

# **A. H. Belo Benefits**

**April 30, 2016**

**To: Participants in the A. H. Belo Pension Plan I**

**Re: A. H. Belo Pension Plan I Funding Notice**

The Pension Protection Act, enacted in 2006, requires sponsors of defined benefit pension plans, such as the A. H. Belo Pension Plan I (the "Plan"), which is sponsored by A. H. Belo Corporation ("A. H. Belo"), to provide plan participants with certain information about the funded status of their plan. The attached "*Annual Funding Notice for Plan Year 2015*" meets this annual requirement. Before reviewing the notice, the information in this cover memo may be helpful for you to gain a better understanding of the information the notice includes.

The notice does not change any benefits under the Plan and is *not* a notice of any intention to terminate the Plan. In addition, if you are a retiree or beneficiary and are currently receiving benefits from the Plan, the notice does not affect those benefits; your benefit payments continue in their current form of payment.

Defined benefit plans are designed to provide plan participants with a benefit at retirement based on the plan's benefit formula. A. H. Belo makes contributions to the Plan's trust, in which the assets are invested based on established investment guidelines, in order to fund Plan benefits. The timing of required contributions to the trust is determined by federal law and based on a review made by independent actuaries who look at both how much is in the trust (assets) and future obligations for benefits (liabilities).

The asset and liability measures used by the outside actuaries to determine the annual contribution requirements to the Plan for the 2013, 2014 and 2015 plan years are summarized in "*Table B: Plan Funding Summary*" found on page 3 of the attached "*Annual Funding Notice for Plan Year 2015*". The values shown are as of January 1 of the respective year.

As you can see, the Plan trust was greater than 100% funded as of January 1, 2015. This means that as of January 1, 2015, the value of Plan assets was greater than the estimated present value of expected future Plan benefit payments. Also on page 3 of the notice, you'll see *Year-End Assets and Liabilities*. This is a different measure of the Plan's financial status.

If you have any questions about this memo or the referenced notices, please contact The A. H. Belo Retirement Service Center toll free at 1-866-236-6124.

508 Young Street  
Dallas, Texas 75202

**SUPPLEMENT TO ANNUAL FUNDING NOTICE  
OF A. H. BELO PENSION PLAN I FOR PLAN YEAR BEGINNING  
JANUARY 1, 2015 AND ENDING DECEMBER 31, 2015**

This is a temporary supplement to your annual funding notice which is required by the Moving Ahead for Progress in the 21st Century Act and the Highway and Transportation Funding Act of 2014. These federal laws changed how pension plans calculate their liabilities. The purpose of this supplement is to show you the effect of these changes. Prior to 2012, pension plans determined their liabilities using a two-year average of interest rates. Now pension plans also must take into account a 25-year average of interest rates. This means that interest rates likely will be higher and plan liabilities lower than they were under prior law. As a result, your employer may contribute less money to the plan at a time when market interest rates are at or near historical lows.

The "Information Table" compares the impact of using interest rates based on the 25-year average (the "adjusted interest rates") and interest rates based on a two-year average on the Plan's: (1) Funding Target Attainment Percentage, (2) Funding Shortfall, and (3) Minimum Required Contribution. The funding target attainment percentage is a measure of how well the plan is funded on a particular date. The funding shortfall is the amount by which liabilities exceed net plan assets. The minimum required contribution is the amount of money an employer is required by law to contribute to a plan in a given year. The following table shows this information determined with and without the adjusted interest rates. The information is provided for the Plan Year and for each of the two preceding plan years, if applicable.

<b>INFORMATION TABLE</b>						
	2015		2014		2013	
	<b>With Adjusted Interest Rates</b>	<b>Without Adjusted Interest Rates</b>	<b>With Adjusted Interest Rates</b>	<b>Without Adjusted Interest Rates</b>	<b>With Adjusted Interest Rates</b>	<b>Without Adjusted Interest Rates</b>
Funding Target Attainment Percentage	107.62%	88.07%	100.42%	78.81%	89.84%	76.60%
Funding Shortfall	\$0	\$22,739,326	\$0	\$46,209,326	\$17,625,609	\$47,601,861
Minimum Required Contribution	\$0	\$3,925,732	\$0	\$14,612,424	\$8,743,096	\$13,382,662

# Annual Funding Notice for Plan Year 2015

## A. H. Belo Pension Plan I

April 30, 2016

The Pension Protection Act of 2006 requires all companies that sponsor a defined benefit pension plan to provide information on the plan's funding to all plan participants each year. This notice meets that requirement by providing a summary of the assets, liabilities, and funding status of the A. H. Belo Pension Plan I.

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### HOW YOUR PENSION PLAN IS FUNDED

*The following paragraphs provide a brief overview of how your pension plan is funded. This information will help you better understand the information in the funding summary that begins on page 2.*

#### The Pension Plan

The A. H. Belo Pension Plan I (the "Plan") is designed to provide participants with a source of income in retirement. The benefits paid by the Plan are determined by the Plan's benefit formula, and A. H. Belo Corporation ("A. H. Belo"), the Plan's sponsor, is responsible for funding the Plan to pay the benefits as calculated. As a participant in the Plan as of December 31, 2015, you may have been an active employee with a frozen benefit, a terminated employee with a vested benefit, or a retiree, beneficiary, or alternate payee currently receiving payments from the Plan.

#### The Pension Trust

To meet its obligation to fund the Plan and the benefits owed to participants, A. H. Belo has established a pension trust. A. H. Belo funds the trust by making periodic contributions, which are then invested under the direction of the pension trustee. As long as the Plan remains frozen and benefits are owed to participants, all funds in the trust must be used to pay pension benefits or to cover costs associated with maintaining the Plan.

Federal law requires A. H. Belo to make periodic minimum contributions to the pension trust. At times, A. H. Belo may also make additional contributions in excess of the minimum required amounts. These excess contributions may be maintained as a "credit balance," which A. H. Belo may use to offset future required contributions. By establishing a credit balance, a plan sponsor is essentially prepaying some of its contributions to the pension trust and therefore setting aside extra funds to help cover future funding obligations.

#### Benefit Liabilities

While the pension trust builds assets through company contributions and investment, the trust also owes benefits to participants. The benefits owed to participants are the Plan's liabilities. More precisely, the Plan's liabilities equal the present value of all the benefits that have been earned by participants but are still unpaid and will need to be paid some time in the future.

#### Funding Target

Each plan is required to calculate a "funding target," which is simply the present value of the plan's benefit liabilities based on several actuarial assumptions.

### Key Points

***Federal pension law requires A. H. Belo to inform all participants of the funding status of the A. H. Belo Pension Plan I annually.***

***As of January 1, 2015, the Plan was funded above 80 percent, the level below which federal law imposes restrictions on certain benefit payment options.***

***Because the Plan is funded above 80 percent, payment options that accelerate the payment of benefits, such as lump sum distributions and Social Security level payment options, are not currently restricted.***

The Plan reaches this funding target and is considered 100 percent funded if the value of its assets equals the present value of its liabilities. In general, minimum contributions are intended to attain Plan funding, over time, of 100 percent of the present value of all outstanding benefit liabilities. Because the Plan's assets are invested, however, they continually change in value and the Plan's funded percentage may vary from 100 percent, even though A. H. Belo has made all required minimum contributions.

When the pension trust is funded at 100 percent or more, the Plan's assets are theoretically sufficient to cover the payment of all benefits participants have earned under the Plan without any additional contributions being added to the trust. Certain assumptions must be made about the future investment performance of the fund's assets and about the retirement dates and life expectancies of the participants who are owed benefits to determine whether funding is adequate. If actual experience varies from the assumptions, the trust's assets may be either greater or less than what is needed to fund all benefits. Because of this, pension funding is reviewed annually and the Plan's funding target and required minimum contribution level are adjusted accordingly.

**Shortfalls in Funding**

If the Plan's funded percentage is below 100 percent, the Plan's assets are theoretically less than the amount needed to fund all the benefits that have been earned by participants and will be paid in the future. This means additional contributions will likely need to be

made prior to all future benefit payments becoming due.

While a funded percentage below 100 percent means additional contributions may need to be made to the pension trust, a modest shortfall in funding typically will have no effect on the timing, form, or amount of benefits paid to participants. There are two reasons for this:

- First, a significant portion of the benefits earned by participants may not be due to be paid for many years, since many participants will not have reached retirement age or are still early in their benefit payment periods. If this is the case, then the shortfall in funding can be made up with additional contributions and investment earnings before benefits are due to be paid.
- Second, only a portion of a plan's benefit liabilities are typically due to be paid in any single year. In typical cases, the payments due in the coming year can be fully covered even if the funded percentage is well below 100 percent of total liabilities.

Generally, as long as a plan is funded at 80 percent or more, benefits can be paid according to the plan's normal rules. If funding drops below 80 percent, federal pension law requires that certain types of payment options be restricted until funded percentages can be brought up to the required levels. If restrictions are required, Plan participants will be notified of those restrictions and their effect, if any, on benefits.

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**A. H. BELO PENSION PLAN I FUNDING SUMMARY**

*This funding summary is for the plan year beginning January 1, 2015, and ending December 31, 2015.*

**Plan Participants**

As of the first day of the 2015 plan year, there were 1,945 participants in the Plan as shown in Table A.

**Table A: Plan Participants as of January 1, 2015**

PARTICIPANT STATUS	NUMBER
Participants still employed	144
Participants no longer employed and entitled to a benefit in the future	554
Participants no longer employed and receiving benefits now	1,247
Total	1,945

### Plan Funding

Table B shows the value of the Plan's assets and benefit liabilities. In column G, Table B shows the Plan's funded percentage without credit balances. Generally, the higher the funded percentage, the better funded the Plan.

As of January 1, 2015, the Plan's funded percentage was sufficient so that no benefit payment restrictions are currently required. Funding will be re-evaluated for 2016 and if, at that time, the funded percentage is below 80 percent, benefit restrictions may apply. If any restrictions do apply in the future, participants will be notified.

### Year-End Assets and Liabilities

The asset values in the chart below are measured as of the first day of the Plan Year and are "actuarial" (or smoothed) values. Because market values can fluctuate daily based on factors in the marketplace, such as changes in the stock market, pension law allows plans to use actuarial values that are designed to smooth out those fluctuations for funding purposes. Market values tend to show a clearer picture of a plan's funded status as of a given point in time. As of December 31, 2015, the fair market value of the Plan's assets was \$101,421,413. On this same date, the Plan's estimated liabilities were \$119,973,169.

**Table B: Plan Funding Summary**

VALUATION DATE	ASSETS				LIABILITIES (E)	AT-RISK LIABILITIES (F)	FUNDED PERCENTAGES (G)
	Total Plan Assets (A)	Credit Balances		Net Plan Assets (A)-(B)-(C) (D)			
		Carryover Balance (B)	Prefunding Balance (C)				
Jan 1, 2013	\$163,849,097	\$1,394,156	\$6,554,794	\$155,900,147	\$173,525,756	N/A	89.84%
Jan 1, 2014	\$179,425,237	\$0	\$7,525,240	\$171,899,997	\$171,181,036	N/A	100.42%
Jan 1, 2015	\$176,385,770	\$0	\$8,421,496	\$167,964,274	\$156,065,788	N/A	107.62%

**Table B: Definitions**

*Columns A through D.* In the Assets section of the table above, the *actuarial value* of the assets is shown. The actuarial value of an asset is a smoothed, theoretical value that takes into account the fluctuations in the asset's value over a longer period of time. The actuarial value of a plan's assets is used for most funding calculations.

Credit balances represent contributions the sponsor has made to the Plan in excess of the minimum required contributions. Two types of credit balances are shown: The carryover balance is the credit balance from excess contributions made prior to the 2008 Plan year, while the prefunding balance is the credit balance from excess contributions made during or following the 2008 Plan year. Credit balances are prepayments to the Plan that can be used to offset future required contributions.

*Column E.* The liabilities are estimates of the present value of all pension benefits earned by participants but not yet paid and are calculated using various actuarial assumptions specified by applicable regulations.

*Column F.* A plan that is not sufficiently funded may be considered "at-risk" under the law. When a plan is considered at-risk, its liabilities must be calculated using special actuarial assumptions that typically result in a larger liability and therefore require additional funding from the plan sponsor. If the Plan were at-risk in any year between 2013 and 2015, the at-risk liability amount is shown in *Column F*. Because the plan was not at risk from 2013 – 2015, column F is not applicable for any of the valuation dates shown.

*Column G.* This column shows the funding target attainment percentage (FTAP), which equals the actuarial value of the Plan's assets less credit balances (*Column D*) divided by the benefit liabilities (*Column E*). FTAP is calculated as of January 1 of each Plan year. This percentage is a measure of how well funded the Plan is (the higher the percentage, the better funded the Plan). It does not account for the prepayments represented by credit balances.

**Funding Policy and Asset Allocation**

The law requires that every pension plan have a procedure for establishing a funding policy to carry out the plan’s objectives. A funding policy relates to the level of contributions needed to pay for promised benefits. The funding policy of the Plan is to contribute annually to the Plan amounts sufficient to meet minimum funding requirements as set forth in employee benefit and tax laws, but not in excess of the maximum tax-deductible contribution.

The Plan’s investment fiduciary also has a responsibility to invest the assets of the pension trust in a prudent manner in accordance with the Plan’s investment policy. Generally speaking, an investment policy is a written statement that provides the fiduciaries who are responsible for Plan investments with guidelines or general instructions concerning various types or categories of investment management decisions. The primary investment objective of the Plan is to ensure, over the long-term life of the Plan, an adequate pool of assets to support the benefit obligations to participants, retirees and beneficiaries. A secondary objective is to achieve a level of investment return consistent with a prudent level of portfolio risk that will minimize the financial effect of the Plan on A. H. Belo.

The allocation of the Plan’s assets as of December 31, 2015, is shown in Table C.

**Table C: Pension Fund Investments as of December 31, 2015**

INVESTMENT TYPE	PERCENTAGE OF THE PENSION FUND’S TOTAL MARKET VALUE
Interest-bearing cash .....	0.0%
U.S. government securities .....	0.0%
<i>Corporate debt instruments (other than employer securities)</i>	
Preferred .....	0.0%
All other .....	0.0%
<i>Corporate stocks (other than employer securities)</i>	
Preferred .....	0.0%
All other .....	0.0%
Partnership/joint venture interests .....	0.0%
Real estate (other than employer property) .....	0.0%
Loans (other than to participants) .....	0.0%
Participant loans .....	0.0%
Value of interest in common/collective trusts .....	97.9%
Value of interest in pooled separate accounts .....	0.0%
Value of interest in 103-12 investments .....	0.0%
Value of interest in registered investment companies (e.g., mutual funds) .....	2.1%
Value of funds held in insurance company general account (unallocated contracts) .....	0.0%
<i>Employer-related investments</i>	
Employer securities .....	0.0%
Employer real property .....	0.0%
Buildings and other property used in plan operation .....	0.0%
Other .....	0.0%
<b>Total</b>	<b>100.0%</b>

For historical information about the Plan’s investment in any of the types of investments described in the chart above – contact The A. H. Belo Retirement Service Center at 1-866-236-6124, or P. O. Box 770003, Cincinnati, OH 45277.

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## ADDITIONAL PROTECTION PROVIDED BY THE PENSION BENEFIT GUARANTY CORPORATION

Your pension benefits are insured by the Pension Benefit Guaranty Corporation (PBGC), a federal agency. If the Plan were to terminate without enough money to pay all accrued benefits, the PBGC would cover benefit payments. Most participants would receive all of the pension benefits they would have received under the Plan, but some participants may lose certain benefits. The maximum guaranteed benefit for a plan terminating in 2016 is \$5,011.36 per month or \$60,136.32 per year, payable as a life annuity beginning at age 65. The maximum benefit may be reduced for individuals younger than age 65 or for survivors of Plan participants.

The PBGC generally covers:

- Normal and most early retirement benefits;
- Disability benefits for participants who become disabled before the Plan terminates; and
- Annuity benefits for survivors of participants.

The PBGC generally does not cover:

- Benefits in which a participant is not vested when the Plan terminates;
- Benefits for which a participant has not met all of the requirements at the time the Plan terminates;
- New or increased benefits if they have been in place for less than one year (new or increased benefits in place for less than five years are only partly covered);

- Early retirement payments that are greater than payments at normal retirement age (such as supplemental benefits paid until participants become eligible for Social Security);
- Benefits greater than the maximum guaranteed amount set by law for the year in which the Plan terminates;
- Lump sum payments in excess of \$5,000 (benefits in excess of \$5,000 are paid as annuities instead of lump sums); and
- Benefits other than pension benefits, such as health insurance, life insurance, certain death benefits, vacation pay, and severance pay.

Even if certain portions of your benefits are not guaranteed, in the event of a Plan termination, you still may receive some of those benefits from the PBGC depending on the value of the Plan's trust upon termination and how much the PBGC collects in annual premiums from employers.

For more information about the PBGC and the benefits it guarantees, ask your Plan administrator or contact the PBGC's Technical Assistance Division, 1200 K Street N.W., Washington, DC 20005-4026 or call the PBGC toll-free at 800-400-7242. TTY/TDD users may call the federal relay service toll-free at 800-877-8339 and ask to be connected to 800-400-7242. Additional information about the PBGC's pension insurance program is available through the PBGC's website at [www.pbgc.gov](http://www.pbgc.gov).

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## RULES GOVERNING THE TERMINATION OF A SINGLE-EMPLOYER PENSION PLAN

*A. H. Belo currently has no immediate plans to begin the Plan termination process. Federal pension law, however, requires us to provide a summary of the rules that would apply were the Plan ever terminated.*

A plan sponsor has the right to terminate a pension plan at any time. There are two ways a plan can be terminated by a plan sponsor: a "standard" termination and a "distress" termination. In a standard termination, all accrued benefits are paid to participants in the form of annuity contracts or lump sums. In a distress termination, the PBGC pays benefits to the extent specified by law.

For a standard termination to occur, A. H. Belo must show the PBGC that the Plan is sufficiently funded to pay all benefits owed to participants. The Plan would then either purchase annuities from an

insurance company to provide participants with their benefits or, if the Plan allows, pay benefits in lump sums to participants. Before purchasing annuities, the Plan administrator must provide advance notice to all participants of the insurance company (or companies) from which the Plan may purchase the annuities. Once benefits are provided for, either through the purchase of annuities or the payment of lump sums, the Plan terminates and the PBGC benefit guarantee ends.

If the Plan was not fully funded and A. H. Belo was in financial distress, A. H. Belo could apply for a distress termination. To do so, however, A. H. Belo

would have to prove to a bankruptcy court or to the PBGC that it meets certain business distress criteria. If the request for a distress termination were granted, the PBGC would take over the Plan as trustee and pay benefits, up to the legal limits, using Plan assets and PBGC guarantee funds.

Under certain circumstances, the PBGC may take action on its own to end a pension plan. Most terminations initiated by the PBGC occur when the PBGC determines that plan termination is needed to protect the interests of participants or of the PBGC insurance program. The PBGC can terminate a pension plan, for example, if the plan does not have enough money to pay benefits currently due to participants.

### **Corporate Information on File with PBGC**

Federal pension law requires a plan sponsor to provide the PBGC with financial information about the sponsor and the plan under certain circumstances, such as when the funding target attainment percentage of the plan (or any other pension plan sponsored by a member of the sponsor's controlled group) falls below 80 percent. Other triggers may also apply. The sponsor of the Plan, A. H. Belo, and each member of its controlled group, if any, are subject to this requirement to provide corporate financial information and plan actuarial information to the PBGC. The PBGC uses this information for oversight and monitoring purposes.

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## **HOW TO OBTAIN MORE INFORMATION**

A. H. Belo is required to file with the Department of Labor an annual report (called the Form 5500) containing financial and other information about the Plan. You may obtain a copy of the Plan's Form 5500 from the US Department of Labor, Employee Benefits Security Administration's Public Disclosure Room at 200 Constitution Avenue, NW, Room N-1513, Washington, DC 20210 or by calling 202-693-8673.

You may also obtain a copy of the Plan's Form 5500 as well as other information about the Plan and this notice by contacting the Plan administrator in writing at the address to the right or by calling 1-866-236-6124.

The A. H. Belo Retirement Service Center  
P. O. Box 770003  
Cincinnati, OH 45277

The following information can be used to identify the Plan when requesting information: The official name of the Plan is A. H. Belo Pension Plan I; the federal employer identification number (EIN) of A. H. Belo Corporation is 38-3765318; and the number assigned to the Plan for annual reporting purposes is 004.



**NOTICE OF YOUR RIGHT TO RECEIVE  
A STATEMENT OF YOUR BENEFIT UNDER THE  
A. H. BELO PENSION PLAN I**

This notice is intended to inform you that you have the right to obtain a statement of your benefit under The A. H. Belo Pension Plan I. This notice explains what information the statement provides, how you can obtain a statement and how often you can request a statement.

**What Information The Benefit Statement Provides**

The benefit statement will provide the total amount of your vested benefit under the Plan payable as a life annuity at your Normal Retirement Age. The benefit statement will be based on the most recent data available and will also include some basic information about the Plan formula.

**How To Obtain Your Benefit Statement**

You can obtain a benefit statement by visiting the website at <https://ahbelo.dbwebsolution.com> or you can write to the Plan Administrator at The A. H. Belo Retirement Service Center, PO Box 770003, Cincinnati, OH 45277-0069. You must include your name, address and social security number and the statement "I am requesting a statement of my benefit under The A. H. Belo Pension Plan I." You will generally receive your benefit statement within 30 days of the date the Plan Administrator receives your written request.

**How Often You Can Request A Benefit Statement**

You are permitted to request one benefit statement every twelve months.