A. H. Belo Corp
Form 10-K
March 10, 2017

UNITED STATES SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

Form 10-K

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

For the fiscal year ended: December 31, 2016

OR

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

Commissions file no. 1-33741

(Exact name of registrant as specified in its charter)

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

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

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

Preferred Share Purchase Rights

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

Series B Common Stock, $.01 par value (Title of class)

Indicate by check mark if the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Act. Yes No

Indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or Section 15(d) of the Exchange Act. Yes No

Indicate by check mark whether the 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 if disclosure of delinquent filers pursuant to Item 405 of Regulation S-K (§ 229.405 of this chapter) is not contained herein, and will not be contained, to the best of registrant's knowledge, in definitive proxy or information statements incorporated by reference in Part III of this Form 10-K or any amendment to this Form 10-K.

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

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

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

The aggregate market value of the registrant's voting stock held by nonaffiliates on June 30, 2016, based on the closing price for the registrant's Series A Common Stock on such date as reported on the New York Stock Exchange, was approximately $93,312,305.*

Shares of Common Stock outstanding at March 3, 2017: 21,676,260 shares (consisting of 19,203,580 shares of Series A Common Stock and 2,472,680 shares of Series B Common Stock).

* For purposes of this calculation, the market value of a share of Series B Common Stock was assumed to be the same as the share of Series A Common Stock into which it is convertible.

Documents incorporated by reference:

Selected designated portions of the registrant’s definitive proxy statement, relating to the Annual Meeting of Shareholders to be held on May 11, 2017, are incorporated by reference into Parts II and III of this Annual Report.

A. H. BELO CORPORATION

FORM 10-K

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PART I

CAUTIONARY STATEMENT CONCERNING FORWARD-LOOKING STATEMENTS

Statements in this Annual Report on Form 10-K 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; technological obsolescence. 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.

All dollar amounts presented herein the Annual Report on Form 10-K, except share and per share amounts, are presented in thousands, unless the context indicates otherwise.

Item 1. 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.

A. H. Belo Corporation was formed in February 2008 through a spin-off from its former parent company and is registered on the New York Stock Exchange (NYSE trading symbol: AHC). The Company publishes The Dallas Morning News (www.dallasnews.com), Texas' leading newspaper and winner of nine Pulitzer Prizes; the Denton Record-Chronicle (www.dentonrc.com), a daily newspaper operating in Denton, Texas, 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 the North Texas region.

The Company also provides marketing, event marketing and other services to businesses. The predominance of services in this segment has been developed or acquired within the last five years and are provided through the Company's digital marketing divisions and through its subsidiaries DMV Digital Holdings Company ("DMV Holdings"); Your Speakeasy, LLC ("Speakeasy") and AHC Proven Performance Media, LLC ("Proven Performance Media").

DMN CrowdSource LLC ("CrowdSource") provides event marketing services including event activation and sponsorship for large scale community events, seminars and festivals. CrowdSource serves the customers in the North Texas region.

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Business Overview

The Company's goal is to create profitability for investors through the following:

- Be the premier provider of local journalism excellence in North Texas so citizens can make informed choices about their lives and the life of the communities in which they live.

- Provide customers with the most comprehensive suite of innovative marketing solutions.

Since the Company's spin-off in 2008, the print media industry has encountered continuous declines in revenue primarily due to the secular shift of readers and advertisers to digital platforms. The Company has sought to limit its exposure to these industry risks through greater development and enhancement of digital platforms for delivery of news and advertising, and through diversification of sources of revenue, from both organic growth and acquisitions of marketing services and new products.

In January 2015, the Company acquired an 80 percent voting interest in DMV Digital Holdings Company, into which the stock of three Dallas-based companies, Distribion, Inc. ("Distribion"), Vertical Nerve, Inc. ("Vertical Nerve") and CDFX, LLC ("MarketingFX"), were contributed. 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 advertising market. Additionally, the Company has realized efficiencies through internal fulfillment of work that was previously out-sourced to third-party vendors and can provide businesses a more comprehensive suite of marketing solutions. This complements the organic growth realized by Speakeasy and the Company's Connect division, which offer content development, social media management, and multi-channel marketing solutions through targeted and programmatic exchanges.

The Company has redesigned and expanded its website platforms and mobile apps to provide greater digital reporting of local news and information, and to expand the delivery of advertising and marketing services across a host of continuously changing media devices and platforms. In 2016, the Company completed a multi-phase expansion of dallasnews.com to provide enhanced capabilities on its flagship website and further development of its entertainment brands. In 2015, the Company completed the expansion of its e-commerce functions and extended its interface with social media platforms and mobile devices. Complementing this digital expansion, in 2015, the Company recruited a new editor and managing editor with the goal of transforming the Company into a more effective digital news organization. With these additions, and utilizing innovative journalists in other key roles, the Company strengthened the depth of experience to support the broader delivery of news on digital platforms with focus on becoming a digital-first newsroom.

As a result of the strategic alignment within the Company’s newspaper and within its marketing services operations, in 2015 the Company established separate segments for its publishing operations (“Publishing”) and for its marketing, event marketing, and other services (“MEMO”). These operations had previously been reported as a single segment. The results of operations related to the Company’s segments are presented in Item 7. Management’s Discussion and Analysis of Financial Condition and Results of Operations.

To support the efforts to become a more digitally driven advertising and marketing services company, and to support the necessary technological and organizational changes, a new lead over human resources was recruited. The Company’s new Chief People Officer was hired to lead the cultural and transformational change needed to ensure that the Company’s people and business strategies are aligned and driving growth.

Additionally, in 2016, the Company signed an operating lease to move the corporate headquarters to a location providing for more flexible office space and allowing the Company to build a contemporary digital newsroom.

Through the Company’s technological, capital and organizational investments, for 2017 and beyond, management will continue to focus its attention and initiatives on maximizing the return on its print assets and enhancing its digital publishing capabilities, thereby offering marketers performance-based media and marketing solutions through which they can grow their business.

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Publishing Segment

The Dallas Morning News' first edition was published on October 1, 1885 and is one of the leading metropolitan newspapers in the United States. The newspaper is distributed primarily in Dallas County and 10 surrounding counties. This coverage area represents one of the most populous and fastest growing metropolitan areas in the country. The Dallas Morning News has been awarded nine Pulitzer Prizes for news reporting, editorial writing and photography. The Dallas Morning News also publishes Briefing, a newspaper distributed four days per week at no charge to over 200,000 nonsubscribers in select coverage areas; and Al Dia, an award-winning Spanish-language newspaper published on Wednesdays and Sundays and distributed at no charge to over 100,000 households in select coverage areas. Unless otherwise noted, the financial and operating results of all publications are reported as The Dallas Morning News.

Businesses producing and providing services within the print and paper industry have encountered significant declines in revenue as a result of increasing use of the internet for delivery of information. These businesses have been challenged to find alternative solutions to offset the loss of revenue. The majority of revenues within the newspaper industry were historically generated from display and classified advertisements within the newspapers followed by revenues from subscription and retail sales of newspapers. Revenues from subscription and retail sales of newspapers have experienced greater resilience as readers have been willing to pay higher prices for the product, which has substantially offset lower circulation volumes. Since the spin-off from its former parent company in 2008, the Company has faced ongoing revenue declines in all its print products, particularly advertising within the newspapers.

The following chart presents the revenue trend of core print products since the Company's spin-off in 2008.

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The following describes the various revenue streams within the Publishing segment.

Advertising Revenue - Advertising revenue accounted for approximately 51 percent of total revenue within the Publishing segment for 2016. The Company has a comprehensive portfolio of print and digital advertising products which include:

· Display Advertising – Display revenue results from sales of advertising space within the Company's core newspapers and niche publications to local, regional or national businesses with local operations, affiliates or resellers.

· Classified Advertising – Classified revenue, which includes automotive, real estate, employment, obituaries and other, results from sales of advertising space in the classified and other sections of the Company's newspapers.

· Preprint Advertising – Preprint revenue results from sales of preprinted advertisements or circulars inserted into the Company's core newspapers and niche publications, or distributed by mail or third-party distributors to households in targeted areas in order to provide total market coverage for advertisers. The Company's capabilities allow its advertisers to selectively target preprint distribution at the sub-zip code level in order to optimize coverage for the advertisers' locations.

· Digital Advertising – Digital publishing revenue includes the sales of banner, classified and native advertisements on the Company's news and entertainment-related websites and mobile apps.

In addition to daily newspapers, the Company publishes niche publications which provide a vehicle for delivery of display, classified, and preprint advertising, typically to nonsubscribers of the Company's core newspapers and at no charge. These publications target specific demographic groups, geographies and nonsubscriber households. Most niche publications have related websites and mobile applications, allowing digital access by consumers. The niche publications provide unique content, but usually incorporate the news content from the core newspapers while leveraging the Company's printing, distribution and technology infrastructure to drive additional advertising revenue at a low incremental cost. From time to time, the Company produces magazines or special newspaper editions to promote business, sporting or other events in the North Texas region, such as the Top 100 Places to Work edition. These publications allow the Company to generate revenue through advertising sales in the publications and through increased circulation or fees for the publications.

Circulation Revenue - Circulation revenue includes subscription and single copy sales related to the Company's core newspapers in print and digital formats. A. H. Belo's steadfast commitment to producing superior, unduplicated local content enables the Company's newspapers to charge premium subscription rates. The Dallas Morning News' goal is to maximize the amount of recurring revenue from consumers of the Company's print and digital products. The Company continuously assesses the content provided to subscribers and their willingness and ability to pay higher rates by geographic area. Each year since 2008, the Company has implemented effective rate increases to select subscribers or retailers. Periodically throughout each year, various special interest magazines, such as Healthy Living or Your Money, are included with Sunday editions as a part of subscribers' home delivery news package. Subscriber and retail rates for these editions reflect a charge for this content. A digital replica version of The Dallas Morning News is offered on dallasnews.com for subscribers to purchase if they prefer to consume news through a digital device in a more traditional format.

The Company's news websites, including dallasnews.com, dentonrc.com and aldiadallas.com, are the leading news and entertainment platforms in the North Texas region. The news websites offer users late-breaking and other up-to-date news coverage, user-generated content, advertising, e-commerce and other services. Readers can access news content across multiple digital platforms and obtain relevant local customized content and advertising. The Company's journalists have expanded their reach and deepened their engagement with audiences by delivering news and content through social media platforms, such as blogs, Facebook and Twitter, which direct traffic to its core websites. With the reorganization of its editorial and newsroom personnel in 2015, the Company has strengthened its focus to provide greater journalistic content on its digital platforms with increased emphasis towards video media.

In 2016, the Company completed a multi-phase expansion of dallasnews.com to provide enhanced capabilities on its flagship website and further development of its entertainment brands. In 2015, the Company completed the expansion of its e-commerce functions and extended its interface with social media platforms and mobile devices. A standalone website was created for guidelive.com, the premier website for entertainment news and events in North Texas. Unique landing pages solely dedicated to the Company's sportsdayDFW.com and sportsdayHS.com branded platforms were developed, and separate websites for these platforms were launched in 2016. These enhancements allow the websites to leverage the identity of their brands to gain greater audience and to quickly respond as technology evolves and new media are introduced, such as wearable devices or hybrid phone or tablet devices. In May 2016, the Company launched a meter on dallasnews.com and sportsdayDFW.com. The Company anticipates it will continue to improve its websites in 2017 as it further expands data collection capabilities for traffic to its websites, allowing support of native application strategies, and greater interface with visitors and advertisers.

Readership of the Company's newspapers is tracked by Scarborough Research, which estimated the number of individuals reading a newspaper print edition to be approximately 1,240,000 for The Dallas Morning News, as reported in the fourth quarter 2016 Alliance for Audited Media ("AAM") report, which is still subject to audit. This readership volume represents a reach of approximately

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24.9 percent of the designated market for this newspaper in the Company's circulation area. The average print and digital volumes associated with A. H. Belo's primary daily newspaper and niche publications are reported and verified by a circulation audit agency, as set forth in the table below.

Newspaper	2016 Daily Circulation(a)	Sunday Circulation	2015 Daily Circulation(a)	Sunday Circulation	2014 Daily Circulation(a)	Sunday Circulation
The Dallas Morning News Group						
The Dallas Morning News (b) (c)	235,402	317,457	271,546	358,861	272,245	382,300
Niche publications (c)	118,732	399,366	118,126	351,008	118,760	325,492
Total	354,134	716,823	389,672	709,869	391,005	707,792

(a) Daily circulation is defined as a Monday through Saturday six-day average.

(b) Average circulation data for The Dallas Morning News includes the Denton Record-Chronicle.

(c) Data for 2016 and 2015 was obtained from the AAM Quarterly Data Reports, which are still subject to audit. Data for 2014 was obtained from the Publisher's Statement for the six-month periods ended September 30, 2014, as filed with the AAM.

Printing, Distribution and Other Revenue - Printing, distribution and other revenue accounted for approximately 12 percent of total revenue within the Publishing segment for 2016 and includes commercial printing, distribution, direct mail and event-based services. The Company provides commercial printing and distribution services, leveraging the capacity of its production and distribution assets. The Company believes the incremental revenue from these services allows a greater return on the Company's operating assets.

Commercial printing services are provided for certain national newspapers that require regional printing and for various local and regional newspapers. Newsprint used in the production of large national newspapers is generally provided by the customer. Home delivery and retail outlet distribution services are also provided for other national and regional newspapers delivered into the Company's coverage areas. A direct mail business is operated in Phoenix, Arizona, providing mailed advertisements for its business customers.

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Marketing, Event Marketing and Other Services Segment

The following describes the various revenue streams within the MEMO segment.

Marketing Services

Digital marketing services are offered by the Company's sales and marketing divisions and by its subsidiaries, DMV Holdings and Speakeasy. The Company's strategy, with regard to the MEMO segment, is to be able to offer small to mid-sized businesses a comprehensive marketing solutions package while providing a greater percentage of the marketing fulfillment costs internally that was previously outsourced to third-party providers. The Company has aligned management and the Company's sales teams to provide a cross-functional integrated approach to maximize the development of these businesses. Digital marketing services are provided as follows:

· Distribion, a DMV Holdings business, offers multi-channel marketing solutions through subscription sales of its cloud-based software, allowing customers to manage and individualize their marketing campaigns. Distribion also provides multi-channel marketing services to customers not having access to its proprietary software.

· Vertical Nerve, a DMV Holdings business, provides marketing analytics, search engine marketing and other marketing related services to businesses across the United States.

· Speakeasy, formed in 2012, targets middle-market business customers and provides turnkey social media account management and content marketing services principally for businesses in the North Texas region.

· The Company's auto sales division offers targeted advertising to auto dealerships primarily in the North Texas region desiring to advertise their inventory on the cars.com platform. The Company is under contract to sell this advertising through September 2019.

· Connect, a division of the Company formed in 2013, manages multi-channel advertising campaigns for its customers, allowing customers to target demographic audiences using data analytics and allowing customers to determine the delivery media such as email campaign, banner impressions or video views on third-party websites. Connect is able to design and fulfill customer campaign requirements through acquisition of advertising inventory on programmatic exchanges.

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The Company has also expanded its services through Proven Performance Media, an organically developed company which provides pay-for-performance advertising services primarily for newspaper companies across the United States.

Other marketing services include business marketing products offered through MarketingFX, a DMV Holdings business. These products include promotional products for businesses to supply to employees and customers.

Event Marketing Services

CrowdSource was formed in 2013 to provide event marketing services including event activation and sponsorship for large scale community events, seminars and festivals. CrowdSource promotes community events, such as One Day University, an educational speaker event; Savor, a premium food, wine and spirits festival in Dallas; and other community-related events. CrowdSource seeks to focus its efforts on those events which are expected to maximize profitable returns.

Raw Materials and Distribution

The basic material used in publishing newspapers is newsprint. Currently, most of the Company's newsprint is obtained through a purchasing consortium. Management believes the Company's sources of newsprint, along with available alternate sources, are adequate for the Company's current needs.

During 2016, Company operations consumed 26,752 metric tons of newsprint at an average cost of $532 per metric ton. Consumption of newsprint in 2015 was 31,141 metric tons at an average cost of $550 per metric ton.

The Company's newspapers and other commercial print products are produced at its facility in Plano, Texas. Distribution of printed products to subscribers, retailers and newsstands is made under terms of agreements with third-party distributors. The Company believes a sufficient number of third-party distributors exist to allow uninterrupted distribution of the Company's products.

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Competitive Strengths and Challenges

The Company's strengths are:

- the largest news gathering operation in North Texas
  - due to the millions of unique visitors who come to the Company's websites and mobile applications daily, the Company has the opportunity to build valuable first-party data about consumers in North Texas
- the ability to develop innovative new product and service offerings which leverage the Company's brand equity, existing content, distribution platforms, technologies and relationships
- product or service offerings that allow the Company to offer advertisers a customized and integrated advertising and marketing solution through desired media channels
- sufficient liquidity to allow the Company to opportunistically invest in, or acquire, businesses that complement the Company's advertising or marketing services businesses
- an affluent and educated demographic base in its market
- the ability to market print or digital products and services to large and targeted audiences at low marginal costs
- a large sales force with knowledge of the marketplaces in which the Company conducts its business and relationships with current and potential advertising clients
- the ability to effectively manage operating costs according to market pressures

The Company's challenges are:

- timely growth of revenue and profit margins related to the Company's marketing services businesses that would provide for an offset to declines in revenue and profit margins of the Company's print operations
- maintaining and growing advertising and circulation revenues in a competitive environment with increased competition from other media, particularly the internet
- effective monetization of locally created online content on the Company's websites while balancing the impact of potential lower traffic volumes with an established paywall or metered-based model

In response to the decline in print revenue, the Company has developed or acquired capabilities to offer customers advertising and marketing solutions through multiple media channels. The Company also continues to diversify its revenue base by leveraging the available capacity of its existing assets to provide print and distribution services for newspapers and other customers requiring these services by introducing new advertising and marketing services products, by increasing circulation prices and through growth of the Company's event-based business.

As a result of declining print circulation, the Company has developed broad digital strategies designed to provide readers with multiple platforms for obtaining online access to local news. The Company continues to obtain additional key demographic data from readers, which allows the Company to provide content desired by readers and to modify marketing and distribution strategies to target and reach audiences valued by advertisers. The Company has implemented a programmatic digital advertising platform which provides digital ad placement and targeting efficiencies and increases utilization of digital inventory within the Company's and external websites. In addition, the Company's sales teams are implementing initiatives that better utilize pay for performance data and other metrics to generate and return lost advertising dollars to its print business.

Strategy

A. H. Belo is committed to producing positive net income and cash flow and creating value for shareholders over the long-term through stock price appreciation and dividends. The Company continuously evaluates its operations and investments against various economic factors to determine the appropriate holding strategies.

In 2014, the Company completed the disposition of investments, newspaper assets and operations in Rhode Island, and nonessential real estate assets, all at opportunistic prices. Sales proceeds were used to return money to shareholders, provide additional contributions to the Company's pension plans, and invest in new businesses that complement and leverage existing core operations. The Company continues to seek investments that will provide near and long-term returns to replace declining print revenue and continuously seeks to implement measures to control operating expenses as it develops and grows new businesses. These measures

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include divesting of unprofitable products and services, adjusting the Company's workforce and benefits to align with revenues and market conditions, and restructuring operations. Returns on operating and investing assets are evaluated to ensure the appropriate return on investment is achieved and capital is deployed to the benefit of shareholders.

The Company is committed to providing the leading digital and print platforms for delivering news of the highest quality and integrity in the North Texas area, as well as creating and developing innovative print and digital products that address the needs of consumers and advertisers. The Company seeks to achieve these objectives through the following strategies:

- expand the marketing services sales teams to grow revenue in these emerging businesses
- optimize and leverage marketing and sales capabilities in an integrated manner for existing print and digital products that create sustainable revenue and earnings
- produce quality local content distributed through digital and print platforms, improving the user interface and developing stronger retention methods among print readers
- develop new ways to monetize news content delivered on the Company's news and entertainment websites
- increase utilization of operating assets through selling commercial printing and distribution services to third parties
- continue to align costs with revenue, maintain strong liquidity to support future business and product initiatives and provide flexibility to meet strategic investment opportunities and other cash flow requirements

Competition

The Company's newspapers, niche publications and related websites primarily serve audiences in the North Texas area. The Company competes for advertising revenue for its newspapers and websites with other print and digital media companies. Advertising revenues for the Company's newspapers and websites are responsive to circulation and traffic volumes, demographics of its subscriber base, advertising results, rates and customer service. Advertising on digital platforms is highly competitive and largely dominated by large internet companies. As advertisers reallocate marketing expenditures from print to digital channels, the Company believes its strong local brand, its suite of print and digital advertising and marketing services products, affiliate agreements with large internet advertisers, and its programmatic digital advertising platform will allow it to offer unique advertising and marketing solutions to local businesses on a competitive scale.

The Dallas Morning News has the highest paid print circulation volumes in the North Texas area while competing with one other metropolitan newspaper in parts of its geographic market. Print circulation revenues are primarily challenged due to free and readily-accessible news, entertainment, advertising and other content available through the internet. This secular shift from print to digital media continues as consumer lifestyles embrace technological advancements, particularly with mobile devices, which provide access to a wide variety of digital news and advertising alternatives, including news and social media websites, online advertising networks and exchanges, online classified services, and direct email advertising. Competition for readers is primarily based on the mode of delivery, quality of the Company's journalism, price, timeliness of its interaction with audiences and customer service. News and other digital content produced by the Company’s newspapers and niche publications are available via its websites, mobile applications and through email. The Company offers competitive technology for accessing digital content on mobile devices and via personal computers. Journalists engage online readers through blogs, Twitter and other social media posts. The Company has modified its websites to provide greater video content and advertising, links to other sites sought by readers, improved layouts, and a better interface with mobile applications.

Seasonality

A. H. Belo’s advertising revenues are subject to moderate seasonality, with advertising revenue typically higher in the fourth calendar quarter of each year because of the holiday shopping season. The level of advertising sales in any period may also be affected by advertisers’ decisions to increase or decrease their advertising expenditures in response to anticipated consumer demand and general economic conditions.

Employees

As of December 31, 2016, the Company had 1,221 employees.

Available Information

A. H. Belo maintains its corporate website at www.ahbelo.com, which makes available, free of charge, this Annual Report on Form

10-K, its Quarterly Reports on Form 10-Q, its Current Reports on Form 8-K and amendments to those reports, as filed or furnished pursuant to Section 13(a) or 15(d) of the Securities Exchange Act of 1934 (the "Exchange Act"), as amended, as soon as reasonably practicable after the reports are electronically filed with or furnished to the Securities and Exchange Commission (the "SEC").

Item 1A. Risk Factors

The following risk factors are based on management's current knowledge and estimates of factors affecting the Company's operations, both known and unknown. Readers are cautioned not to place undue reliance on such forward-looking information as actual results may differ materially from the possible risks and outcomes discussed herein. In addition, a number of other factors (those identified elsewhere in this document and others, both known and unknown) may cause actual results to differ materially from expectations.

A. H. Belo's newspapers operate in highly competitive media markets, and the Company's ability to generate revenue depends on the effectiveness of the Company's strategy to promote new and existing products.

The Company's businesses operate in highly competitive media markets. A. H. Belo's newspapers compete for advertising and circulation revenue with other newspapers, websites, digital applications, magazines, television, radio, direct mail and other media. The continued expansion of digital media and communications, particularly social media, mobile applications and the proliferation of tablet and mobile devices has increased some consumers' preferences to receive all or part of their news and information digitally. Websites such as craigslist.org, monster.com and cars.com provide a cost efficient platform for reaching wide but targeted audiences for classified advertising. Websites such as Facebook, Twitter, Google and Yahoo! are successful in gathering national, local and entertainment news and information from multiple sources and attracting a broad readership base.

Historically, newspaper publishing was viewed as a cost-effective method of delivery for various forms of advertising to a large audience. The continued development and deployment of new technologies and greater competition from other media increases the challenge to the Company to provide competitive offerings to retain its print, as well as digital, advertisers and subscribers.

A. H. Belo's ability to stabilize advertising and circulation revenue through price and volume increases may be affected by competition from other forms of media and other publications available in the Company's various markets, declining consumer spending on discretionary items such as newspapers, decreasing amounts of free time and declining frequency of regular newspaper buying among certain demographic groups. The Company may also incur higher costs competing for paid circulation, and if the Company is not able to compete effectively, revenue may decline and the Company's financial condition and results of operations may be adversely affected.

Purchasing practices of national advertisers could negatively impact the Company's pricing and ability to up-sell other products, which could result in lower revenues.

Many national advertisers which place advertising in the Company's newspapers are centralizing purchasing functions and streamlining the buying and negotiating process. This could result in the commoditization of certain advertising products, which limits the Company's ability to promote its position in the market, the customer service value of its relationship with the advertiser, and the benefits of its suite of products, including the Company's ability to up-sell other products. This also may put the Company in competition with other advertising companies that are able to offer lower prices for a larger geographical area than the Company covers. Accordingly, the Company could experience a decline in pricing which could result in lower revenues and profitability.

Decreases in circulation may adversely affect A. H. Belo's advertising and circulation revenue.

A. H. Belo's newspapers, and the newspaper industry as a whole, are challenged to maintain and grow print circulation volume. To the extent circulation volume declines cannot be offset by rate increases, the Company will realize lower circulation revenue. Further, circulation volume declines could also result in lower rates and volumes for advertising revenue.

The expansion of programmatic advertising could result in lower realization of advertising revenue sold by the Company's news and entertainment websites.

Digital marketing services are relatively new to business customers. Barriers to entering this industry are low and many competitors offering advertising services on traditional advertising platforms are seeking to gain market share, particularly through programmatic exchanges. As this industry expands, purchasing and selling of advertisement on exchanges is expected to result in lower costs of advertising which in-turn could be passed on to businesses customers. Such events could result in lower profit realization for digital advertising revenue within the Company's news and entertainment websites as it competes with exchange platforms for advertising dollars.

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The growth and profitability of the Company’s marketing services businesses are largely dependent on acceptance by local businesses and the recruitment and retention of key employees.

Marketing services offerings are rapidly evolving as business customers seek quantifiable results to measure the effectiveness of their advertising spending. The Company’s marketing services customers primarily represent mid-sized businesses with varying degrees of knowledge and familiarity with online marketing and advertising campaigns. The success of the Company’s marketing services offerings is dependent on the education of these customers on the benefits of these services to their businesses. Challenges may include the accuracy or perceived accuracy of metrics provided and the ability of the customer to properly interpret the effectiveness of their advertising campaigns against benchmarks that may not be reliable.

Increasing the Company’s client base and achieving broader market acceptance of its suite of cross-channel, interactive marketing solutions will depend on the ability of sales and marketing teams and their capabilities to obtain new clients as well as sell additional products and services to existing clients. Competition is fierce for direct sales professionals with the skills and technical knowledge that is required, and the Company may be unable to hire or retain sufficient numbers of qualified individuals in the future. The ability to achieve significant future revenue growth will depend on the success in recruiting, training and retaining sufficient numbers of direct sales professionals. New and planned hires require significant training and time before sales teams become fully productive, and may not become as productive as quickly as anticipated. The Company’s growth prospects could be harmed if efforts to expand, train and retain the direct sales team do not generate a corresponding significant increase in revenue.

The Company’s potential inability to successfully execute cost control measures could result in total operating costs that are greater than expected.

The primary costs of the Company’s operations include employee compensation and benefits, followed by distribution costs, newsprint and other production materials and technology costs. The Company has taken steps to lower costs through selling or discontinuing production of unprofitable operations and products, reducing personnel and restructuring employee benefits and implementing general cost control measures. Although the Company continues its cost control efforts, the Company may be unable to match revenue declines with offsetting cost reductions.

Certain operating costs may not fluctuate directly with changes in revenue, which could result in lower margins if advertising and circulation volumes decline. The Company could also experience inflationary pressures from newsprint and other suppliers and be unable to generate additional revenue or additional cost reductions to offset these inflationary pressures. The Company utilizes outside service providers to distribute its newspapers, and certain preprint advertising is distributed through the mail. Higher fuel costs or higher postage rates could result in higher direct costs incurred by the Company to distribute its products.

Increasing cost of healthcare benefits offered to employees requires the Company to evaluate the scope of benefits offered and the method in which health care benefits are delivered. Competition for qualified personnel may require the Company to spend more on compensation costs, including employee benefits, to attract and retain its workforce.

The Company may not be able to pass on to customers these potential cost increases given the significant competition for advertising dollars and the ability of customers to obtain their news from other media at a low cost. If the Company does not achieve expected savings or if operating costs increase due to the creation and development of new products or otherwise, total operating costs may be greater than anticipated.

The Company believes appropriate steps are being taken to control costs. However, if the Company is not successful in matching revenue declines with corresponding cost reductions, the Company's ability to generate future profits could be affected.

The sufficiency of the Company's liquidity is dependent upon meeting future financial goals.

Although the Company's cash holdings are more than sufficient to meet foreseeable operating needs, the Company must achieve expected financial goals. Unplanned events such as significant pension plan contributions, tax obligations, significant loss of revenue, unprofitable operations or deterioration of collections of receivables, could accelerate the use of the Company's cash balances. The Company's ability to raise financial capital in the future may be hindered due to uncertainty regarding the newspaper industry's prospective performance. If adequate funds are not available or are not available on acceptable terms, if and when needed, the Company may be forced to sell assets at below-market prices to sustain its operations.

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There can be no assurance that the Company’s product and service initiatives will be successful.

The Company has introduced new product and service initiatives designed to grow advertising and market services revenue and to respond to the challenges of maintaining revenue in existing markets. These initiatives may not be successful, may not be marketable or profitable and could result in declines in financial performance.

Significant turnover of key employees could expose the Company to loss.

A. H. Belo relies on the efforts of its senior executive officers and other members of management. The Company is located in a strong economic region of the United States with low unemployment and strong competition for senior management personnel. The success of the Company’s businesses depends heavily on its ability to successfully execute the required responsibilities of these roles as well as the Company’s ability to retain current management and to attract and retain qualified personnel in the future. The loss of key personnel results in additional recruiting and training costs to the Company. Further, the exposure for loss to the Company and the potential delay of operations is elevated until the employee has sufficient knowledge commensurate with their assigned duties.

Market conditions could increase the funding requirements associated with the Company’s pension plans.

The Company is the sole sponsor of A. H. Belo Pension Plans I and II (collectively, the “A. H. Belo Pension Plans”) and is required to meet certain pension funding requirements as established under the Employment Retirement Income Security Act (“ERISA”). Instability in global and domestic capital markets may result in low returns on the assets contributed to the A. H. Belo Pension Plans. Additionally, low yields on corporate bonds may decrease the discount rate, resulting in a higher funding obligation. Although legislation was enacted into law in 2012 which provided limited funding relief, market conditions could materially increase the funding requirements associated with the A. H. Belo Pension Plans, which could have an adverse impact on the Company’s liquidity and financial condition.

Adverse results from new litigation or governmental proceedings or investigations could adversely affect A. H. Belo’s business, financial condition and results of operations.

From time to time, A. H. Belo and its subsidiaries are subject to litigation, governmental proceedings and investigations. Adverse determinations in any such matters could require A. H. Belo to make monetary payments or result in other sanctions or findings that could affect adversely the Company’s business, financial condition and results of operations.

A. H. Belo's directors and executive officers have significant combined voting power and significant influence over its management and affairs.

A. H. Belo directors and executive officers hold approximately 50 percent of the voting power of the Company's outstanding voting stock as of December 31, 2016. A. H. Belo's Series A common stock has one vote per share and Series B common stock has 10 votes per share. Except for certain significant corporate transactions, generally all matters to be voted on by A. H. Belo's shareholders must be approved by a majority of the voting power of the Company's outstanding voting stock, voting as a single class. Certain corporate transactions, such as a merger, consolidation, sale of all or substantially all of the Company's assets, dissolution of the Company, the alteration, amendment, or repeal of A. H. Belo's bylaws by shareholders and certain amendments to A. H. Belo's certificate of incorporation, require the affirmative vote of the holders of at least two-thirds of the voting power of the outstanding voting stock, voting as a single class. Accordingly, A. H. Belo's directors and executive officers will have significant influence over the Company's management and affairs and over all matters requiring shareholder approval, including the election of directors and significant corporate transactions. This ownership may limit other shareholders' ability to influence corporate matters and, as a result, A. H. Belo may take actions that some shareholders do not view as beneficial.

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Item 1B. Unresolved Staff Comments

None.

Item 2. Properties

Operations	Ownership	Location
Corporate, The Dallas Morning News, and marketing and event marketing service operations	Owned	Dallas, Texas
Printing facilities	Owned	Plano, Texas
Denton Record-Chronicle	Leased	Denton, Texas
DMV Digital Holdings Company	Leased	Dallas, Texas
Your Speakeasy, LLC	Leased	Dallas, Texas
Direct mail office and warehouse	Leased	Phoenix, Arizona

In addition to the properties above, the Company has various leased locations it uses for the distribution of the Company's publications and it holds three real estate assets in Dallas, Texas that are nonessential to operations including various parking lots and land.

On December 30, 2016, the Dallas Morning News, Inc., a wholly-owned subsidiary of the Company, entered into a lease for office space for the Company's new corporate headquarters. The 16-year lease agreement is subject to the landlord's completion of its construction obligations. The new office space will be occupied by the Company after construction and tenant improvements are complete around mid-year 2017.

Item 3. 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 4. Mine Safety Disclosures

None.

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PART II

Item 5. Market for Registrant’s Common Equity, Related Stockholder Matters and Issuer Purchases of Equity Securities

The Company’s authorized common equity consists of 125,000,000 shares of common stock, par value $.01 per share. The Company has two series of common stock outstanding, Series A and Series B. Shares of the two series are identical in all respects except as noted herein. Shares of Series B common stock are entitled to 10 votes per share on all matters submitted to a vote of shareholders, and shares of Series A common stock are entitled to one vote per share. Transferability of the Series B common stock is limited to family members and affiliated entities of the holder. Shares of Series B common stock are convertible at any time on a one-for-one basis into shares of Series A common stock and upon a transfer, other than as described above, shares of Series B common stock automatically convert into Series A common stock. Shares of the Company’s Series A common stock are traded on the New York Stock Exchange (NYSE trading symbol: AHC) and began trading on February 11, 2008. There is no established public trading market for shares of Series B common stock.

The declaration of dividends is subject to the discretion of A. H. Belo’s board of directors. The determination as to the amount declared and its timing depends on, among other things, A. H. Belo’s results of operations and financial condition, capital requirements, other contractual restrictions, prospects, applicable law, general economic and business conditions and other future factors that are deemed relevant. The board of directors generally declares dividends during the quarter preceding its stated measurement and payment dates. A. H. Belo cannot provide any assurance that future dividends will be declared and paid due to the factors discussed in “Item 1A. Risk Factors” and elsewhere in this Annual Report on Form 10-K. The table below sets forth the high and low sales prices reported on the New York Stock Exchange for a share of the Company’s common stock and the recorded cash dividends per share declared for the past two years.

	Stock Price			Dividends
	High	Low	Close	Declared
2016				
Fourth quarter	$ 7.46	$ 5.35	$ 6.35	$ 0.08
Third quarter	7.95	4.87	7.35	0.08
Second quarter	5.25	4.75	5.00	0.08
First quarter	6.26	4.79	4.81	0.08

2015				
Fourth quarter	$ 6.32	$ 4.64	$ 5.00	$ 0.08
Third quarter	5.85	4.22	4.93	0.08
Second quarter	8.41	5.40	5.60	0.08
First quarter	10.92	7.85	8.23	0.08

The closing price of the Company's Series A common stock as reported on the New York Stock Exchange on March 3, 2017, was $6.25. The approximate number of shareholders of record of the Company's Series A and Series B common stock at the close of business on March 3, 2017, was 396 and 169, respectively.

Equity Compensation Plan Information

The information set forth under the heading "Equity Compensation Plan Information" contained in the definitive Proxy Statement for the Company's Annual Meeting of Shareholders, to be held on May 11, 2017, is incorporated herein by reference.

Issuer Purchases of Equity Securities

None.

Sales of Unregistered Securities

During 2016, 2015 and 2014, shares of the Company's Series B common stock in the amounts of 755, 728 and 8,918, respectively, were converted, on a one-for-one basis, into shares of Series A common stock. The Company did not register the issuance of these securities under the Securities Act of 1933 (the "Securities Act") in reliance upon the exemption under Section 3(a)(9) of the Securities Act.

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Performance Graph

The following graph and related information shall not be deemed “soliciting material” or to be “filed” with the SEC, nor shall such information be incorporated by reference into any future filing under the Securities Act or Exchange Act, each as amended, except to the extent that the Company specifically incorporates it by reference into such filing.

The graph below compares the annual cumulative shareholder return on an investment of $100 on December 31, 2011, with a closing price of $4.75 per share, adjusted for dividends, in A. H. Belo’s Series A common stock, based on the market price of the Series A common stock and assuming reinvestment of dividends, with the cumulative total return, assuming reinvestment of dividends, of a similar investment in (1) the Standard & Poor’s 500 Stock Index and (2) the Standard & Poor’s Publishing Stock Index.

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Item 6. Selected Financial Data

The table below sets forth selected financial data of the Company for each of the years ended December 31, 2012 through 2016. For a more complete understanding of this selected financial data, see Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations and the consolidated financial statements and accompanying notes.

	Years Ended December 31,				
In thousands, except per share amounts	2016	2015	2014	2013	2012
Statements of Operations Data:					
Total net operating revenue	$ 259,984	$ 272,108	$ 272,788	$ 276,183	$ 280,924
Total operating costs and expense (a)	283,730	290,403	280,474	274,961	276,790
Operating income (loss)	(23,746)	(18,295)	(7,686)	1,222	4,134
Total other income (expense), net (b)	2,294	(1,469)	99,671	2,154	2,766
Income tax provision (benefit)	(2,272)	(1,570)	5,978	1,460	1,793
Income (loss) from continuing operations	(19,180)	(18,194)	86,007	1,916	5,107
Income (loss) from discontinued operations (c)	—	(63)	6,770	14,010	(4,688)
Net income (loss) attributable to noncontrolling interests (d)	130	(415)	(152)	(193)	(107)
Net income (loss) attributable to A. H. Belo Corporation	$ (19,310)	$ (17,842)	$ 92,929	$ 16,119	$ 526
Cash dividends recorded per share (e)	$ 0.32	$ 0.32	$ 4.07	$ 0.28	$ 0.48

	December 31,				
In thousands	2016	2015	2014	2013	2012
Balance Sheets Data:					
Total assets (c)	$ 192,731	$ 221,501	$ 298,747	$ 279,218	$ 291,939
Total liabilities and redeemable interest (d) (f)	$ 103,579	$ 102,651	$ 172,728	$ 110,442	$ 189,879

Total shareholders’ equity	$ 89,152	$ 118,850	$ 126,019	$ 168,776	$ 102,060

(a) In 2016, the Company recorded a noncash goodwill impairment charge of $22,682 related to its Publishing reporting unit. In 2015 and 2014, the Company recorded a charge to pension expense of $14,964 and $7,648, respectively, related to the recognition of prior year actuarial losses associated with liquidated pension obligations in conjunction with the Company’s continued de-risking efforts.

(b) In 2014, Classified Ventures, LLC (“Classified Ventures”) an equity-method investee, sold its apartments.com business unit and the Company recorded a gain of $18,479 related to the sale. On October 1, 2014, the Company completed a transaction with Gannett Co. Inc. and other unit holders of Classified Ventures whereby Gannett acquired all membership interests from the unit holders for Classified Ventures’ remaining business which primarily consists of cars.com. The Company recorded a gain of $77,092 related to the transaction. Other income of $3,540 was recorded for the receipt of an economic parity payment from the former parent company in conjunction with the dissolution of the jointly-owned partnership holding the Company’s investment in Classified Ventures.

(c) In 2014, the Company sold the operations of The Providence Journal and in 2013, the Company sold the operations of The Press-Enterprise, both of which are reported as discontinued operations for the periods presented above.

(d) The Company acquired an 80 percent interest in DMV Digital Holdings Company in 2015 and a 70 percent interest in Your Speakeasy, LLC, in 2012. The Company consolidates the results of operations related to these investments and records the interests of other owners as noncontrolling interests.

(e) Special dividends totaling $3.75 per share were declared in 2014, returning to shareholders excess cash generated from the sale of newspaper operations, investments and nonessential real estate.

(f) A minority owner of DMV Holdings holds an option to sell the Company up to 50 percent of its interest, which is valued at $2,670 as of December 31, 2016.

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Item 7. Management’s Discussion and Analysis of Financial Condition and Results of Operations

OVERVIEW

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; the Denton Record-Chronicle (www.dentonrc.com), a daily newspaper operating in Denton, Texas, 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.

All other operations are reported within the Company’s MEMO segment. These operations primarily include DMV Holdings and its subsidiaries Distribion, Vertical Nerve and MarketingFX; Speakeasy; sales of online automotive classifieds on the cars.com platform; marketing services generated by the Company’s branded marketing division Connect; and Proven Performance Media. The segment also includes event activation, promotion and marketing services provided by CrowdSource.

Overview of Significant Transactions from Continuing Operations

Operating results for 2016, 2015 and 2014 reflect continued challenges in print advertising revenue trends, primarily due to volume and rate declines, partially offset by increases in the Company’s digital advertising and marketing services revenues. The Company continues its efforts to diversify revenues through leveraging its brand, its personnel and its infrastructure in both organic new product development and in pursuit of acquisitions of related advertising and marketing services companies.

The Company conducted its annual goodwill impairment test as of December 31, 2016, for all reporting units. This test, which was based on the Company’s most recent cash flow forecast, indicated that the Publishing reporting unit’s carrying value exceeded its estimated fair value. Accordingly, the Company recorded a noncash goodwill impairment charge of $22,682 in the fourth quarter of 2016, fully impairing the Publishing reporting unit’s goodwill.

In January 2015, the Company acquired an 80 percent voting interest in DMV Digital Holdings Company, into which the stock of three Dallas-based companies, Distribion, Inc., Vertical Nerve, Inc. and CDFX, LLC, were contributed. 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 advertising market. DMV Holdings was acquired for a cash purchase price of $14,110 and the transaction costs totaled $1,288. Results of operations related to the companies acquired are presented within this Annual Report on Form 10-K on a prospective basis from the date of acquisition.

Cost reductions were completed in 2015 through a voluntary severance option offered to certain newsroom employees and through other headcount reductions. Approximately 70 positions were eliminated, resulting in $2,891 of severance and other related costs charged to employee compensation and benefits. Through the savings generated, the Company began a newsroom reorganization aimed at making The Dallas Morning News a more effective digital news organization in part through the recruitment of a new editor and a nationally recognized digital journalist as the Company's managing editor and placing innovative journalists in other key roles.

In efforts to de-risk the Company's pension plans, lump-sum payments totaling $100,877 and $52,919 were made to participants through the plans' master trust in 2015 and 2014, respectively. These payments allowed favorable settlement of the pension obligation totaling $20,000 and resulted in a noncash charge to pension expense of $14,964 and $7,648 in 2015 and 2014, respectively, for amortization of losses in accumulated other comprehensive loss.

The sale of The Providence Journal was completed in 2014. The purchase price consisted of $46,000 plus a working capital adjustment of $2,654 for a pretax gain of $17,104. The sale allowed the Company to focus its capital and other resources in the growing North Texas market. See Note 13 - Discontinued Operations and Sales of Assets.

In April 2014, the Company received a cash distribution of $18,861 from Classified Ventures, LLC ("Classified Ventures"), an equity method investee, for its portion of the net sales proceeds for apartments.com, and recorded a gain of $18,479. In October 2014, the Company completed a transaction with Gannett Co. Inc. and other unit holders of Classified Ventures whereby Gannett acquired all membership interests from the unit holders for Classified Ventures' remaining business, which primarily consists of cars.com. The Company received pre-tax cash proceeds, net of selling costs, of $77,661. A gain of $77,092 was recorded related to the transaction. The Company entered into a five-year affiliate agreement with Classified Ventures that allows The Dallas Morning News to continue to resell cars.com products and services exclusively in its local market. The affiliate agreement increased the wholesale rate that the Company pays to Classified Ventures for selling cars.com products. Other income of $3,540 was recorded in July 2014 for the receipt of an economic parity payment from the former parent company in conjunction with the dissolution of the jointly-owned partnership holding the Company's investment in Classified Ventures.

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Proceeds generated from the sales of investments and newspaper operations resulted in the declaration of special dividends of $2.25 and $1.50 per share in 2014, totaling $83,967. Quarterly dividends of $0.08 per share returned $7,029, $7,052 and $7,193 to shareholders in 2016, 2015 and 2014, respectively. On December 9, 2016, the Company announced a $0.08 per share dividend to shareholders of record and holders of restricted stock units ("RSUs") as of the close of business on February 10, 2017, payable on March 3, 2017.

Additional capital was returned to shareholders through the share repurchase program. In 2015 and 2014, the Company purchased 472,245 and 449,436 of its Series A common shares through open market transactions for $3,146 and $4,974, respectively, which are recorded as treasury stock. The Company's agreement to repurchase its shares was terminated in December 2015.

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RESULTS OF CONTINUING OPERATIONS

Consolidated Results of Continuing Operations

This section contains a discussion and analysis of net operating revenues, expenses and other information relevant to an understanding of results of operations for 2016, 2015 and 2014.

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

	Years Ended December 31,				
	2016	Percentage Change	2015	Percentage Change	2014
Publishing					
Advertising and marketing services	$ 109,354	(12.5) %	$ 125,007	(8.6) %	$ 136,722
Circulation	79,619	(4.7) %	83,581	(1.6) %	84,922
Printing, distribution and other	26,586	(3.6) %	27,578	(3.1) %	28,468
Total Net Operating Revenue	215,559	(8.7) %	236,166	(5.6) %	250,112
Total Operating Costs and Expense	242,484	(4.7) %	254,516	(2.1) %	259,993
Operating Loss	$ (26,925)	(46.7) %	$ (18,350)	(85.7) %	$ (9,881)
MEMO					
Advertising and marketing services	$ 40,961	28.9 %	$ 31,783	48.1 %	$ 21,461
Printing, distribution and other	3,464	(16.7) %	4,159	242.3 %	1,215
Total Net Operating Revenue	44,425	23.6 %	35,942	58.5 %	22,676
Total Operating Costs and Expense	41,246	14.9 %	35,887	75.2 %	20,481
Operating Income	$ 3,179	N/M	$ 55	(97.5) %	$ 2,195

"N/M" – not meaningful

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 significant revenue declines 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.

In 2016, 2015 and 2014, 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 26.6 percent of consolidated revenue in 2014, have declined to 19.9 percent of consolidated revenue in 2016, 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 impaired. The Company recorded a goodwill impairment charge of $22,682 in the fourth quarter of 2016.

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 customers through focused targeting of advertising to potential customers.

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 customers. Solutions provided by DMV Holdings include

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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 57.8 percent, 57.6 percent and 58.0 percent of total revenue for 2016, 2015 and 2014, respectively.

	Years Ended December 31,				
	2016	Percentage Change	2015	Percentage Change	2014
Publishing					
Display advertising	$ 32,535	(27.3) %	$ 44,751	(9.5) %	$ 49,464
Classified advertising	19,218	(7.1) %	20,676	(10.5) %	23,097
Preprint advertising	47,533	(2.6) %	48,823	(8.4) %	53,272
Digital advertising	10,068	(6.4) %	10,757	(1.2) %	10,889
MEMO					
Digital services	37,295	26.7 %	29,428	37.1 %	21,461
Other services	3,666	55.7 %	2,355	— %	—
Advertising and Marketing Services	$ 150,315	(4.1) %	$ 156,790	(0.9) %	$ 158,183

Publishing

Display – Display revenue primarily represents sales of non-classified 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. Revenue decreased in 2016 due to lower retail and general advertising in substantially all categories except sporting goods. In retail, the department store, food and beverage, furniture, electronics and entertainment categories experienced the greatest declines with a combined revenue decrease of approximately $4,301 driven heavily by a volume decline of 23.3 percent and varying rate declines across most categories. General advertising has declined in all categories with a combined revenue decrease of approximately $3,149 primarily due to a volume decline of 36.2 percent.

In 2015, revenue decreased due to lower retail advertising in substantially all categories except medical and sporting goods. The electronics and furniture categories experienced the greatest declines with a combined revenue decrease of approximately $2,200 driven heavily by a volume decline of 17.0 percent

Classified – Classified revenue primarily represents sales of classified advertising space within the Company's core and niche newspapers. The decline in classified advertising revenue continues to be challenging as alternative digital outlets continue to emerge. Rate improvement trends in certain display advertising categories partially offset the volume decline. Overall classified revenue decreased in 2016 due to lower volumes in employment and obituaries. This decline was partially offset by an increase in automotive.

In 2015, overall classified revenue decreased due to lower volumes in all categories except legal and real estate. This decline was partially offset by higher rates in employment and obituaries.

Preprint – 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 in 2016 and 2015 due to a decline in the rate and volume of preprint newspaper inserts, consistent with the decline in circulation volumes discussed below. The 2016 preprint decline was partially offset by higher volumes in home delivery mail advertising.

Digital – Digital publishing revenue is primarily comprised of banner and real estate classified advertising on The Dallas Morning News' website dallasnews.com as well as online employment and obituary classified advertising on third-party websites sold under a print/digital bundle package. Revenue decreased in 2016 and 2015 due to a lower volume of online banner advertisements on dallasnews.com.

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Marketing, Event Marketing and Other Services

Digital services – Digital marketing revenue includes targeted and multi-channel advertising placed on third-party websites, content development, social media management, search optimization, other consulting, and sales of online automotive classifieds on the cars.com platform. The 2015 acquisition of DMV Holdings provided a significant portion of the growth in digital marketing revenue. For 2016, DMV Holdings revenue increased 97.6 percent, or $6,486, and organic growth from Speakeasy resulted in increased revenue of $2,068. These revenue increases offset approximately 55 percent of the core print advertising revenue decline during 2016.

In 2015, digital marketing revenue increased 37.1 percent or $7,967. DMV Holdings accounted for $6,646 of the revenue growth and organic growth from Speakeasy resulted in a revenue increase of $1,314. These increases in marketing services revenues offset approximately 50 percent of the core print advertising revenue declines during 2015.

Other services – Other services revenue increased $1,311, or 55.7 percent, due to the sale of promotional merchandise by MarketingFX, acquired in 2015.

Circulation revenue

Circulation revenue was 30.6 percent, 30.7 percent and 31.1 percent of total revenue for 2016, 2015 and 2014, respectively.

	Years Ended December 31,				
	2016	Percentage Change	2015	Percentage Change	2014
Publishing Circulation	$ 79,619	(4.7) %	$ 83,581	(1.6) %	$ 84,922

Revenue decreased in 2016 due to a decline in home delivery and single copy paid print circulation volumes of 8.7 percent and 13.7 percent, respectively. These volume declines were partially offset by a rate increase of

5.6 percent for home delivery. Additionally, the daily single copy rate was raised from $1.50 to $2.00 in November 2016, which had a negligible impact on the Company's 2016 circulation revenue. In 2015, revenue decreased due to 8.3 percent and 16.1 percent declines in paid print home delivery and single copy circulation volumes, respectively.

Volume declines in circulation revenue have been more pronounced with single copy sales as it competes for retail space. Price increases and supplemental editions are critical to maintaining the revenue base to support this product. In 2016, the Company generated $126 of incremental circulation revenue through the distribution of specialty magazines to its core subscribers.

Printing, distribution and other revenue

Printing, distribution and other revenue was 11.6 percent, 11.7 percent and 10.9 percent of total revenue for 2016, 2015 and 2014, respectively.

	Years Ended December 31,					
	2016	Percentage Change		2015	Percentage Change		2014
Publishing							
Commercial print and distribution	$ 26,586	(3.6)	%	$ 27,578	(3.1)	%	$ 28,468
MEMO							
Event marketing and other	3,464	(16.7)	%	4,159	242.3	%	1,215
Printing, Distribution and Other	$ 30,050	(5.3)	%	$ 31,737	6.9	%	$ 29,683

Publishing - The Company aggressively markets the capacity of their printing and distribution assets to other newspapers that would benefit from cost sharing arrangements. Revenue decreased in 2016 due to a decline in volumes associated with certain national newspapers. This decrease was partially offset by commencement of printing operations related to a regional newspaper in January 2016.

Marketing, Event Marketing and Other Services – CrowdSource provides event marketing services including event activation and sponsorship for large scale community events, seminars and festivals. CrowdSource revenue decreased in 2016 by $1,195, due to events the Company did not host in 2016. This decrease was partially offset by a revenue increase of $500 related to performance-based sales leads generated by Proven Performance Media.

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Operating Costs and Expense

The table below sets forth the components of the Company’s operating expenses for the last three years.

	Years Ended December 31,					
	2016	Percentage Change	2015	Percentage Change	2014
Publishing					
Employee compensation and benefits	$ 88,139	(18.7) %	$ 108,376	2.6 %	$ 105,674
Other production, distribution and operating costs	96,496	(7.7) %	104,598	(3.4) %	108,313
Newsprint, ink and other supplies	24,534	(18.3) %	30,021	(6.8) %	32,213
Depreciation	10,633	(6.7) %	11,401	(16.6) %	13,672
Amortization	—	(100.0) %	120	(0.8) %	121
Goodwill impairment	22,682	N/A	—	N/A	—
MEMO					
Employee compensation and benefits	15,870	27.6 %	12,442	106.1 %	6,036
Other production, distribution and operating costs	23,334	9.9 %	21,231	52.5 %	13,926
Newsprint, ink and other supplies	1,056	21.2 %	871	196.3 %	294
Depreciation	80	(29.8) %	114	(23.0) %	148
Amortization	906	(26.3) %	1,229	N/M	77
Total Operating Costs and Expense	$ 283,730	(2.3) %	$ 290,403	3.5 %	$ 280,474

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 $20,237 in 2016 due to a decrease in pension expense of $13,793 and a decrease of $6,444 due to headcount reductions within the Company that were effected in the second half of 2015. In 2015, expense increased due to higher pension expense of $6,235. The increase in this noncash expense was primarily due to amortization of $14,964 of prior year actuarial losses associated with liquidated pension obligations in 2015. The increase in 2015 was substantially offset by lower salary and commissions expense of $4,297, primarily due to headcount reductions at the Company's newspapers and corporate operations and due to lower sales.

Other production, distribution and operating costs – Expense decreased in 2016, reflecting savings as the Company continues to manage discretionary spending. Savings were generated by reductions in temporary and personnel recruiting services, promotional spending, travel and other outside service expenses. In 2015, expense decreased due to a decrease in delivery costs, consistent with lower circulation volumes. These costs were offset by higher postage related to mailed advertisements. Additional savings were generated by discontinued computer maintenance costs no longer supporting the Company's systems and from negotiation of lower utility rates.

Newsprint, ink and other supplies – Expense decreased in 2016 and 2015 due to reduced newsprint costs associated with lower circulation volumes from the Company and certain third-party newspapers and the discontinuation of unprofitable product lines in 2016. Newsprint consumption approximated 26,752, 31,141 and 33,717 metric tons in 2016, 2015 and 2014, respectively, at an average cost per metric ton of $532, $550 and $589, respectively. The average purchase price for newsprint was $538, $534 and $617 per metric ton in 2016, 2015 and 2014, respectively.

Depreciation – Expense decreased in 2016 and 2015 due to a lower depreciable asset base as a higher level of in-service assets are now fully depreciated. Capital spending is primarily directed towards digital platforms, production systems and improvements to the Company's facilities. The Company is committed to investing the appropriate levels of capital to sustain existing operations and develop new operations having an appropriate return on the investment. Capital spending is expected to be approximately $13,000 in 2017, which includes $7,000 for the Company's new headquarters.

Amortization – All definite-lived intangible assets are fully amortized. Amortization of customer relationships acquired in 2015 was completed in 2015.

Goodwill impairment – 2016 operating costs and expense for the Publishing segment reflect a noncash goodwill impairment charge of $22,682.

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Marketing, Event Marketing and Other Services

Employee compensation and benefits – Expense increased in 2016 by $3,428, primarily related to headcount growth of 26, or 3.0 percent, in DMV Holdings.

Other production, distribution and operating costs – Expenses increased in 2016 by $2,103 primarily attributed to an increase in sales related expenses driven by the growth in DMV Holdings.

Newsprint, ink and other supplies – Expense increased in 2016 primarily due to an increase in promotional material printing costs associated with MarketingFX.

Depreciation – Marketing and event services' cost structure is primarily labor driven. Capital purchases are required to support technology investments, the Company's websites and customer engaging applications. Capital assets are primarily depreciated over a life of three years.

Amortization – Expense decreased in 2016 primarily related to CrowdSource customer lists that became fully amortized as of December 31, 2015.

Other

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

	Years Ended December 31,				
		Percentage		Percentage	
	2016	Change	2015	Change	2014

Other Income (Expense):						
Gain (loss) from equity method investments, net	$ —	100.0 %	$ (1,065)	(101.1) %	$ 93,898
Other income (expense), net	2,294	667.8 %	(404)	(107.0) %	5,773
Total other income (expense), net	$ 2,294	256.2 %	$ (1,469)	(101.5) %	$ 99,671
Income Tax Provision (Benefit)	$ (2,272)	(44.7) %	$ (1,570)	(126.3) %	$ 5,978

Other Income (Expense) – Other income (expense) is primarily comprised of gain (loss) from investments and gain (loss) on disposal of fixed assets. In the fourth quarter of 2015, the Company's ownership interest in Wanderful Media, LLC ("Wanderful") decreased to less than 20 percent of the outstanding membership interests of Wanderful and the Company no longer exerted significant influence over Wanderful. Accordingly, the Company discontinued the use of the equity method of accounting for the investment in Wanderful, and began accounting for the investment under the cost method. In the fourth quarter of 2016, the Company abandoned its remaining ownership interest in Wanderful. For 2014, total other income (expense), net reflects gains of $18,479 and $77,092 related to Classified Ventures' sale of apartments.com and the Company's sale of its membership interest in Classified Ventures, respectively.

On December 22, 2016, the Company completed the sale of land in Providence, Rhode Island, and received net cash proceeds of $921 and a $1,000 three-year note receivable upon closing of the transaction, generating a loss of $216. On December 27, 2016, the Company completed the sale of a parking lot located in downtown Dallas, Texas. The Company received net cash proceeds of $4,458, generating a gain of $1,842.

In 2015, the Company completed the sale of land and a building which served as the headquarters of The Providence Journal. The Company received net proceeds of $6,119 upon closing of the transaction, generating a loss of $265, which was offset by $328 of returned escrow received in 2016. The Company demolished existing structures on an additional property in Providence, Rhode Island, at a cost of $251.

In 2014, the Company sold various parcels of property including land and buildings formerly used as a commercial packaging operation in southern Dallas. This sale generated proceeds of $6,677 and a gain of $1,827. During 2014, the Company received sales proceeds of $3,408 for the sale of land and buildings in Riverside, California, and 97 acres in undeveloped land in southern Dallas, Texas, resulting in gains totaling $862.

Tax provision – A tax benefit of $2,272 was recorded in 2016. The benefit is primarily due to deductions associated with capital losses on the sale of certain investments which will be carried back to 2014 for federal income tax purposes.

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Taxable earnings in 2014 included the gains on the sale of Classified Ventures and The Providence Journal. The Company fully utilized the remaining net operating loss carry forwards of $19,567 available on December 31, 2014, towards its tax obligations. Tax payments of $11,613 and $8,759 were made in 2015 and 2014, respectively, primarily related to the gains on these asset sales.

Critical Accounting Policies and Estimates

A. H. Belo's consolidated financial statements reflect the application of accounting policies that require management to make significant estimates and assumptions. The Company believes that the following are the critical accounting policies, estimates and assumptions currently affecting A. H. Belo's financial position and results of operations. See the Notes to the Consolidated Financial Statements, Note 1 – Significant Accounting Policies and Recently Issued Accounting Standards, for additional information concerning significant accounting policies.

Revenue Recognition and Reserves for Uncollectible Accounts Receivables. The Company's principal sources of revenue are the advertising space in published issues of its newspapers and on the Company's and third-party websites, the sale of newspapers to distributors and individual subscribers, as well as amounts charged to customers for commercial printing, distribution and direct mail. Advertising revenue is recorded net of agency commission at the time the advertisements are published in the newspaper and ratably over the period of time the advertisement is placed on the websites. Marketing services revenue is recognized at the time the services are rendered. Proceeds from subscriptions are deferred and included in revenue ratably over the term of the subscriptions. Subscription revenue under buy-sell arrangements with distributors is recorded based on the net amount received from the distributor, whereas subscription revenue under fee-based delivery arrangements with distributors is recorded based on the amount received from the subscriber. Commercial printing and direct mail revenue is recorded when the product is distributed or shipped.

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. Expense for such uncollectible amounts is included in other production, distribution and operating costs.

Goodwill. Goodwill is recorded at the reporting unit level based on the excess fair value of prior business acquisitions over the fair value of the assets and liabilities acquired. Reporting units of the Company are based on its internal reporting structure and represent a reporting level below an operating segment. Unless qualitative factors allow the Company to conclude it is more-likely-than-not that the fair value of the reporting unit exceeds its carrying value, goodwill is tested for impairment by estimating the fair value of the reporting unit. If the fair value of the reporting unit is less than its carrying value, the fair value for the reporting unit's underlying assets and liabilities is determined and goodwill is adjusted accordingly. In determining the fair value for a reporting unit, the Company considers recent stock and sales transaction prices of peer group companies as well as the present value of expected future cash flows of the reporting unit. Significant assumptions include sales and expense growth rates, discount rates, capital expenditures and the impact of current market conditions. These estimates could be materially impacted by changes in market conditions. The Company performs the goodwill impairment test as of December 31 each fiscal year or when changes in circumstances indicate an impairment event may have occurred. Impairment charges represent noncash charges and do not affect the Company's liquidity, cash flows from operating activities or have any effect on future operations.

The Company conducted the annual goodwill impairment test as of December 31, 2016, for all reporting units. This test, which was based on the Company's most recent cash flow forecast, indicated that the Publishing reporting unit's carrying value exceeded its estimated fair value. Accordingly, the Company recorded a noncash goodwill impairment charge of $22,682 in the fourth quarter of 2016, fully impairing the Publishing reporting unit's goodwill.

Pension. The Company follows accounting guidance for single-employer defined benefit plans. Plan assets and the projected benefits obligation are measured each December 31, and the Company records as an asset or liability for the net funded position of the plans. Certain changes in actuarial valuations related to returns on plan assets and projected benefit obligations are recorded to accumulated other comprehensive income (loss) and are amortized to net periodic pension expense over the weighted average remaining life of plan participants, to the extent the cumulative balance in accumulated other comprehensive income (loss) exceeds 10 percent of the greater of the respective plan's (a) projected benefit obligation or (b) the market-related value of the plan's assets. Net periodic pension expense is recognized each period by accruing interest expense on the projected benefit obligation and accruing a return on assets associated with the plan assets. Participation in and accrual of new benefits to participants has been frozen since 2007 and, accordingly, on-going service costs are not a component of net periodic pension expense. From time to time, the Company-sponsored plans may settle pension obligations with certain plan participants through the plans' master trust as part of its de-risking strategies. The gains or losses associated with settlements of plan obligations to participants are recognized to earnings if such settlements exceed the interest component of net periodic pension cost for the year. Otherwise, such amounts are included in actuarial gains (losses) in accumulated other comprehensive income (loss). Re-measurement of plan assets and liabilities upon a significant settlement or curtailment event is performed based on the values of the month-end closest to the event.

The projected benefit obligations of the A. H. Belo Pension Plans are estimated using the Citigroup Pension Yield Curve, which is based upon a portfolio of high quality corporate debt securities with maturities that correlate to the timing of benefit payments to the

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plans' participants. Future benefit payments are discounted to their present value at the appropriate yield curve rate to determine the projected benefit obligation outstanding at each year end. The yield curve discount rates as of December 31, 2016 and 2015, were 3.8 percent and 4.0 percent, respectively.

Interest expense included in net periodic pension expense (benefit) is based on the Citigroup Pension Yield Curve established at the beginning of the fiscal year. Interest expense for 2016, 2015 and 2014 was determined using beginning of year yield curve rate of 4.0 percent.

The Company assumed a 6.5 percent long-term rate of return on the plans' assets in 2016, 2015 and 2014. This return is based upon historical returns of similar investment pools having asset allocations consistent with the expected allocations of the A. H. Belo Pension Plans. Investment strategies for the plans' assets are based upon factors such as the remaining life expectancy of participants and market risks. The Company currently targets the plans' assets invested in equity securities and fixed-income securities to approximate 50 percent and 50 percent, respectively.

Income Taxes. The Company uses the asset and liability method of accounting for income taxes and recognizes deferred tax assets and liabilities based on the difference between the financial statement and tax basis of assets and liabilities using enacted tax rates. The Company establishes a valuation allowance if it is more-likely-than-not that the deferred tax assets will not be realized. The factors used to assess the likelihood of realization of the deferred tax assets include reversal of future deferred tax liabilities, available tax planning strategies, future taxable income and taxable income in prior carryback years. In 2015, the FASB issued ASU 2015-17 allowing companies to present deferred tax assets and liabilities as noncurrent in a classified balance sheet. The Company elected to early-adopt this presentation in its Consolidated Balance Sheet as of December 31, 2015.

The Company evaluates any uncertain tax positions each reporting period by tax jurisdiction to determine if it is more-likely-than-not that the tax position will not be sustained on examination by the taxing authorities based on the technical merits of the position. The tax benefits recognized in the financial statements for such positions are measured based on the largest benefit that has a greater than 50 percent likelihood of being realized upon ultimate settlement. If a net operating loss or other tax credit carry forward exists, the Company records the unrecognized tax benefits for such tax positions as a reduction to a deferred tax asset. Otherwise, the unrecognized tax benefits are recorded as a liability. The Company records a liability for uncertain tax positions taken or expected to be taken in a tax return. Any change in judgment related to the expected ultimate resolution of uncertain tax positions is recognized in earnings in the period in which such change occurs. Interest and penalties, if any, related to unrecognized tax benefits are recorded in interest expense.

Segments. The Company operates under two reportable segments. The Publishing segment includes the operating activities associated with the Company's print operations and its related websites. All other activities are included in the MEMO segment. This segment primarily includes sales of advertising delivered outside the Company's news platforms, social media management services, and other marketing services designed to provide integrated solutions for optimizing businesses marketing challenges and opportunities. The segment also includes the operations related to the Company’s event marketing services.

Recent Accounting Standards

See the Notes to the Consolidated Financial Statements, Note 1 - Significant Accounting Policies and Recently Issued Accounting Standards, regarding the impact of certain recent accounting pronouncements.

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Liquidity and Capital Resources

The Company's cash balances as of December 31, 2016 and 2015, were $80,071 and $78,380, respectively. The increase in the cash balance during 2016 is primarily due to asset sales and expense management, partially offset by return of capital to shareholders, capital expenditures and lower display, preprint and classified advertising revenues. In 2015, cash balances declined primarily due to the acquisition of DMV Holdings, return of capital to shareholders and payment of income taxes related to the 2014 gain on the sale of assets.

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, as well as planned adjustments for tax, pension and other cost cutting measures, are expected to be sufficient to fund operating activities and capital spending of approximately $13,000 over the next 12 month period, which includes $7,000 for the Company's new headquarters.

The future payment of dividends is dependent upon available cash after considering future operating and investing requirements and cannot be guaranteed. The Company discontinued share repurchases in December 2015, and 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 in 2016, 2015 and 2014.

Operating Cash Flows

Net cash provided by (used for) continuing operations was $7,616, $(4,779) and $(33,318) in 2016, 2015 and 2014, respectively.

Cash flows from continuing operating activities improved by $12,395 in 2016, primarily due to changes in working capital and other operating assets and liabilities of $8,372.

Cash flows from continuing operating activities increased in 2015 compared to 2014, primarily due to reduced pension contributions of $29,927. No pension contributions were required in 2015. Pension contributions in 2014 included $20,000 of voluntary contributions, which were made to offset taxable income resulting from the disposition of the Company's Rhode Island and California newspapers and its investment in Classified Ventures.

Cash flows from continuing operating activities decreased in 2014, primarily due to lower display, preprint and classified advertising revenues, which declined by $13,364 in 2014. Cash expenditures increased due to additional pension contributions in 2014 of $17,927, which included required and voluntary contributions of $9,927 and $20,000, respectively. Additional taxes of $7,327 were paid in 2014 resulting from higher taxable earnings from the sale of investments and newspaper assets and operations. The higher expenditures were offset by improved margins of $2,616 related to the marketing services operations.

Net cash provided by (used for) operating activities of discontinued operations was $(24) and $6,856 in 2015 and 2014, respectively. Cash activity in 2014 represented activity related to The Providence Journal operations through its sale date on September 3, 2014. See Note 13 - Discontinued Operations and Sales of Assets.

Investing Cash Flows

Net cash provided by (used for) continuing investing activities was $(1,211), $(15,270) and $100,942 in 2016, 2015 and 2014, respectively.

Cash flows from continuing investing activities increased in 2016 compared to 2015, primarily due to the 2015 acquisition of DMV Holdings for a purchase price of $14,110. Cash flows used for continuing investing activities in 2016 included capital expenditures of $6,597.

Cash flows from continuing investing activities decreased in 2015 compared to 2014, primarily due to the acquisition of DMV Holdings in 2015 and 2014 cash flows included proceeds related to Classified Ventures transactions. Capital expenditures of $7,572 were offset by $6,119 of proceeds received in 2015 from the sale of the land and building which previously served as the headquarters of The Providence Journal.

Cash flows from continuing investing activities in 2014 included proceeds related to Classified Ventures transactions totaling $100,827. These transactions included $18,861 related to Classified Ventures' sale of its apartments.com business unit; $77,661 related to the Company's sale of its units in Classified Ventures, which continued to own and operate cars.com; and an economic parity payment of $3,540 from the Company's former parent in conjunction with the dissolution of the jointly-owned partnership holding the investment in Classified Ventures, and $765 of dividends.

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Proceeds from the sale of fixed assets of $10,085 in 2014 included the divestiture of nonessential real estate assets as well as other minor asset sales. Such proceeds were partially offset by purchases of additional investments for $2,279 and higher capital expenditures of $3,586.

Cash flows from investing activities of discontinued operations in 2014 were $45,561. Cash activity in 2014 represented net proceeds received from the sale of The Providence Journal. See Note 13 - Discontinued Operations and Sales of Assets.

Financing Cash Flows

Net cash used for continuing financing activities was $4,714, $59,718 and $44,063 in 2016, 2015 and 2014, respectively.

Cash used for continuing financing activities included total dividends paid of $7,029, $57,200 and $41,012 in 2016, 2015, and 2014, respectively. Dividends paid in 2015 included a special dividend of $2.25 per share, declared and recorded in 2014, returning $50,148 to shareholders and holders of RSUs. Dividends paid in 2014 included a special dividend of $1.50 per share, returning $33,819 to shareholders and holders of RSUs.

For the years 2015 and 2014, the Company purchased 472,245 and 449,436 shares of its Series A common stock at a total cost of $3,146 and $4,974, respectively, under its share repurchase program. The Company's agreement to repurchase its shares was terminated in December 2015.

Financing Arrangements

None.

Contractual Obligations

The table below sets forth the summarized commitments of the Company as of December 31, 2016. See the Notes to the Consolidated Financial Statements, Note 10 - Commitments and Contingencies.

	Total	2017	2018	2019	2020	2021	Thereafter
Operating lease commitments	$ 36,795	$ 2,180	$ 2,586	$ 3,038	$ 2,403	$ 1,904	$ 24,684
Capital commitments	319	319	—	—	—	—	—
Total commitments	$ 37,114	$ 2,499	$ 2,586	$ 3,038	$		