FINAL TRANSCRIPT

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PRESENTATION

Operator

Ladies and gentlemen, thank you for standing by, and welcome to the Fourth Quarter and Full Year 2010 Financial Results Conference Call. At this time all participants are in a listen only mode. Later we will conduct a question and answer session, and instructions will be given at that time.

(Operator Instructions)

And also as a reminder, today's teleconference is being recorded.

And at this time I will turn the conference call over to your host, Vice President of Investor Relations and Strategic Analysis, Mr. David Gross. Please go ahead, sir.

David Gross - *A. H. Belo Corporation - Vice President/Investor Relations and Strategic Analysis*

Thank you, Tony. Good afternoon, everyone. Thank you for joining A. H. Belo Corporation's Fourth Quarter and Full Year 2010 Conference Call. Earlier today we issued a press release announcing Fourth Quarter and Full Year Financial Results. This release has been posted on our website at Ahbelo.com.

Robert Decherd, our Chief Executive Officer, and Allie Engel, our Chief Financial Officer, will lead today's call. Jim Moroney, Executive Vice President of the Company, and John McKeon, President and General Manager of the Dallas Morning News, are also available for Q&A.

Let me also note that our discussion will include forward-looking statements. Forward-looking statements are subject to risks, uncertainties and other factors that could cause actual results to differ materially from those statements.

Additional information about these factors is detailed in the Company's press releases and publicly available filings with the SEC. In addition, we mention non-GAAP financial measures during this conference call. We believe that non-GAAP financial measures including, but not limited to, EBITDA and adjusted EBITDA provide useful, supplemental information to assist investors in determining performance comparisons to our peers.

Reconciliations to the most directly comparable financial measures presented in accordance with GAAP are provided in our press release and on our website at Ahbelo.com under the Investor Relations section.

Now I would like to introduce our Chief Executive Officer, Robert Decherd?

Robert Decherd - *A. H. Belo Corporation - Chairman, President and COO*

Thank you, David, and good afternoon, everyone. A. H. Belo's Board and Management Committee are proud of the Company's performance in 2010. We made important investments in journalism in 2010 which resulted in recognition for many of the Company's reporters and editors. Most recently, Jacqueline Floyd receiving the American Society of Newspaper Editors Distinguished Writing Award for Commentary and Column Writing."

During 2010 our stock price increased 51%. We outperformed all peer companies individually and collectively, and we beat the Russell 2000, Russell 3000, Dow Jones Industrial Average and S&P 500 as we have done since mid-2008. For 2010 adjusted EBITDA, which is calculated by adding back pension and impairment charges to EBITDA, increased 72.5% to $56.5 million.

Cash and cash equivalents increased by $61.8 million during the year, and the Company finished 2010 with approximately $86 million of cash and cash equivalents, no borrowings outstanding under its bank credit facility, and in compliance with bank covenants.

None of these financial accomplishments would have been possible without the steadfast commitment of our operating and corporate teams to reduce and contain expenses, and redouble efforts to make revenue initiatives successful.

Allie will talk more about the results of our expense focus. I want to elaborate on a few of the many revenue successes in Dallas, Providence and Riverside during 2010. At briefings, the Dallas Morning News' free home delivered condensed news product advertising revenue increased 66% in 2010. Briefings revenue exceeded $14 million, and accounted for more than 4% of the Morning News' total revenue.

In Providence and Riverside, commercial printing, distribution, and other revenue increased 238 and 53% respectively to $5.4 million and $8 million. These results are indicative of our sales effectiveness and our emphasis on growing commercial, and printing, and distribution businesses.

The Company's commercial printing, distribution, and other revenue totaled $35.9 million in 2010, an increase of 22%, and accounted for 7.4% of total revenue. In January 2011, the Dallas Morning News increased its seven day home delivery price from $30 a month to $33.95 per month. The previous increase was in May 2009.

The Morning News also launched its redesigned website, Dallasnews.com, a new iPhone app, and its first iPad app. In the first month, 22,000 consumers downloaded the new iPhone app, and 14,000 downloaded the first iPad app.

Beginning March 1st the Morning News will provide its home delivery subscribers with access to the full suite of high quality local news and information content available on Dallasnews.com, as well as the Morning News' iPhone and iPad applications.

Non-subscribers will pay $16.95 per month to access proprietary content, which we are calling Subscriber Content, on all Morning News digital platforms, or $9.99 to access the Subscriber Content on a single digital platform.

Breaking news, wire stories, Classified content and other commercial content will remain free. Our internal modeling suggests the Morning News will generate a modest increase in consumer revenue over the next year from this pricing strategy.

Turning to other sales initiatives for the Super Bowl, the Dallas Morning News developed event specific advertising solutions. Super Bowl related advertising revenues contributed approximately $2 million to first quarter 2011 results.

Looking forward to 2011, the Company's top three priorities are executing on revenue initiatives, remaining vigilant on expenses, and maximizing operating cash flow. Although the timing of real estate dispositions and potential proceeds are hard to predict, we are hopeful that results similar to 2010's will be realized in 2011.

By focusing on these priorities, we expect to further strengthen our balance sheet, and increase flexibility to take actions in the long-term interests of the Company, its shareholders, and its employees. A prime example of this flexibility is our contribution of an additional $30 million to the new A. H. Belo pension plans.

Like other companies with strong cash positions and pension obligations, we anticipate that this additional contribution will generate a higher rate of return in a low interest rate environment, and further strengthen the balance sheet by reducing our pension liability. We plan to make this contribution in the first quarter.

Presently share repurchases are not in our thinking. But as long as business conditions remain stable or improved, and to the extent our bank covenants permit, we will be exploring scenarios with our Board under which dividends could resume at some point in the future.

Allie will now provide detail around fourth quarter and full year financial results including an update on our transition from multi-employer pension plan accounting to single employer plan accounting. Allie?

Alison Engel - *A. H. Belo Corporation - Senior Vice President, CFO, and Treasurer*

Thank you, Robert. Earlier today A. H. Belo reported a net loss of $5.65 per share in the fourth quarter, and a net loss of $5.92 per share for the full year 2010.

The fourth quarter and full year net losses include a pretax $132.3 million pension withdrawal charge related to the split of the G. B. Dealey Retirement Pension Plan. Impairment charges totaling $2.5 million primarily related to investment write-offs are included in these results.

When pension and impairment expenses are added back to EBITDA in both periods, the resulting adjusting EBITDA in the fourth quarter was $15.6 million, a decrease of $4.2 million compared to the prior year. Adjusted EBITDA for the full year 2010 was $56.5 million, an increase of 72.5% compared to the prior year.

Total revenue decreased 3.4% in the fourth quarter to $130.8 million. This decline was the lowest year-to-year percent decline since the Company's spin-off from Belo Corp. in February 2008.

For the full year 2010 total revenue decreased 6% to $487.3 million. The Company's advertising revenue including print and digital revenue decreased 6% in the fourth quarter, and 11.9% for the full year 2010. In the fourth quarter, the year-over-year percent declines in advertising revenues at all three newspapers were the smallest of 2010.

Advertising revenue performance was the strongest at the Dallas Morning News, where advertising revenue declined only 4.1% followed by the Press Enterprise and the Providence Journal. For the full year 2010 advertising revenue performance was strongest at the Dallas Morning News, followed again by the Press Enterprise and the Providence Journal.

In the fourth quarter display advertising revenue, which comes from the sale of advertising space within our newspapers to local, regional, or national businesses with local operations, affiliates or resellers, decreased 10.7% to $33.6 million.

Preprint revenue, which comes from the sale of preprinted advertisements or circulars inserted into our core newspapers and niche publications, or distributed by mail or third party distributors to households in targeted areas, increased by 0.3% to $27.5 million.

Classified revenue, or revenue that comes from the sale of advertising space in the Classified and other sections of our newspapers, which includes certain automotive, real estate, employment, and other advertisements decreased 8.8% to $15.3 million.

Within Classified, improvements in the Automotive and Employment categories were more than offset by decreases in the Other -- Other and Real Estate categories as well as the Part-Run category.

For the full year, display advertising revenue decreased 15.4% to $119.7 million, and preprint revenue decreased 7.5% to $91.2 million. Classified revenue decreased 15.4% to $62.8 million. Within Classified, improvements in the Automotive and Employment categories, again, were more than offset by the decreases in the Other and Real Estate categories as well as part-run advertising.

In the fourth quarter, digital revenue was $9.9 million, a decrease of 0.9%, compared to the same period last year, as digital revenue at the Dallas Morning News increased, and digital revenue at the Providence Journal and the Press Enterprise decreased. For the full year, digital revenue was $36.6 million, a decrease of 4.1% compared to the same period last year.

Circulation revenue decreased 3.4% in the fourth quarter to $35.1 million. However, circulation revenue for the full year increased 3.3% to $141.1 million, due primarily to the consumer revenue strategies that raised home delivery prices in Dallas and Providence in 2009. For the full year 2010 circulation revenues in Dallas and Providence increased 4.1% and 6% respectfully.

Now lets turn to commercial printing, distribution, and other revenue. Commercial printing revenue is generated by our printing of newspapers and other publications for other companies. Distribution revenue is generated by the delivery of other publications to households in the markets where we operate, and the resale of other publications that we purchase.

In the fourth quarter, commercial printing, distribution and other revenue increased 28% to $9.5 million, due primarily to increases in distribution and commercial printing revenues in Providence and Riverside. For the full year 2010, commercial printing, distribution, and other revenue increased 22% to $35.9 million, as existing and new distribution and commercial printing contracts came online in Dallas, Providence and Riverside.

These increases in circulation and commercial printing, distribution and other revenues during 2010 reflect the Company's efforts to reduce its dependence upon advertising revenue by aggressively growing other revenue streams.

Total consolidated operating expense in the fourth quarter was $259.8 million. Excluding the effect of pension and impairment expenses in both periods, operating expense in the fourth quarter was $123.6 million, a 1.6% decrease compared to the prior year. This decrease was primarily driven by lower technology, bad debt and property tax expenses.

Total consolidated operating expense was $624.5 million in 2010. Excluding the effect of pension and impairment expenses in both periods, operating expense in 2010 was $476 million, a 10.2% decrease compared to the prior year. This decrease was primarily driven by lower salaries and wages, newsprint, technology, and bad debt expenses.

On January 3, 2011 A. H. Belo and its former parent company, Belo Corp., announced they completed the split of the G. B. Dealey Retirement Pension Plan into separately sponsored plans as scheduled. A. H. Belo stated that as a result of the split the Company would report a significant charge in the fourth quarter of 2010.

The $132.3 million charge recorded in the fourth quarter represents A. H. Belo's net unfunded pension liability for company employees and retirees that the Company assumed from the G. B. Dealey Retirement Pension Plan as of December 31, 2010.

By June 30, 2011 A. H. Belo and Belo Corp. expect to complete a final assessment and reconciliation of the allocations made from the G. B. Dealey Retirement Pension Plan to the A. H. Belo Pension Plans based upon final January 1, 2011 participant data.

Under the new A. H. Belo Pension Plans the Company will account for future pension obligations in accordance with accounting guidance for single employer defined benefit plans. The Company will record the funded or unfunded position of the A. H. Belo Pension Plans as an asset or liability each period, and certain actuarial gains and losses will be recorded to other comprehensive income, and amortize to earnings over future periods.

The Company anticipates that the required cash pension contributions will total approximately $25 million in 2011. The first quarter cash contribution will be approximately $8.7 million, and $3.4 million of this amount will come from A. H. Belo funds held on deposit by Belo Corp. for pension contributions.

In the second and -- second, third, and fourth quarters, the Company anticipates required cash contributions of approximately $5.4 million each quarter. With these required payments and the additional $30 million contribution to be made in the first quarter, the Company's cash pension contributions will total approximately $55 million in 2011.

For tax purposes the Company will deduct cash contributions to the A. H. Belo Pension Plans on its federal income tax returns. Pension expense, which is different than cash contributions, is expected to be $2 million in 2011.

Newsprint expense increased 26.7% to $11.5 million in the fourth quarter of 2010, but decreased 15.6% to $39.4 million for the full year 2010. Newsprint consumption increased 6.2% to approximately 18,700 metric tons in the fourth quarter, but decreased 7.4% to approximately 69,300 metric tons for the full year. Newsprint cost per metric ton increased 19.3% in the fourth quarter, but decreased 8.9% for the full year.

The average purchase price per metric ton of newsprint increased 21.2% and 3.6% for the fourth quarter and full year 2010 respectively. Corporate and non-operating unit expenses in the fourth quarter, net of cost allocated to operating units, were $13.1 million an increase of 0.8% compared to the prior year.

Excluding the effect of pension and impairment expenses in both periods, corporate and non-operating unit expenses were $7.5 million, an 18.7% decrease as salaries and wages, technology, computer, and communication expenses were all lower.

Corporate and non-operating unit expenses for the full year, net of cost allocated to operating units, were $34.2 million, an increase of 0.7% compared to the prior year. Excluding the effect of pension and impairment expenses in both periods, corporate and non-operating unit expenses were $27.4 million, a 9.3% decrease of salaries and wages, technology and computer and communication expenses were all lower.

In the fourth quarter of 2010 A. H. Belo and Belo Corp. pursuant to their tax matters agreement agreed that Belo Corp. would carry back A. H. Belo's 2009 taxable net operating loss to a previous tax year, resulting in a net refund to the Company of $3.5 million. The Company expects to receive the refund in the first half of 2011.

The Company received a $3.1 million dividend from Classified Ventures, Owner of Cars.com and Apartments.com in the fourth quarter. Proceeds of $0.5 million were also received from the sale of excess land at the Denton Record Chronicle.

Turning to the balance sheet, total assets were approximately $421 million as of December 31, 2010. A. H. Belo had approximately $86 million of cash and cash equivalents, had no borrowings outstanding under its bank credit facility, and remained in compliance with its bank covenants.

Capital expenditures were approximately $4 million in the fourth quarter, and $10.6 million for the full year 2010. Capital expenditures in 2011 will approximate -- will be approximately $13 million to $15 million. On December 31, 2010 the Company had approximately 2,200 full time and 280 part time employees.

Now, I'll turn it back to Robert.

Robert Decherd - *A. H. Belo Corporation - Chairman, President and COO*

Allie, thank you. Our company's financial performance in 2010 enhanced A. H. Belo's ability to make strategic, financial, and operating decisions in the long-term interest of the Company, its shareholders, and its employees. We possess the flexibility required to maintain and extend our positions as the go-to sources for news and information in Dallas, Providence, and Riverside.

Before we go to Q&A, I want to mention that A. H. Belo's investor day will take place in New York City on May 3rd. Additional details will follow, and we hope you can join us in person or via webcast.

Operator, we're ready now to take questions.

QUESTIONS AND ANSWERS

Operator

(Operator Instructions)

And our first question in queue will come from the line of Kevin Cohen with Imperial Capital. Please go ahead.

Kevin Cohen - *Imperial Capital - Analyst*

Thanks. Good afternoon. I'm wondering if you could give us a little bit of color in terms of the real estate assets sale proceeds. Is the $10 million number -- is it just a conservative number due to the difficulty in forecasting it, or is it more of a base case? Or, how do you guys look at that and what's the potential upside to that number?

Robert Decherd - *A. H. Belo Corporation - Chairman, President and COO*

Kevin, are you talking about for 2011?

Kevin Cohen - *Imperial Capital - Analyst*

Yes.

Robert Decherd - *A. H. Belo Corporation - Chairman, President and COO*

Well, I think the best way to think of it is the uncertainties in the commercial real estate market push anyone to think about these potential sales conservatively. As you know we have a number of properties on the market. We do not have any of them in an active contract negotiation.

And frankly, there aren't particularly strong signs that the commercial real estate market relative to those assets is picking up any steam. So we've said lets put as a marker approximately the same net cash proceeds in '11 as we had in '10. There's no deeper analysis to support that.

Kevin Cohen - *Imperial Capital - Analyst*

That's great. And then in terms of the CapEx number, can you give us a little bit of flavor in terms of where you guys plan to allocate that? And it sounds like the CapEx might be a little bit higher than previously noted of about $13 million?

Alison Engel - *A. H. Belo Corporation - Senior Vice President, CFO, and Treasurer*

I'll -- yes. We're giving -- we said $13 million, we could be between $13 million and $15 million, so we upped that range in this announcement. But really, the majority of the spend is in technology as we continue to really undergo an initiative to consolidate all of our newspapers on the same platforms for advertising, circulation, and news.

And this consolidation allows us to continue to streamline operations, consolidate and reduce technology expense, and become more efficient overall as a company. There is some capital. You know, we own buildings, we have presses, we have things we have to maintain and do. But the majority of the capital spend is around technology and continuing to move the business forward in that area.

Kevin Cohen - *Imperial Capital - Analyst*

That's great. And then I'll ask another question before getting in the queue. In terms of some of the longer term drivers of the stock price I think that some of the things were mentioned including not having share repurchase [potentially] dividends.

Have you guys put any more serious thought into potentially sort of pro forma minimum liquidity you would want to maintain after any potential dividend? And also, have you thought about refinancing the bank facility sooner than later to create more room in that regard? Thanks.

Robert Decherd - *A. H. Belo Corporation - Chairman, President and COO*

Kevin, we haven't done that kind of modeling yet. The reason we wanted to address the share repurchase and dividend point is that's a question that's frequently asked and has been recently when we've -- the couple of times we've been out on the road.

We expect to have a conversation with our bank group certainly during this year, and probably earlier in the year than not to discuss the current agreement, some of the restrictions that are in it. Talk through with them a more detailed model of how we see our cash flows through this year and into 2012. And possibly ask for some relief from those covenants. But that conversation has not been started.

And similarly, we have Board Meetings this spring, and a strategy meeting in September every year with the Board of Directors. And it's at those meetings that we'll talk about when the timing is appropriate to consider putting this cash to work in a different way than overnights.

But there are -- there are two active -- it's an active discussion internally. It will become one we engage with the Board and our bank group, and it's certainly going to focus on dividends as a scenario, rather than a share repurchase.

Kevin Cohen - *Imperial Capital - Analyst*

That's very helpful. I'll get back in the queue. Thank you.

Robert Decherd - *A. H. Belo Corporation - Chairman, President and COO*

Sure.

Operator

Thank you. Our next question in queue -- that will come from the line of Barry Lucas with Gabelli & Company. And your line is open.

Barry Lucas - *Gabelli & Company - Analyst*

Thanks, and good afternoon, Robert. Couple of items on -- on the expense side, I guess, and starting with the pension. Would the mandatory contribution this year of $25 and the voluntary contribution of $30 against that liability, when might another contribution be considered? Do we push that out to '12, '13, or how do you think about that?

Alison Engel - *A. H. Belo Corporation - Senior Vice President, CFO, and Treasurer*

On a a voluntary basis --

Barry Lucas - *Gabelli & Company - Analyst*

Yes.

Alison Engel - *A. H. Belo Corporation - Senior Vice President, CFO, and Treasurer*

-- Barry?

Barry Lucas - *Gabelli & Company - Analyst*

Yes.

Alison Engel - *A. H. Belo Corporation - Senior Vice President, CFO, and Treasurer*

Okay. Because we'll have required contributions for the next several years.

Barry Lucas - *Gabelli & Company - Analyst*

I understand that.

Alison Engel - *A. H. Belo Corporation - Senior Vice President, CFO, and Treasurer*

Yes, Okay. I'll let you answer that.

Robert Decherd - *A. H. Belo Corporation - Chairman, President and COO*

Well, let me start with that. So it's obviously a very important question for a number of reasons that were cited in the comments we made. Probably the best way to think about it, Barry, is that we want to get this contribution -- this additional contribution made.

We have run a lot of models with Fidelity who is going to administer the plan. And with its investment subsidiary, Pyramis, its going to actually manage the funds. And we are running sensitivities against expected rates of growth of the assets, what the discount rate affect would be.

And as you know, it's -- that's a very sensitive factor in computer required pension contributions, as well as scenarios as to what the growth and total assets would be as it backs into your ultimate pension obligation.

I would think we're going to make it through this year as is, meaning the $55 million, run those scenarios, evaluate what the next year looks like, because some of these discount rates, well, they do change each year, but the --

Alison Engel - *A. H. Belo Corporation - Senior Vice President, CFO, and Treasurer*

Hopefully, they'll improve.

Robert Decherd - *A. H. Belo Corporation - Chairman, President and COO*

Yes, it's hard to believe they're going to go further in the wrong direction.

Barry Lucas - *Gabelli & Company - Analyst*

Right.

Robert Decherd - *A. H. Belo Corporation - Chairman, President and COO*

And as they improve, that again causes you to look at the question of making an additional contribution -- voluntary contribution in the present context. So the real point is it's difficult to project beyond a current year because of those sensitivities in the various funding formula.

Our goal though is to have the assets invested in a way that reflects a reasonably conservative approach to the portfolio, but will get us in a position within five to seven years of being pretty close to fully funded.

Now that assumes the markets hold up, the economy behaves in the way we all hope and expect it will. But that's the general thinking and there isn't a second trigger if you will, until we can assess those 2012 scenarios much later in the year.

Barry Lucas - *Gabelli & Company - Analyst*

Or on -- on the (inaudible) side, and maybe one on the revenue side. But --

Robert Decherd - *A. H. Belo Corporation - Chairman, President and COO*

Yes.

Barry Lucas - *Gabelli & Company - Analyst*

-- newsprint expense or newsprint pricing, more specifically what's your sense now as we go into '11? Who's got the advantage? The suppliers or the users?

Robert Decherd - *A. H. Belo Corporation - Chairman, President and COO*

Let me ask John to tackle that one.

John McKeon - *Dallas Morning News - President and General Manager*

Barry, I -- I'd say we'll continue to see some pressure, although I believe decreasing as the year goes out. But we're anticipating possibly one and likely two increases during the course of the year likely in the $25 range each.

Barry Lucas - *Gabelli & Company - Analyst*

And you -- you did put in the release the number of full time, and part time employees at year end. Where was that the end of 09, and plans in terms of expense control -- what might you do in that particular area, which I suspect is also sensitive?

Robert Decherd - *A. H. Belo Corporation - Chairman, President and COO*

Well, let us pull the 09 number so we get it exactly right. Allie is looking it up right now. It -- it is -- it did not come down dramatically during 2010, but it -- we did have selected reductions in force. They were not large programs as you know. They were very specific to business requirements and situations in Providence and Riverside principally.

We think that going forward we're -- if our revenue projections meet expectations, meaning our internal expectations, we have about the right number of people in each of the three locations. But that's not to say again that business specific situations wouldn't provide an opportunity to operate more efficiently.

On top of that, we've certainly looked to the technology investments we're making over time to give us choices as to how we can do things with a more focused or centralized approach that doesn't affect local news and content activities, or sales activities. And all of those initiatives are continuous, I'd say.

I mean, Jim, and John, and the operating teams are looking for those opportunities continuously. So if -- if the revenue environment meets our internal projections, we're probably looking at selective and very specific reductions, and that's the extent of it.

Now at the end of 09, Allie, we were --

Alison Engel - *A. H. Belo Corporation - Senior Vice President, CFO, and Treasurer*

We had 2,300 full time and 280 part time. So 100 people in the past year, and I -- I'd concur with Robert. It's really department by department realignment, efficiencies, reorganization, and making sure we're being -- we're focusing on our core competencies, so outsourcing certain things where that makes sense.

And it's really a constant state of looking at those kind of costs and making sure we're being as efficient as possible.

Barry Lucas - *Gabelli & Company - Analyst*

One more if I may, and then I'll jump --

Robert Decherd - *A. H. Belo Corporation - Chairman, President and COO*

Sure.

Barry Lucas - *Gabelli & Company - Analyst*

-- back. And that is -- I mean, talking about a $3 a month increase for the Morning News on a subscriber -- for a monthly basis. If you lose some subs out of that, what do you think your yield is in incremental circulation revenues? What would you be happy with? What do you think (inaudible)?

James M. Moroney, III - *A. H. Belo Corporation - Executive Vice President*

Barry, I think we look at very low single digit increases in the yield based on that price increase.

Barry Lucas - *Gabelli & Company - Analyst*

Thanks, Jim.

James M. Moroney, III - *A. H. Belo Corporation - Executive Vice President*

Yes.

Operator

Thank you. Our next question in queue, that will come from the line of Leo Kulp with Citigroup. And your line is open.

Leo Kulp - *Citigroup - Analyst*

Hi, thanks for taking the question. With regards to the plans to charge for the digital access, can you talk about how you look at the economics of a print subscriber versus a digital only subscriber?

Robert Decherd - *A. H. Belo Corporation - Chairman, President and COO*

Sure. Let me ask Jim to start out on that, Leo.

James M. Moroney, III - *A. H. Belo Corporation - Executive Vice President*

Well, obviously when we're looking at our digital subscribers, you've got the opportunity to deliver the content without all of the physical cost of the newsprint and delivery that goes into the newspaper.

The real trick of course is as you might rate from print to digital, you still have a lot of the fixed costs that are involved in the printing and distribution part of your operation that don't necessarily become all variable. So it's that transition that -- that's very interesting to do.

If we were in a completely digital environment, and had as many customers today as we do -- digitally as we do in print, and at the kind of prices that we're asking, I'd think that we would be able to maintain or possibly even improve our EBITDA on an operating basis. But this isn't a binary event. We're not going to go from all print to all digital.

And so, it's managing that transition that's going to be difficult. But we certainly took that end state in mind when we priced to the bundle, and we priced to the individual category at $16.95 for all digital, and for $9.99 for a single channel like just the website, or just the iPad.

Leo Kulp - *Citigroup - Analyst*

Great. Thank you very much.

Operator

(Operator Instructions)

And our next question in queue will come from Brad Berry with Blue Line Capital. Please go ahead.

Brad Berry - *Blue Line Capital - Analyst*

Hi. I show going into the quarter -- the first three quarters of the year, that you generated almost $50 million of free cash flow. Can you -- which -- give me your market cap's significant free cash flow yield. Can you give us just some insight on -- and thoughts on how free cash flow was for Q-4 given the various charges you had as well?

Robert Decherd - *A. H. Belo Corporation - Chairman, President and COO*

Brad, let me talk about that at a high level, and Allie will delve into the details. It's important to put two important ideas on the board here. One is the pension expense -- cash pension expense in 2011 will be substantially higher than 2010.

We've talked about that as you know, and we'll -- we hope to be more specific even in the numbers we laid out today when we get to Investor Day talking about the pension plan investment -- required investment or cash contributions specifically.

And as noted by -- in the comments, and by John the cost of newsprint is going to be substantially higher in 2011 than 2010. Unfortunately that's a very volatile market. And as we all know there is no futures market. So you can't really do anything to hedge.

As John said, we hope that the advantage to the suppliers will ease up a little bit during the year. But we're planning two increases on top of what already was higher newsprint expense in the second half of last year.

So when you think about the fourth quarter, we obviously saw a diminution in the generation of free cash. And during 2011 we're going to generate sufficient cash to handle the incremental pension obligations and a few other items.

But it's -- when you model it, I think you will find and conclude that it's considerably less in 2011 than 2010, unless our revenues exceed expectations. And most of that then would benefit us on the bottom line.

Allie?

Alison Engel - *A. H. Belo Corporation - Senior Vice President, CFO, and Treasurer*

Yes, Brad, I don't have a quarterly cash flow with me just by -- in detail. And of course we'll provide a lot more of that information when we file the 10-K which we're looking to do March 9th -- 10th timeframe. But most of it is from operations. There's very few things flowing through other than just normal CapEx. Nothing in -- really in financing that's too significant.

We get some proceeds from exercising stock options, and that was a little bit, CapEx and some, you know, proceeds from, you know, obviously the real estate sale we had in the fourth quarter, and the classified ventures dividends. Everything else comes from operations.

Brad Berry - *Blue Line Capital - Analyst*

Can you clarify what CapEx was for the quarter? And then also could you -- I guess we could -- you could also say that free cash flow was positive for the quarter as well though at a very high level. Right?

Alison Engel - *A. H. Belo Corporation - Senior Vice President, CFO, and Treasurer*

Yes, yes.

Brad Berry - *Blue Line Capital - Analyst*

Yes.

Alison Engel - *A. H. Belo Corporation - Senior Vice President, CFO, and Treasurer*

CapEx for the quarter was about $4 million.

Brad Berry - *Blue Line Capital - Analyst*

Okay. Thanks.

Operator

Thank you. Our next question in queue, that will come from the line of David Cohen with Athena Capital Management. Please go ahead.

David Cohen - *Athena Capital Management - Analyst*

Good afternoon, everyone. Could -- two questions for you. One is with regard to the Classified Ventures dividend, could you remind us in what sort of context we should put that dividend?

Obviously, we're not going to be getting $3 million quarterly. Is it your expectation that we might see that on an annual basis going forward? Or, is there some catch up in there? That's part one.

And then part two is just with regard to the digital revenues. I guess I'm a little disappointed we're not yet in positive territory in terms of the comps on the digital side of things. And I'm wondering if you could help me to frame my expectations going forward. Thanks.

Robert Decherd - *A. H. Belo Corporation - Chairman, President and COO*

David, let me begin. I'm going to toss to Jim on the digital side. Relative to Classified Ventures, we have advocated as obviously all members of that Board have done, that we take a look at the accumulated cash on the balance sheet, and the decision to dividend it out and still have adequate cash on hand for working capital is where the Board arrived in December.

There was a bit of catch up in that, although their cash flows have been strong. You know, just intuitively you wouldn't expect to have that much incremental cash on the balance sheet at least accumulating in a single calendar year. It's a continuing discussion.

John McKeon represents us and Belo Corp. on that Board. You remember our portion of the investment is 50% of 6.6%, so this dividend reflects our 3.5% interest in Classified Ventures.

We are optimistic that if they continue to generate plenty of cash that this is an opportunity or discussion that can be held again. But there's no -- there is no commitment that's been disclosed that we're aware of or made known to us that would cause us to budget for it, if you will. But clearly, the Company is doing well, and we're pleased with the holding.

On the digital side we too are very focused on improving those comps. Much of the initiative that we announced in January has to do with that. Jim and John are spending a disproportionate amount of their time on our digital strategy. Let me ask Jim to elaborate?

James M. Moroney, III - *A. H. Belo Corporation - Executive Vice President*

Yes. David, I think that what I would tell you is we've had two primary focuses over the last 12 and 18 months, and that is to increase the amount of revenue that we're able to obtain directly from our customers by paying for the newspaper either through home delivery, or through single copy, and increasing the amount of commercial distribution, and commercial printing that we're doing.

And I would then acknowledge that we have not put as much of our attention and focus on the digital part of our business in terms of ad sales as we might have had we not had so much focused on these other two initiatives.

Now that we have those initiatives at least pretty well in hand in terms of the -- the print side. And we've got the digital -- the digital pricing about to roll out in March the 1st here in Dallas, you're going to see an increased amount of resources and attention paid to how we monetize our digital audiences during 2011.

And one thing that we did in Dallas to initiate that is we have now put one of our very best general managers who was general manager on the revenue side, also the general -- the publisher of briefing, and you heard the results about that in our remarks earlier.

Grant Moise, he is now in charge of all of the digital strategy for the Dallas Morning News where of course the biggest opportunity exists. And I think you'll see some improved performance during 2011 assuming that, you know, again the economy and all such things hold up.

David Cohen - *Athena Capital Management - Analyst*

Great. Thank you.

Operator

Thank you. We do have a follow up question in queue, and that will come from the line of Kevin Cohen with Imperial Capital. Please go ahead.

Kevin Cohen - *Imperial Capital - Analyst*

Thanks. I was wondering if you could share some thoughts in terms of potential newsprint price increases. (inaudible) of $25 a ton in 2011?

Robert Decherd - *A. H. Belo Corporation - Chairman, President and COO*

Kevin, let me play that back. You broke up a little bit. You want us to comment further on newsprint price increases and whether it could be higher than the $25 increases. Is that --?

Kevin Cohen - *Imperial Capital - Analyst*

I apologize if the phone was breaking up. If you can comment just in terms of potential price increases. I think you mentioned perhaps one or even two price hikes of $25 a ton. What leads you guys maybe to think that prices are going up as opposed to flat or down in 2011 versus where we've been in the last few months?

Robert Decherd - *A. H. Belo Corporation - Chairman, President and COO*

Go ahead, John.

John McKeon - *Dallas Morning News - President and General Manager*

Kevin, I -- I'd say part of the contributing factors is we are seeing some indication that newsprint usage in the company -- in the country is firming up, meaning that the intention of publishers to maintain their circulation basis. We've seen a bit of that in our own company as was reported by Allie in the fourth quarter.

And so a stabilizing marketplace will allow, we believe the opportunity for some of these. Now, we're -- we're hoping for the best, but we're planning responsibly.

Kevin Cohen - *Imperial Capital - Analyst*

Okay. And then in terms of the inflation in non-newsprint costs in 2011, was there a way to quantify that in terms of a certain percentage, or any sort of base case that you think about internally for things like ink, and other supplies -- things like that?

Alison Engel - *A. H. Belo Corporation - Senior Vice President, CFO, and Treasurer*

Not that we've talked about in terms of projecting expenses going forward. I mean, obviously, if we have increases in commodities like newsprint, ink, other types of items, we look to the remaining part of our expense base where we would -- can cut to potentially offset those increases, as obviously we are very conscious of expenses, and not looking to grow those significantly in the future while we're working on revenue stabilization.

Kevin Cohen - *Imperial Capital - Analyst*

And then, should we be thinking about any material taxes on the asset sales? I know the press release mentioned proceeds pre tax. Anything to think about on that front?

Alison Engel - *A. H. Belo Corporation - Senior Vice President, CFO, and Treasurer*

I don't think material that I'm aware of off the top of my head, but that's something I'll have David put on the list, and we'll make sure to address that in more detail at Investor Day.

Kevin Cohen - *Imperial Capital - Analyst*

And then, just a couple of bookkeeping items. Did you have the [RC] availability number year end?

Alison Engel - *A. H. Belo Corporation - Senior Vice President, CFO, and Treasurer*

The what?

Kevin Cohen - *Imperial Capital - Analyst*

The revolver availability at year end -- did you happen to have that handy?

Alison Engel - *A. H. Belo Corporation - Senior Vice President, CFO, and Treasurer*

I don't have that handy. That will be in the 10-K, Kevin.

Kevin Cohen - *Imperial Capital - Analyst*

Okay. And then just lastly, this is probably a good question for Robert. In terms of sort of ruling in or ruling out drivers to create shareholder value, any thoughts about acquisitions? I mean, I know we talked about share repurchases. And you talked about potential dividends. What about M&A and maybe how A. H. Belo sits in that regard?

Robert Decherd - *A. H. Belo Corporation - Chairman, President and COO*

Kevin, we're in the same spot we've been for the last couple of years. We think there's a great deal of -- a great deal of learning to be had as to how this industry and the market is going to stabilize and shape its -- be shaped over the next three to five years. We do not want to be first out of the gate on any kind of allocation of our investment capital. We're happy with the portfolio we have. We think we've done reasonably well with it.

Our balance sheet is -- it has been and is an extremely important asset for our company. And absent learning a lot more about how the newspaper business is going to advance based on the resolution of some open issues like Tribune's plans and so forth, we just think it's about running the business, being very focused, being very diligent on the expense side where we also have some advantages versus peers.

The reductions we made in salary and wages were as aggressive as anybody in the industry, and we've held the line on that.

We have the flexibility to control most of our expenses at least to the same extent as our peers, and we expect to be stronger 12 months from now than we are today. So biding our time insofar as transactions, or even contemplating transactions, is not only an attractive choice, it's the one we've made very consciously and our Board supports.

Kevin Cohen - *Imperial Capital - Analyst*

And then, sorry, just one last question for Allie. Just in terms of the pension, in terms of the final assessment and reconciliation of the allocations, will there be any changes to the actual balance sheet liability associated with that when it happens some time before the middle of the year?

Alison Engel - *A. H. Belo Corporation - Senior Vice President, CFO, and Treasurer*

Yes.

Kevin Cohen - *Imperial Capital - Analyst*

Can you give us any flavor on how material that might be, or --?

Alison Engel - *A. H. Belo Corporation - Senior Vice President, CFO, and Treasurer*

Well, I don't know, because it's not done. I mean, this is the estimate that we have using the year end discount rate, year end assets, and then the 1/1/2010 census data for the plan participants. So we have to roll that forward with the January 1, 2011 census data. That's the final allocation.

You know, there could be some changes. I can't speculate on whether or not it will be material, because I don't know that until I actually see the numbers. But I think it -- I don't think it will be, but I can't say that for certain until we have the final numbers.

Kevin Cohen - *Imperial Capital - Analyst*

Is there any sense that you can give investors in terms of anything on the actuarial assumptions that are embedded in the year end 2010 number in terms of either the discount rate, or return on plan assets?

Or, I mean, could the actual liability be revised lower with interest rates rising? Or, is there just anything additionally you can shed a little bit a light on that? That would be helpful.

Alison Engel - *A. H. Belo Corporation - Senior Vice President, CFO, and Treasurer*

The discount rate is for valuing the liability 5.33%.

Kevin Cohen - *Imperial Capital - Analyst*

Okay.

Alison Engel - *A. H. Belo Corporation - Senior Vice President, CFO, and Treasurer*

And it's measured with the assets as of a measurement date, so there's no assumption baked into that -- to that formula on the asset side.

Robert Decherd - *A. H. Belo Corporation - Chairman, President and COO*

Kevin, the other thing to keep in mind is -- or, I guess, would -- not keep in mind, that we can tell you is the census is very close to the census --

Alison Engel - *A. H. Belo Corporation - Senior Vice President, CFO, and Treasurer*

Right.

Robert Decherd - *A. H. Belo Corporation - Chairman, President and COO*

-- in 2010. So for this to be a material change, something surprising would have to occur, and we don't expect surprises at this point. We have really crunched this hard. Got two different actuarial firms working it through.

I think it will be within a reasonable range, but as Allie said, we have to qualify that statement, because until they've done their work, we can't project with certainty. But I -- the -- it's a reasonable -- within a reasonable range is a good way to think about it.

Kevin Cohen - *Imperial Capital - Analyst*

And I guess, can you remind us roughly what the discount rate was? I don't remember it off the top of my head for the year end '09 when the pension liability was about $118 million. Do you remember off the top of your head? I'm just trying to --?

Alison Engel - *A. H. Belo Corporation - Senior Vice President, CFO, and Treasurer*

That was 6.18%.

Kevin Cohen - *Imperial Capital - Analyst*

Okay.

Alison Engel - *A. H. Belo Corporation - Senior Vice President, CFO, and Treasurer*

And that was the discount rate for the larger G. B. Dealey Retirement Pension Plan which was for all the participants. The discount rate I talked about is the discount rate for the A. H. Belo plan only.

Kevin Cohen - *Imperial Capital - Analyst*

Okay. And what is the -- okay. I'll ask off line. I think that's pretty much all the --

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Alison Engel - *A. H. Belo Corporation - Senior Vice President, CFO, and Treasurer*

Belo could be using a different discount rate. I don't know what discount rate they use. This is for our plan --

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Kevin Cohen - *Imperial Capital - Analyst*

Yes. Got it.

Alison Engel - *A. H. Belo Corporation - Senior Vice President, CFO, and Treasurer*

-- specifically.

Kevin Cohen - *Imperial Capital - Analyst*

Okay. That -- that's very helpful. Thanks, Allie. Thanks, Robert.

Alison Engel - *A. H. Belo Corporation - Senior Vice President, CFO, and Treasurer*

Sure. Sure.

Robert Decherd - *A. H. Belo Corporation - Chairman, President and COO*

Sure.

Operator

Thank you.

(Operator Instructions)

And allowing a few moments, I'm showing no additional questions. Please continue.

Robert Decherd - *A. H. Belo Corporation - Chairman, President and COO*

Okay, Tony, thank you for organizing the call. And thank you to everyone for joining us. We feel very good about where we've arrived at the beginning of 2011.

As I said in my comments we expect to be stronger 12 months from now than we are today. And we'll look forward to telling you more about it, and getting into details at Investor Day on May 3 in New York. So please put that on your calendars, and communicate with David as to your plans.

Thanks very much. And we look forward to seeing you then.

Operator

Thank you. And ladies and gentlemen, this conference call will be available for replay after 3:30 p.m. central time today through March 1, 2011 at midnight. You may access the AT&T Teleconference Replay System at any time by dialing 800-475-6701, and entering the access code of 189802. International participants may dial 320-365-3844.

And once again those telephone numbers are 800-475-6701, and 320-365-3844 using the access code of 189802. That does conclude our conference call for today. We do thank you for your participation. You may now disconnect.
