(b) to the Company's Quarterly Report on Form 10-Q filed with the Securities and Exchange Commission on November 1, 2016 (Securities and Exchange Commission File No. 001-33741))
- * (c) Third Amendment to the A. H. Belo Savings Plan dated September 7, 2017 (Exhibit 10.3 to the Company's Current Report on Form 8-K filed with the Securities and Exchange Commission on September 8, 2017 (Securities and Exchange Commission File No. 001-33741)(the "September 8, 2017 Form 8-K"))
- * (d) Fourth Amendment to the A. H. Belo Savings Plan (Exhibit 10.2 to the July 2, 2018 Form 8-K)
- ~(?) A. H. Belo Corporation 2008 Incentive

Compensation Plan
(Exhibit 10.5 to the
Company's Current
Report on Form 8-K filed
with the Securities and
Exchange Commission
on February 12, 2008)
(the "February 12, 2008
Form 8 K")

- * (a) First Amendment
to A. H. Belo 2008
Incentive
Compensation Plan
effective July 23,
2008
(Exhibit 10.2(2)(a)
to the Company's
Quarterly Report
on Form 10 Q filed
with the Securities
and Exchange
Commission on
August 14, 2008
(Securities and
Exchange
Commission File
No. 001 33741))
- * (b) Form of A. H. Belo
2008 Incentive
Compensation Plan
Evidence of Grant
(for Non Employee
Director Awards)
(Exhibit 10.2(2)(b)
to the Company's
Quarterly Report
on Form 10 Q filed
with the Securities
and Exchange
Commission on
May 13, 2010
(Securities and
Exchange
Commission File
No. 001 33741) (the
"1st Quarter 2010
Form 10 Q")
- * (c) Form of A. H. Belo
2008 Incentive
Compensation Plan
Evidence of Grant

- (for Employee Awards)
(Exhibit 10.2(2)(c) to the 1st Quarter 2010 Form 10-Q)
- * (d) Form of A. H. Belo 2008 Incentive Compensation Plan Evidence of Grant (for Employee Awards) (Exhibit 10.1 to A. H. Belo Corporation's Current Report on Form 8-K filed with the Securities and Exchange Commission on March 12, 2012 (Securities and Exchange Commission File No. 001-33741) (the "March 12, 2012 Form 8-K"))
- * (e) Form of A. H. Belo Cash Long Term Incentive Evidence of Grant (for Employee Awards) (Exhibit 10.2 to the March 12, 2012 Form 8-K)
- ~(3) A. H. Belo 2017 Incentive Compensation Plan (Exhibit I to A. H. Belo Corporation's Schedule 14A Proxy Statement filed with the Securities and Exchange Commission on March 28, 2017)
- * (a) Form of A. H. Belo 2017 Incentive Compensation Plan Evidence of Grant (for Non-Employee Directors) (Exhibit 10.1 to A. H. Belo Corporation's

- Current Report on
Form 8-K filed
with the Securities
and Exchange
Commission on
May 12, 2017
(Securities and
Exchange
Commission File
No. 001-33741)
(the “May 12, 2017
Form 8-K”)
- * (b) Form of A. H. Belo
2017 Incentive
Compensation Plan
Evidence of Grant
(for Employee
Awards) (Exhibit
10.2 to the May 12,
2017 Form 8-K)
 - * (c) First Amendment
to the A. H. Belo
2017 Incentive
Compensation Plan
(Exhibit 10.1 to the
July 2, 2018 Form
8-K)
- ~(4) A. H. Belo Corporation
Change In Control
Severance Plan
(Exhibit 10.7 to the
February 12, 2008
Form 8 K)
- * (a) Amendment to the
A. H. Belo Change
in Control
Severance Plan
dated March 31,
2009 (Exhibit 10.3
to the April 2, 2009
Form 8 K)

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Exhibit Number	Description
~(5)	* <u>Robert W. Decherd Compensation Arrangements dated June 19, 2013 (Exhibit 10.1 to the Company's Current Report on Form 8-K filed with the Securities and Exchange Commission on June 19, 2013)</u>
~(6)	* <u>Timothy M. Storer Employment Agreement dated March 2, 2017 (Exhibit 10.1 to the Company's Current Report on Form 8-K filed with the Securities and Exchange Commission on March 6, 2017 (Securities and Exchange Commission File No. 001-33741) (the "March 6, 2017 Form 8-K"))</u>
	* (a) <u>Timothy M. Storer PBR SU Award Notice dated March 2, 2017 (Exhibit 10.2 to the March 6, 2017 Form 8-K)</u>
	* (b) <u>First Amendment to Timothy M. Storer Employment Agreement dated September 6, 2017 (Exhibit 10.1 to the September 8, 2017 Form 8-K)</u>
	* (c) <u>Timothy M. Storer Amended PBR SU Award Notice dated September 6, 2017 (Exhibit 10.2 to the September 8, 2017 Form 8-K)</u>
~(7)	* <u>James M. Moroney III Employment Agreement dated April 18, 2018 (Exhibit 10.1 to the Company's April 18, 2018 Form 8-K)</u>
10.3	* Agreements relating to the separation of A. H. Belo from its former parent company:
(1)	*

Pension Plan Transfer Agreement by and between Belo Corp. and A. H. Belo Corporation dated as of October 6, 2010 (Exhibit 10.1 to the Company's current Report on Form 8-K filed with the Securities and Exchange Commission on October 8, 2010 (Securities and Exchange Commission File No. 001-33741))

- (2) * Agreement among the Company, Belo Corp., and The Pension Benefit Guaranty Corporation, effective March 9, 2011 (Exhibit 10.3(6) to the Company's Annual Report on Form 10-K filed with the Securities and Exchange Commission on March 11, 2011 (Securities and Exchange Commission File No. 001-33741))

31.1 Certification of Chief Executive Officer pursuant to Section 302 of the Sarbanes-Oxley Act of 2002

31.2 Certification of principal financial officer pursuant to Section 302 of the Sarbanes-Oxley Act of 2002

32 Certifications of Chief Executive Officer and principal financial officer pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002

101.INS ** XBRL Instance Document

101.SCH ** XBRL Taxonomy Extension Scheme

101.CAL ** XBRL Taxonomy Extension Calculation Linkbase Document

101.DEF ** XBRL Taxonomy Extension Definition Linkbase Document

101.LAB ** XBRL Taxonomy Extension Label Linkbase Document

101.PRE ** XBRL Taxonomy Extension Presentation Linkbase Document

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SIGNATURES

Pursuant to the requirements of Section 13 or 15(d) of the Securities Exchange Act of 1934, the Company has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

A. H. BELO CORPORATION

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

Dated: August 8, 2018

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EXHIBIT INDEX

Exhibit Number	Description
31.1	<u>Certification of Chief Executive Officer pursuant to Section 302 of the Sarbanes Oxley Act of 2002</u>
31.2	<u>Certification of Chief Financial Officer pursuant to Section 302 of the Sarbanes Oxley Act of 2002</u>
32	<u>Certifications of Chief Executive Officer and Chief Financial Officer pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes Oxley Act of 2002</u>
101.INS	** XBRL Instance Document
101.SCH	** XBRL Taxonomy Extension Schema
101.CAL	** XBRL Taxonomy Extension Calculation Linkbase Document
101.DEF	** XBRL Taxonomy Extension Definition Linkbase Document
101.LAB	** XBRL Taxonomy Extension Label Linkbase Document
101.PRE	** XBRL Taxonomy Extension Presentation Linkbase Document

In accordance with Regulation S-T, the XBRL-related information marked with a double asterisk (**) in Exhibit No. 101 to this Quarterly Report on Form 10-Q is deemed filed.