
**UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549**

Form 10-Q

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

For the quarterly period ended: June 30, 2008

OR

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

Commission File No. 1-33741

A. H. Belo Corporation

(Exact name of registrant as specified in its charter)

Delaware
*(State or other jurisdiction of
incorporation or organization)*

38-3765318
*(I.R.S. employer
identification no.)*

P. O. Box 224866
Dallas, Texas
(Address of principal executive offices)

75222-4866
(Zip code)

Registrant's telephone number, including area code: **(214)977-4866**

Former name, former address and former fiscal year, if changed since last report.
None

Indicate by check mark whether registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days.

Yes No

Indicate by check mark whether the registrant 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. (Check one):

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

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act).

Yes No

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

Class	Outstanding at July 31, 2008
Common Stock, \$.01 par value	20,478,803

* Consisting of 17,776,627 shares of Series A Common Stock and 2,702,176 shares of Series B Common Stock.

A. H. BELO CORPORATION
FORM 10-Q
TABLE OF CONTENTS

	<u>Page</u>
<u>PART I FINANCIAL INFORMATION</u>	3
<u>Item 1. Financial Statements</u>	3
<u>Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations</u>	12
<u>Item 3. Quantitative and Qualitative Disclosures About Market Risk</u>	16
<u>Item 4T. Controls and Procedures</u>	17
<u>PART II OTHER INFORMATION</u>	17
<u>Item 1. Legal Proceedings</u>	17
<u>Item 1A. Risk Factors</u>	17
<u>Item 2. Unregistered Sales of Equity Securities and Use of Proceeds</u>	17
<u>Item 3. Defaults Upon Senior Securities</u>	17
<u>Item 4. Submission of Matters to a Vote of Security Holders</u>	18
<u>Item 5. Other Information</u>	18
<u>Item 6. Exhibits</u>	18
<u>Signatures</u>	20

PART I.

Item 1. Financial Statements

CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS

A. H. Belo Corporation and Subsidiaries

<i>In thousands, except per share amounts (unaudited)</i>	<i>Three months ended June 30,</i>		<i>Six months ended June 30,</i>	
	2008	2007	2008	2007
Net Operating Revenues				
Advertising	\$ 125,341	\$ 157,704	\$ 249,764	\$ 299,649
Circulation	30,275	27,894	59,380	55,511
Other	7,639	6,678	14,298	12,829
Total net operating revenues	163,255	192,276	323,442	367,989
Operating Costs and Expenses				
Salaries, wages and employee benefits	68,840	72,492	143,105	147,791
Other production, distribution and operating costs	60,948	65,170	121,914	126,069
Newsprint, ink and other supplies	23,738	26,007	46,707	52,675
Depreciation	12,211	11,352	24,452	22,712
Amortization	1,625	1,625	3,250	3,250
Total operating costs and expenses	167,362	176,646	339,428	352,497
(Loss) earnings from operations	(4,107)	15,630	(15,986)	15,492
Other Income and Expense				
Interest expense	(165)	(9,035)	(3,231)	(17,779)
Other income, net	305	2,608	1,262	2,782
Total other income (expense)	140	(6,427)	(1,969)	(14,997)
(Loss) earnings before income taxes	(3,967)	9,203	(17,955)	495
Income tax benefit	(770)	(3,097)	(6,040)	(2,409)
Net (loss) earnings	\$ (3,197)	\$ 12,300	\$ (11,915)	\$ 2,904
Net (loss) earnings per share:				
Basic and diluted	\$ (0.16)	\$ 0.60	\$ (0.58)	\$ 0.14
Weighted average shares outstanding:				
Basic and diluted	20,478	20,452	20,476	20,452
Dividends declared per share	\$ —	N/A	\$ 0.25	N/A

See accompanying Notes to Condensed Consolidated Financial Statements.

[Table of Contents](#)

CONDENSED CONSOLIDATED BALANCE SHEETS

A. H. Belo Corporation and Subsidiaries

	June 30, 2008 <i>(unaudited)</i>	December 31, 2007
<i>In thousands, except share and per share amounts</i>		
Assets		
Current assets:		
Cash and temporary cash investments	\$ 24,882	\$ 6,874
Accounts receivable, net	72,408	90,792
Inventories	17,287	11,407
Deferred income taxes	6,144	4,744
Prepays and other current assets	11,093	8,202
Total current assets	131,814	122,019
Property, plant and equipment at cost:		
Land	31,158	46,403
Buildings and improvements	219,085	232,267
Publishing equipment	356,252	351,323
Other	164,279	144,503
Advance payments on property, plant and equipment	16,725	23,614
Total property, plant and equipment	787,499	798,110
Less accumulated depreciation	512,276	490,322
Property, plant and equipment, net	275,223	307,788
Intangible assets, net	37,176	40,426
Goodwill	119,667	119,667
Other assets	43,237	29,810
Total assets	<u>\$ 607,117</u>	<u>\$ 619,710</u>

See accompanying Notes to Condensed Consolidated Financial Statements.

[Table of Contents](#)**CONDENSED CONSOLIDATED BALANCE SHEETS (continued)**

A. H. Belo Corporation and Subsidiaries

	June 30, 2008 <i>(unaudited)</i>	December 31, 2007
<i>In thousands, except share and per share amounts</i>		
Liabilities and Shareholders' Equity		
Current liabilities:		
Accounts payable	\$ 30,016	\$ 25,384
Accrued compensation and benefits	41,078	31,161
Accrued interest on notes payable to Belo Corp.	—	35,148
Other accrued expenses	1,729	3,822
Advance subscription payments	27,587	24,495
Current portion of notes payable to Belo Corp.	—	392
Total current liabilities	<u>100,410</u>	<u>120,402</u>
Notes payable to Belo Corp.	—	378,916
Deferred income taxes	26,809	19,189
Other liabilities	13,916	14,263
Shareholders' equity:		
Preferred stock, \$.01 par value. Authorized 2,000,000 shares; none issued.	—	—
Common stock, \$.01 par value. Authorized 125,000,000 shares		
Series A: Issued 17,757,642 shares at June 30, 2008	176	—
Series B: Issued 2,721,161 shares at June 30, 2008	28	—
Additional paid-in capital	482,813	—
Retained deficit	(17,035)	—
Belo Corp. equity	—	86,940
Total shareholders' equity	<u>465,982</u>	<u>86,940</u>
Total liabilities and shareholders' equity	<u>\$ 607,117</u>	<u>\$ 619,710</u>

See accompanying Notes to Condensed Consolidated Financial Statements.

[Table of Contents](#)**CONDENSED CONSOLIDATED STATEMENT OF SHAREHOLDERS' EQUITY**

A. H. Belo Corporation and Subsidiaries

*In thousands, except share amounts (unaudited)**Six months ended June 30, 2008*

	<i>Common Stock</i>			<i>Additional Paid-in Capital</i>	<i>Retained Deficit</i>	<i>Belo Corp. Equity</i>	<i>Total</i>
	<i>Shares Series A</i>	<i>Shares Series B</i>	<i>Amount</i>				
Balance at December 31, 2007	—	—	\$ —	\$ —	\$ —	\$ 86,940	\$ 86,940
Contribution by Belo Corp.	—	—	—	481,524	—	(86,940)	394,584
Issuance of stock in the Distribution	17,603,499	2,848,496	204	(204)	—	—	—
Share-based compensation	—	—	—	1,493	—	—	1,493
Conversion of Series B to Series A	127,335	(127,335)	—	—	—	—	—
Issuance of shares for restricted stock units	26,808	—	—	—	—	—	—
Dividends	—	—	—	—	(5,120)	—	(5,120)
Net loss	—	—	—	—	(11,915)	—	(11,915)
Balance at June 30, 2008	17,757,642	2,721,161	\$ 204	\$482,813	\$(17,035)	\$ —	\$465,982

See accompanying Notes to Condensed Consolidated Financial Statements.

[Table of Contents](#)**CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS**

A. H. Belo Corporation and Subsidiaries

<i>In thousands (unaudited)</i>	<i>Six months ended June 30,</i>	
	<i>2008</i>	<i>2007</i>
Operations		
Net (loss) earnings	\$ (11,915)	\$ 2,904
Adjustments to reconcile net loss to net cash provided by operations:		
Depreciation and amortization	27,702	25,962
Gain/loss on disposal of fixed assets	(213)	—
Deferred income taxes	—	(8,175)
Employee retirement benefit expense	65	98
Share-based compensation	336	748
Other non-cash items	2,791	(173)
Net changes in operating assets and liabilities, excluding the effects of the Distribution:		
Accounts receivable	17,986	15,054
Inventories	(5,880)	2,994
Prepays and other current assets	176	(3)
Other, net	(5,871)	—
Accounts payable	3,813	(7,400)
Accrued compensation and benefits	(1,072)	(3,313)
Other accrued expenses	1,557	(14,447)
Advance subscription payments	2,148	3,328
Net cash provided by operations	31,623	17,577
Investments		
Capital expenditures, net	(8,808)	(18,553)
Other, net	313	72
Net cash used for investments	(8,495)	(18,481)
Financing		
Dividends and distributions	(5,120)	(35,604)
Net borrowings from Belo Corp.	—	35,392
Net cash used for financing	(5,120)	(212)
Net increase (decrease) in cash and temporary cash investments	18,008	(1,116)
Cash and temporary cash investments at beginning of period	6,874	10,521
Cash and temporary cash investments at end of period	\$ 24,882	\$ 9,405
Supplemental Disclosures		
Interest paid, net of amounts capitalized	\$ —	\$ 31,429
Income taxes paid, net of refunds	\$ —	\$ 5,244

See accompanying Notes to Condensed Consolidated Financial Statements.

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

A. H. Belo Corporation and Subsidiaries

(in thousands, except share and per share amounts)

- (1) The accompanying unaudited condensed consolidated financial statements of A. H. Belo Corporation and its subsidiaries (the “Company” or “A. H. Belo”) have been prepared in accordance with generally accepted accounting principles for interim financial information and in accordance with the instructions to Form 10-Q and Article 10 of Regulation S-X. Accordingly, they do not include all of the information and footnotes required by generally accepted accounting principles for complete financial statements. In the opinion of management, all adjustments (consisting of normal recurring accruals) considered necessary for a fair presentation have been included. The balance sheet at December 31, 2007 has been derived from the audited combined financial statements at that date but does not include all of the information and footnotes required by generally accepted accounting principles for complete financial statements. These condensed consolidated financial statements should be read in conjunction with the audited financial statements and footnotes thereto included in the Company’s Annual Report on Form 10-K for the year ended December 31, 2007. Operating results for the three and six month periods ended June 30, 2008 are not necessarily indicative of the results that may be expected for the year ending December 31, 2008.
- (2) The Company owns three primary daily newspapers: *The Dallas Morning News*, *The Providence Journal*, and *The Press-Enterprise* (Riverside, CA). They publish and distribute local, state, national, and international news. In addition to these three daily newspapers, the Company publishes various niche products in the same or nearby markets where the primary daily newspapers are located. Each of the Company’s daily newspapers and niche publications operates and maintains its own Web site. The Company also operates direct mail and commercial printing businesses. The Company’s operating segments are defined as its newspapers within a given market. The Company has determined that all of its operating segments meet the criteria under Statement of Financial Accounting Standards (“SFAS”) No. 131, “Disclosures about Segments of an Enterprise and Related Information,” to be aggregated into one reporting segment.

On February 8, 2008, Belo Corp. (“Belo”) contributed all of the stock of its subsidiaries engaged in the newspaper business and related assets to A. H. Belo (hereafter referred to as the “Distribution”). On February 8, 2008 (the “Distribution Date”), Belo also distributed, through a pro rata, tax-free dividend to its shareholders, 0.20 shares of A. H. Belo Series A common stock for every share of Belo Series A common stock, and 0.20 shares of A. H. Belo Series B common stock for every share of Belo Series B common stock, owned as of the close of business on January 25, 2008. As a result of the Distribution, A. H. Belo issued 17,603,499 shares of Series A common stock and 2,848,496 shares of Series B common stock. This resulted in A. H. Belo becoming a separate public company with its own management and board of directors. The assets and liabilities transferred to A. H. Belo were recorded at historical cost as a reorganization of entities under common control. Following the Distribution, Belo does not have any ownership interest in A. H. Belo but will continue to conduct business with A. H. Belo pursuant to various agreements, as more fully described in Note 8, and co-own certain investments.

Operating expenses reflect direct operating expenses of the business together with allocations of certain Belo corporate expenses for the periods prior to the Distribution. For the three and six months ended June 30, 2007, corporate expenses are based on allocations of Belo corporate expenses. The six months ended June 30, 2008 include allocated Belo corporate expenses up to the Distribution Date only. Corporate expenses for the remainder of the six month period (post-Distribution) and all of the three month period ended June 30, 2008 are comprised of actual costs incurred by the Company. The allocations from Belo include certain costs associated with Belo’s corporate facilities, information systems, legal, internal audit, finance (including public company accounting and reporting), employee compensation and benefits administration, risk management, treasury administration and tax functions, and are based on actual costs incurred by Belo. Allocations of corporate facility costs are based on the actual space used. Information technology costs and employee compensation and benefits administration are allocated based on headcount. Other costs are allocated to A. H. Belo based on the Company’s size relative to the Belo subsidiaries. Costs allocated to the Company totaled \$7,430 for the 39 days ended February 8, 2008. Corporate allocated costs for the three and six months ended June 30, 2007 were \$14,385 and \$26,446, respectively. Transactions between the companies comprising A. H. Belo have been eliminated in the consolidated financial statements.

On the Distribution Date, Belo settled or assigned intercompany indebtedness between and among Belo and its subsidiaries, including Belo’s subsidiaries engaged in the newspaper business and related assets. Belo settled accounts through contributions of such indebtedness to the capital of the debtor subsidiaries, distributions by creditor subsidiaries, and other non-cash transfers, or

Table of Contents

assigned indebtedness to A. H. Belo. As of the effective time of the Distribution, Belo had contributed to the capital of A. H. Belo and its subsidiaries the net intercompany indebtedness owed to Belo by A. H. Belo and its subsidiaries, and A. H. Belo assumed the indebtedness owed by Belo to the A. H. Belo subsidiaries.

All dollar amounts are in thousands, unless otherwise indicated. Certain prior period amounts have been reclassified to conform to the current period presentation.

- (3) The following table presents stock-based awards that are excluded for purposes of calculating diluted earnings per share for the three and six months ended June 30, 2008:

	Three Months Ended June 30, 2008	Six Months Ended June 30, 2008
Options excluded due to exercise price in excess of average market price		
Number outstanding	2,471	2,471
Weighted average exercise price	\$ 21.04	\$ 21.04

- (4) In December 2007, the Financial Accounting Standards Board (“FASB”) issued Statement of Financial Accounting Standards (“SFAS”) No. 141(R), “Business Combinations” (“SFAS 141(R)”). SFAS 141(R) establishes principles and requirements for how the acquirer of a business recognizes and measures in its financial statements the identifiable assets acquired, the liabilities assumed, and any noncontrolling interest in the acquiree. The statement also provides guidance for recognizing and measuring the goodwill acquired in the business combination and determines what information to disclose to enable users of the financial statements to evaluate the nature and financial effects of the business combination. SFAS 141(R) is effective for financial statements issued for fiscal years beginning after December 15, 2008. Accordingly, any business combinations the Company engages in will be recorded and disclosed following existing accounting principles until January 1, 2009. The Company expects SFAS 141(R) will have an impact on the Company’s consolidated financial statements when effective, but the nature and magnitude of the specific effects will depend upon the nature, terms and size of the acquisitions, if any, consummated after the effective date.

In February 2007, the FASB issued SFAS No. 159, “The Fair Value Option for Financial Assets and Liabilities” (“SFAS 159”). This statement permits entities to measure many financial instruments and certain other items at fair value. The objective is to improve financial reporting by providing entities with the opportunity to mitigate volatility in reported earnings caused by measuring related assets and liabilities differently without having to apply complex hedge accounting provisions. SFAS 159 is effective for financial statements issued for fiscal years beginning after November 15, 2007. The Company has elected not to implement the fair value option with respect to any existing assets or liabilities; therefore, the adoption of SFAS 159 had no impact on the Company’s financial position or results of operations.

In September 2006, the FASB issued SFAS No. 157, “Fair Value Measurements” (“SFAS 157”). SFAS 157 establishes, among other items, a framework for fair value measurements in the financial statements by providing a single definition of fair value, provides guidance on the methods used to estimate fair value, and increases disclosures about estimates of fair value. SFAS 157 is effective for financial assets and liabilities in financial statements issued for fiscal years beginning after November 15, 2007, and will be effective for non-financial assets and liabilities in financial statements issued for fiscal years beginning after November 15, 2008. Effective January 1, 2008, the Company adopted SFAS 157 for its financial assets and liabilities. The adoption of this standard on January 1, 2008 did not have a material impact on the Company’s financial position or results of operations. The Company is currently assessing the impact of SFAS 157 for non-financial assets and liabilities.

- (5) Prior to the Distribution, the Company established a long-term incentive plan under which awards may be granted to employees and outside directors in the form of non-qualified stock options, incentive stock options, restricted shares, restricted stock units, performance shares, performance units and stock appreciation rights. In addition, options may be accompanied by stock appreciation rights and limited stock appreciation rights. Rights and limited rights may also be issued without accompanying options. Cash-based bonus awards are also available under the plan.

[Table of Contents](#)

In connection with the Distribution, holders of outstanding Belo options received an adjusted Belo option for the same number of shares of Belo common stock as held before the Distribution but with a reduced exercise price based on the closing price on February 8, 2008. Holders also received one new A. H. Belo option for every five Belo options held as of the Distribution Date (the distribution ratio) with an exercise price based on the closing share price on February 8, 2008. The Belo Restricted Stock Units ("RSUs") were treated as if they were issued and outstanding shares. Holders of Belo RSUs retained their existing RSUs and also received A. H. Belo RSUs. The number of A. H. Belo RSUs awarded to Belo's RSU holders was determined using the distribution ratio. As a result, the Belo RSUs and the A. H. Belo RSUs, taken together, had the same aggregate value based on the closing prices of the Belo stock and the A. H. Belo stock on the Distribution Date, as the Belo RSUs immediately prior to the Distribution.

Each stock option and RSU (of A. H. Belo and of Belo) otherwise has the same terms as the original awards. The awards continue to vest as under the existing vesting schedule based on continued employment with Belo or A. H. Belo, as applicable.

Share-based compensation cost recognized for awards to A. H. Belo's employees and non-employee directors was immaterial and \$735, for the three and six months ended June 30, 2008 and \$1,131 and \$4,606 for the three and six months ended June 30, 2007, respectively. No compensation cost is recognized related to options issued by A. H. Belo held by employees and non-employee directors of Belo.

A. H. Belo also recognizes compensation expense for any pre-Distribution awards related to its employees that were issued under Belo's long-term incentive plans. A. H. Belo's share-based compensation expense includes \$(15) and \$428 for the three and six months ended June 30, 2008, related to awards that were issued by Belo.

A. H. Belo Option Activity

The following table summarizes the option activity under A. H. Belo's long-term incentive plan for the period ended June 30, 2008:

	<i>Number of Options</i>	<i>Weighted Average Exercise Price</i>
Issued in connection with the Distribution on February 8, 2008	2,496,728	\$21.09
Granted	—	—
Exercised	—	—
Canceled	<u>(25,468)</u>	\$25.53
Outstanding at June 30, 2008	<u>2,471,260</u>	\$21.04

Of the total A. H. Belo options outstanding at June 30, 2008, 991,221 options with a weighted average exercise price of \$21.03 are held by A. H. Belo employees and non-employee directors.

A. H. Belo RSU Activity

The following table summarizes the RSU activity under A. H. Belo's long-term incentive plan for the period ended June 30, 2008:

[Table of Contents](#)

	<i>Number of RSUs</i>	<i>Weighted Average Exercise Price</i>
Issued in connection with the Distribution on February 8, 2008	391,297	\$18.35
Granted	—	—
Vested	(44,780)	\$19.10
Canceled	(3,417)	\$19.18
Outstanding at June 30, 2008	<u>343,100</u>	\$18.25

Of the total A. H. Belo RSUs outstanding at June 30, 2008, 157,461 RSUs are held by A. H. Belo employees and non-employee directors.

- (6) The Company has various employees who participate in The G. B. Dealey Retirement Pension Plan, which is sponsored by Belo. As prescribed in the employee matters agreement between the Company and Belo, the Company will reimburse Belo for 60 percent of any future cash contributions to the pension plan. In conjunction with the Distribution, the Company recorded a liability of \$3,096 for these anticipated future fundings.
- (7) In 2004, Belo announced that an internal investigation, then ongoing, disclosed practices and procedures that led to an overstatement of previously reported circulation figures at *The Dallas Morning News*, primarily in single copy sales. In response to the overstatement, Belo implemented a voluntary advertiser plan developed by Belo management. The plan included cash payments to advertisers and future advertising credits. Payments under the plan were made without any condition that such advertisers release *The Dallas Morning News* from liability for the circulation overstatement. To use the credits, advertisers generally placed advertising in addition to the terms of the advertiser's current contract. There are no unused credits.

On August 23, 2004, August 26, 2004 and October 5, 2004, three related lawsuits, now consolidated, were filed by purported shareholders of Belo in the United States District Court for the Northern District of Texas against Belo, Robert W. Decherd, and Barry T. Peckham, a former executive officer of *The Dallas Morning News*, arising out of the circulation overstatement at *The Dallas Morning News*. James M. Moroney III, an executive officer of *The Dallas Morning News*, was added later as a defendant. The plaintiffs seek to represent a purported class of shareholders who purchased Belo common stock between May 12, 2003 and August 6, 2004, and allege violations of Sections 10(b) and 20(a) of the Securities Exchange Act of 1934. On April 2, 2008, the court denied plaintiffs' motion for class certification and on April 16, 2008, plaintiffs petitioned the United States Court of Appeals for the Fifth Circuit for permission to appeal that denial. On June 17, 2008, permission was granted and plaintiffs are appealing denial of class certification. No amount of damages has been specified. The Company believes the complaints are without merit and intends to defend vigorously against them.

On June 3, 2005, a shareholder derivative lawsuit was filed by a purported individual shareholder of Belo in the 191st Judicial District Court of Dallas County, Texas, against Robert W. Decherd, John L. Sander, Dunia A. Shive, Dennis A. Williamson, and James M. Moroney III; Barry T. Peckham; and Louis E. Caldera, Judith L. Craven, Stephen Hamblett, Dealey D. Herndon, Wayne R. Sanders, France A. Córdova, Laurence E. Hirsch, J. McDonald Williams, Henry P. Becton, Jr., Roger A. Enrico, William T. Solomon, Lloyd D. Ward, M. Anne Szostak, and Arturo Madrid, current or former directors of Belo. The lawsuit makes various claims asserting mismanagement and breach of fiduciary duty related to the circulation overstatement at *The Dallas Morning News*. On May 30, 2007, after a prior discovery stay ended, the court issued an order administratively closing the case and, as a result, no further action can be taken unless the case is reinstated. The court retained jurisdiction and the case is subject to being reinstated by the court or upon motion by any party. The court's order was not a dismissal with prejudice.

Under the terms of the separation and distribution agreement between A. H. Belo and Belo, A. H. Belo and Belo will share equally in any liabilities, net of any applicable insurance, resulting from the circulation-related lawsuits described above.

[Table of Contents](#)

On October 24, 2006, 18 former employees of *The Dallas Morning News* filed a lawsuit against various A. H. Belo-related parties in the United States District Court for the Northern District of Texas. The plaintiffs' lawsuit alleges unlawful discrimination and ERISA violations and includes allegations relating to *The Dallas Morning News* circulation overstatement (similar to the circulation-related lawsuits described above). In June 2007, the court issued a memorandum order granting in part and denying in part defendants' motion to dismiss. In August 2007, the court dismissed certain additional claims. A trial date in January 2009 has been set. The Company believes the lawsuit is without merit and intends to defend vigorously against it.

In addition to the proceedings disclosed above, a number of other legal proceedings are pending against A. H. Belo, including several actions for alleged libel and/or defamation. In the opinion of management, liabilities, if any, arising from these other legal proceedings would not have a material adverse effect on A. H. Belo's results of operations, liquidity, or financial position.

- (8) In connection with the Distribution, the Company entered into a separation and distribution agreement; a services agreement; a tax matters agreement; an employee matters agreement, which allocates liabilities and responsibilities regarding employee compensation and benefit plans and related matters; and other agreements with Belo or its subsidiaries. In the separation and distribution agreement, effective as of the Distribution Date, A. H. Belo and Belo have agreed to indemnify each other and certain related parties from all liabilities existing or arising from acts and events occurring, or failing to occur (or alleged to have occurred or to have failed to occur), regarding each other's businesses, whether occurring before, at or after the effective time of the Distribution; provided, however, that under the terms of the separation and distribution agreement, the Company and Belo will share equally in any liabilities, net of any applicable insurance, resulting from certain circulation-related lawsuits.

Under the services agreement, for a period of up to two years after the Distribution Date, A. H. Belo and Belo (or their respective subsidiaries) will provide each other various services and/or support. Payments made or other consideration provided in connection with all continuing transactions between the Company and Belo will be on an arm's-length basis or on a basis consistent with the business purpose of the parties.

The tax matters agreement sets out each party's rights and obligations with respect to payment deficiencies and refunds, if any, of federal, state, local, or foreign taxes for periods before and after the Distribution and related matters such as the filing of tax returns and the conduct of IRS and other audits. Under this agreement, Belo will be responsible for all income taxes prior to the Distribution, except that A. H. Belo will be responsible for its share of income taxes paid on a consolidated basis for the period of January 1, 2008 through February 8, 2008. A. H. Belo will also be responsible for its income taxes subsequent to the Distribution Date.

Belo's Dallas/Fort Worth television station, WFAA-TV, and *The Dallas Morning News*, owned by A. H. Belo, have agreed to provide media content, cross-promotion, and other services to the other. In addition, A. H. Belo and Belo co-own certain downtown Dallas real estate through a limited liability company formed in connection with the Distribution.

- (9) On July 28, 2008, the Company announced a broad restructuring of its newspaper operations intended to change substantially the business model for the Company's print products while accelerating the allocation of resources to new products both in print and online. The Company plans to eliminate \$50 million of ongoing costs by the end of the first quarter of 2009, exclusive of newsprint price fluctuations. In conjunction with these initiatives, the Company is making voluntary severance offers to many employees of A. H. Belo's newspapers. The goal is to reduce total employment at the operating units by approximately 500 full-time equivalents. A. H. Belo will incur a charge in the third quarter related to the voluntary severance offer. The amount of this one-time expense will depend on the length of service and the salary distribution of the employees who accept the voluntary severance offer.

Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations (dollars in thousands, except per share amounts)

The following information should be read in conjunction with the Company's Condensed Consolidated Financial Statements and related Notes filed as part of this report.

Overview

A. H. Belo Corporation, headquartered in Dallas, Texas, is a distinguished news and information company that owns and operates three daily newspapers and 12 associated Web sites. A. H. Belo publishes *The Dallas Morning News*, Texas' leading newspaper; *The Providence Journal*, the oldest major daily newspaper of general circulation and continuous publication in the U.S.; and *The Press-Enterprise* (Riverside, CA), serving southern California's Inland Empire region. These newspapers produce extensive local, state, national and international news. In addition, the Company publishes various specialty publications targeting niche audiences, young adults and the fast-growing Hispanic market. A. H. Belo also owns direct mail and commercial printing businesses.

On July 28, 2008, the Company announced a broad restructuring of its newspaper operations intended to change substantially the business model for the Company's print products while accelerating the allocation of resources to promising new products both in print and online. The Company plans to eliminate \$50 million of ongoing costs by the end of the first quarter of 2009, exclusive of newsprint price fluctuations. In conjunction with these initiatives, the Company is making voluntary severance offers to many employees of A. H. Belo's newspapers. The goal is to reduce total employment at the operating units by approximately 500 full-time equivalents. A. H. Belo will incur a charge in the third quarter related to the voluntary severance offer. The amount of this one-time expense will depend on the length of service and the salary distribution of the employees who accept the voluntary severance offer.

The Company intends for the discussion of its financial condition and results of operations that follows to provide information that will assist in understanding A. H. Belo's financial statements, the changes in certain key items in those statements from period to

[Table of Contents](#)

period and the primary factors that accounted for those changes, as well as how certain accounting principles, policies and estimates affect the Company's financial statements.

Results of Operations
(Dollars in thousands, except per share amounts)

Consolidated Results of Operations

	Three Months Ended June 30,			Six Months Ended June 30,		
	2008	Percentage Change	2007	2008	Percentage Change	2007
Net operating revenues	\$163,255	(15.1)%	\$192,276	\$323,442	(12.1)%	\$367,989
Operating costs and expenses	167,362	(5.3)%	176,646	339,428	(3.7)%	352,497
Other income (expense)	140	(102.2)%	(6,427)	(1,969)	(86.9)%	(14,997)
(Loss) earnings before income taxes	(3,967)	(143.1)%	9,203	(17,955)	(3,727.3)%	495
Income tax benefit	(770)	(75.1)%	(3,097)	(6,040)	150.7%	(2,409)
Net (loss) earnings	<u>\$ (3,197)</u>	(126.0)%	<u>\$ 12,300</u>	<u>\$ (11,915)</u>	(510.3)%	<u>\$ 2,904</u>

The table below presents the components of net operating revenues for the three and six months ended June 30, 2008 and 2007, respectively:

	Three Months Ended June 30,			Ended June 30,		
	2008	Percentage Change	2007	2008	Percentage Change	2007
Advertising	\$125,341	(20.5)%	\$157,704	\$249,764	(16.6)%	\$299,649
Circulation	30,275	8.5%	27,894	59,380	7.0%	55,511
Other	7,639	14.4%	6,678	14,298	11.5%	12,829
Net operating revenues	<u>\$163,255</u>	(15.1)%	<u>\$192,276</u>	<u>\$323,442</u>	(12.1)%	<u>\$367,989</u>

Advertising revenues accounted for 76.8 and 77.2 percent of total revenues for the three and six months ended June 30, 2008, respectively, compared to 82.0 and 81.4 percent for the same periods in the prior year. Circulation revenues accounted for 18.5 and 18.4 percent of total revenues for the three and six months ended June 30, 2008, respectively, compared to 14.5 and 15.1 percent for the same periods in the prior year. Total revenue decreased 15.1 and 12.1 percent for the three and six months ended June 30, 2008 versus the same periods in the prior year. The Company's revenues were adversely affected by economic and operating pressures. Total advertising revenue, including print and Internet revenue, was down 20.5 and 16.6 percent for the three and six months ended June 30, 2008, respectively. Retail was down 15.3 and 13.4 percent, general was down 29.6 and 19.5 percent, and classified (exclusive of Internet revenue) was down 38.0 and 32.0 percent for the three and six month periods, respectively. Classified revenue at *The Dallas Morning News* was mainly impacted by a decline in employment while *The Providence Journal* and *The Press-Enterprise* were predominantly impacted by declines in real estate. *The Press-Enterprise's* advertising revenues were down 24.6 and 25.1 percent for the three and six months ended June 30, 2008, respectively, compared to decreases of 17.0 and 14.0 percent at *The Providence Journal* and 20.5 and 14.9 percent at *The Dallas Morning News*. The Company had \$12.2 million and \$24.2 million in Internet revenue for the three and six months ended June 30, 2008, which accounted for 7.4 and 7.5 percent of total revenues, respectively. Compared to the prior year, Internet revenues decreased 10.5 and 6.4 percent for the three and six months ended June 30, 2008, respectively. Decreases in Internet revenues resulted from declines in employment and real estate classifieds, which are dependent on upsells from the same print categories. Internet ad revenue, exclusive of classified revenue, remained flat for the three month period, but increased 4.7 percent for the six month period ended June 30, 2008, when compared to the same periods in the prior year.

[Table of Contents](#)

Circulation revenue increased 8.5 and 7.0 percent for the three and six months ended June 30, 2008, primarily due to less discounting and single-copy and home delivery price increases.

Operating Costs and Expenses

The Company's operating costs and expenses decreased \$9,284, or 5.3 percent, and \$13,069, or 3.7 percent, for the three and six months ended June 30, 2008, respectively, compared to the same periods in the prior year. The decreases were primarily due to decreases in newsprint costs and salaries and wages and other production, distribution and operating costs offset by an increase in depreciation expense. The decreases of \$2,269 and \$5,968 in newsprint, ink and supplies for the three and six month periods, respectively, were primarily due to lower newsprint expenses of \$1,945 and \$4,890, respectively, which resulted primarily from lower newsprint volumes consumed during these periods. During the three and six months ended June 30, 2008, A. H. Belo's operations consumed approximately 28,964 and 59,099 metric tons of newsprint at an average cost of \$684 and \$650 per metric ton, respectively. Consumption of newsprint for the same periods in the prior year was 34,382 and 68,468 metric tons at an average cost per metric ton of \$596 and \$615, respectively. Salaries, wages and benefits expenses decreased \$3,652 and \$4,686 for the three months and the six months ended June 30, 2008, respectively, primarily due to a reduction in stock-based compensation expense of \$1,130 and \$3,871, year over year. This decrease is primarily due to declines in fair market value of A. H. Belo common stock. The decreases in stock-based compensation expense were partially offset by increases in employee bonuses of \$194 and \$1,906 in the three and six months ended June 30, 2008, respectively, related to the Distribution. Depreciation expense increased by \$859 and \$1,740 for the three and six month periods, respectively, primarily due to new facilities in Riverside, California and Dallas, Texas.

Interest Expense

Interest expense decreased \$8,870, or 98.2 percent, and \$14,548, or 81.8 percent, during the three and six months ended June 30, 2008, respectively, compared to the prior year periods. As of February 8, 2008, in connection with the Distribution of the Company, Belo contributed to the capital of A. H. Belo and its subsidiaries the net intercompany indebtedness owed to Belo by A. H. Belo and its subsidiaries or assigned indebtedness to the Company. This effectively settled A. H. Belo's notes payable balances owed to Belo. As a result, no interest expense was accrued beyond the Distribution Date, as compared to the interest expense that accrued for the entire three and six months ended June 30, 2007.

Other Income, Net

Other income, net decreased \$2,303, or 88.3 percent, and \$1,520, or 54.6 percent, for the three months and six months ended June 30, 2008, respectively, compared to the same periods in 2007, primarily due to a gain on the disposal of land and a building in Dallas, Texas, in 2007 that was not used in the ordinary course of business.

Income Taxes

Income taxes for the three months and six months ended June 30, 2008 increased by \$2,327 and decreased by \$3,631, respectively, compared to the same periods in 2007. The increase during the three month period is primarily due the allocation methodology used for corporate expenses during 2007. The decrease during the six month period is primarily due to a lower projected taxable income for 2008.

Liquidity and Capital Resources

Operating Cash Flows

Net cash provided by operations was \$31,623 for the six months ended June 30, 2008 compared to net cash provided by operations of \$17,577 for the same period last year. The changes in cash flows from operations were caused primarily by changes in normal working capital requirements.

The Company believes its current financial condition and credit relationships are adequate to fund its current obligations.

Investing Cash Flows

Net cash flows used for investments were \$8,495 for the six months ended June 30, 2008 compared to \$18,481 for the same period in 2007. The decrease is primarily due to a reduction in capital expenditures.

[Table of Contents](#)

Capital Expenditures

Total capital expenditures were \$8,808 during the first six months of 2008 compared with \$18,553 during the same period in 2007. These were primarily for facilities and equipment and the building projects mentioned below.

During the six months ended June 30, 2007, the Company took possession of a new distribution and production center for *The Dallas Morning News* in southern Dallas. Approximately \$51,000 has been incurred since the beginning of the project and approximately \$4,411 was incurred during the six months ended June 30, 2007.

During the first six months of 2007, *The Press-Enterprise* moved into a new 150,000 square-foot, five-story office building to centralize all news, editorial, advertising, sales and marketing, technology, production support and administrative functions. The total cost of the project is projected to be approximately \$40,000. Of the total estimated costs, approximately \$40,000 has been incurred since the beginning of the project and approximately \$7,748 was incurred in the first six months of 2007.

Financing Cash Flows

There was \$5,120 in cash used for financing for the six months ended June 30, 2008 compared to \$212 used for financing during the same period in 2007. This increase was primarily due to the Company paying a dividend of 25 cents a share to shareholders in June 2008. During the same period last year the Company relied on Belo for funding of the Company's operations.

Dividends

The Company declared dividends of 25 cents per share on February 27, 2008, which were paid on June 6, 2008, and on July 25, 2008, which will be paid on September 5, 2008.

Other

The Company entered into a Credit Agreement dated as of February 4, 2008 with JPMorgan Chase Bank, N.A., J.P. Morgan Securities Inc., Banc of America Securities LLC, Bank of America, N.A. and certain other lenders (the "Credit Agreement") effective as of the Distribution Date. The Credit Agreement has a five-year term that expires in February 2013. The facility provided for under the Credit Agreement may be used for working capital and other general corporate purposes, including letters of credit.

The Credit Agreement consists of a \$100 million senior unsecured five-year revolving credit facility. Revolving credit borrowings under the Credit Agreement will bear interest at a variable interest rate based on either LIBOR or a base rate, in either case plus an applicable margin that varies depending upon the Company's leverage ratio.

The Credit Agreement contains a number of restrictions on the Company's business, including, but not limited to, restrictions on the Company's (and certain of its subsidiaries') ability to incur indebtedness; grant liens on assets; make certain restricted payments; merge, consolidate, or sell assets; engage in transactions with affiliates; enter into restrictive agreements; enter into sale-leaseback transactions; and to make certain investments. In addition, the Company is subject to a leverage ratio covenant and a fixed charge coverage ratio covenant. The Credit Agreement also contains affirmative covenants and events of default, including a cross-default to certain other debt. Failure to comply with these covenants, or the occurrence of an event of default, could result in acceleration of the Company's debt and other financial obligations under the Credit Agreement and could limit the Company's borrowing capacity under the agreement. The Credit Agreement requires the Company's material subsidiaries to guarantee the obligations of the Company under the Credit Agreement.

The Company did not draw on its credit facility during the six months ended June 30, 2008. The Company believes its cash on hand, internally generated funds and revolving credit facility are adequate to meet its capital and operating commitments.

Recent Accounting Pronouncements

In December 2007, the Financial Accounting Standards Board (“FASB”) issued Statement of Financial Accounting Standards (“SFAS”) No. 141(R), “Business Combinations” (“SFAS 141(R)"). SFAS 141(R) establishes principles and requirements for how the acquirer of a business recognizes and measures in its financial statements the identifiable assets acquired, the liabilities assumed, and any noncontrolling interest in the acquiree. The statement also provides guidance for recognizing and measuring the goodwill acquired in the business combination and determines what information to disclose to enable users of the financial statements to evaluate the nature and financial effects of the business combination. SFAS 141(R) is effective for financial statements issued for fiscal years beginning after December 15, 2008. Accordingly, any business combinations the Company engages in will be recorded and disclosed following existing accounting principles until January 1, 2009. The Company expects SFAS 141(R) will have an impact on the Company’s consolidated financial statements when effective, but the nature and magnitude of the specific effects will depend upon the nature, terms and size of the acquisitions, if any, consummated after the effective date.

In February 2007, the FASB issued SFAS No. 159, “The Fair Value Option for Financial Assets and Liabilities” (“SFAS 159”). This statement permits entities to measure many financial instruments and certain other items at fair value. The objective is to improve financial reporting by providing entities with the opportunity to mitigate volatility in reported earnings caused by measuring related assets and liabilities differently without having to apply complex hedge accounting provisions. SFAS 159 is effective for financial statements issued for fiscal years beginning after November 15, 2007. The Company has elected not to implement the fair value option with respect to any existing assets or liabilities; therefore, the adoption of SFAS 159 had no impact on the Company’s financial position or results of operations.

In September 2006, the FASB issued SFAS No. 157, “Fair Value Measurements” (“SFAS 157”). SFAS 157 establishes, among other items, a framework for fair value measurements in the financial statements by providing a single definition of fair value, provides guidance on the methods used to estimate fair value, and increases disclosures about estimates of fair value. SFAS 157 is effective for financial assets and liabilities in financial statements issued for fiscal years beginning after November 15, 2007, and will be effective for non-financial assets and liabilities in financial statements issued for fiscal years beginning after November 15, 2008. Effective January 1, 2008, the Company adopted SFAS 157 for its financial assets and liabilities. The adoption of this standard on January 1, 2008 did not have a material impact on the Company’s financial position or results of operations. The Company is currently assessing the impact of SFAS 157 for non-financial assets and liabilities.

Forward-Looking Statements

Statements in this report concerning A. H. Belo’s business outlook or future economic performance, anticipated profitability, revenues, expenses, dividends, capital expenditures, investments, future financings, and other financial and non-financial items that are not historical facts, are “forward-looking statements” as that 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, uncertainties and factors include, but are not limited to, changes in capital market conditions and prospects, and other factors such as changes in advertising demand, interest rates, and newsprint prices; newspaper circulation matters, including changes in readership patterns and demography, and audits and related actions by the Audit Bureau of Circulations; circulation trends; technological changes; development of Internet publishing and commerce; industry cycles; changes in pricing or other actions by competitors and suppliers; regulatory, tax and legal changes; adoption of new accounting standards or changes in existing accounting standards by the Financial Accounting Standards Board or other accounting standard-setting bodies or authorities; the effects of Company acquisitions, dispositions, co-owned ventures, and investments; general economic conditions; significant armed conflict; and other factors beyond our control, as well as other risks described in the Company’s Annual Report on Form 10-K for the year ended December 31, 2007, and other public disclosures and filings with the Securities and Exchange Commission (“SEC”), including the Company’s information statement on Form 10 dated January 31, 2008.

Item 3. Quantitative and Qualitative Disclosures About Market Risk

Other than as disclosed, there have been no material changes in A. H. Belo’s exposure to market risk from the disclosure included in the Annual Report on Form 10-K for the year ended December 31, 2007.

Item 4T. Controls and Procedures

During the three months ended June 30, 2008, there were no changes in A. H. Belo's internal controls over financial reporting that have materially affected, or are reasonably likely to materially affect, the Company's internal controls over financial reporting.

The Company carried out an evaluation under the supervision and with the participation of the Company's management, including the Company's Chairman, President and Chief Executive Officer and Senior Vice President/Chief Financial Officer, of the effectiveness of the Company's disclosure controls and procedures, as of the end of the period covered by this report. Based upon that evaluation, the Chairman, President and Chief Executive Officer and Senior Vice President/Chief Financial Officer concluded that, as of the end of the period covered by this report, the Company's disclosure controls and procedures were effective such that information relating to the Company (including its consolidated subsidiaries) required to be disclosed in the Company's SEC reports (i) is recorded, processed, summarized and reported within the time periods specified in the SEC rules and forms and (ii) is accumulated and communicated to the Company's management, including the Chairman, President and Chief Executive Officer and Senior Vice President/Chief Financial Officer, as appropriate, to allow timely decisions regarding required disclosure.

PART II.

Item 1. Legal Proceedings

In addition to the disclosure below and the matters previously disclosed, for which there are no material developments to report (see Note 7 to the Condensed Consolidated Financial Statements in Part I, Item 1), a number of other legal proceedings are pending against the Company, including several actions for alleged libel and/or defamation. In the opinion of management, liabilities, if any, arising from these other legal proceedings would not have a material adverse effect on the consolidated results of operations, liquidity or financial position of the Company.

On August 23, 2004, August 26, 2004 and October 5, 2004, three related lawsuits, now consolidated, were filed by purported shareholders of Belo in the United States District Court for the Northern District of Texas against Belo, Robert W. Decherd, and Barry T. Peckham, a former executive officer of *The Dallas Morning News*, arising out of the circulation overstatement at *The Dallas Morning News*. James M. Moroney III, an executive officer of *The Dallas Morning News*, was added later as a defendant. The plaintiffs seek to represent a purported class of shareholders who purchased Belo common stock between May 12, 2003 and August 6, 2004, and allege violations of Sections 10(b) and 20(a) of the Securities Exchange Act of 1934. On April 2, 2008, the court denied plaintiffs' motion for class certification and on April 16, 2008, plaintiffs petitioned the United States Court of Appeals for the Fifth Circuit for permission to appeal that denial. On June 17, 2008, permission was granted and plaintiffs are appealing the denial of class certification. No amount of damages has been specified. The Company believes the complaints are without merit and intends to defend vigorously against them.

Item 1A. Risk Factors

There have been no material changes in the Company's risk factors from the disclosures included in the Annual Report on Form-10-K for the year ended December 31, 2007.

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

During the three months and six months ended June 30, 2008, 127,237 and 127,335 shares, respectively, of the Company's Series B common stock 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 in reliance upon the exemption under Section 3(a)(9) of the Securities Act.

Issuer Purchases of Equity Securities

The Company did not repurchase any of its Series A or Series B common stock during the three months ended June 30, 2008.

Item 3. Defaults Upon Senior Securities

None.

[Table of Contents](#)

Item 4. Submission of Matters to a Vote of Security Holders

None.

Item 5. Other Information

None.

Item 6. Exhibits

Exhibits marked with an asterisk (*) are incorporated by reference to documents previously filed by the Company with the Securities and Exchange Commission, as indicated. All other documents are filed with this report. Exhibits marked with a tilde (~) are management contracts, compensatory plan contracts or arrangements filed pursuant to Item 601(b)(10)(iii)(A) of Regulation S-K.

<u>Exhibit</u>	<u>Description</u>
2.1	* Separation and Distribution Agreement by and between Belo Corp. and A. H. Belo Corporation dated as of February 8, 2008 (Exhibit 2.1 to the Company's Current Report on Form 8-K filed with the Securities and Exchange Commission on February 12, 2008 (Securities and Exchange Commission File No. 001-33741) (the "February 12, 2008 Form 8-K"))
3.1	* Amended and Restated Certificate of Incorporation of the Company (Exhibit 3.1 to Amendment No. 3 to the Company's Form 10 dated January 18, 2008 (Securities and Exchange Commission File No. 001-33741) (the "Third Amendment to Form 10"))
3.3	* Certificate of Designations of Series A Junior Participating Preferred Stock of the Company dated January 11, 2008 (Exhibit 3.2 to Post-Effective Amendment No. 1 to Form 10 dated January 31, 2008 (Securities and Exchange Commission File No. 001-33741))
3.4	* Amended and Restated Bylaws of the Company, effective January 11, 2008 (Exhibit 3.3 to the Third Amendment to Form 10)
4.1	Certain rights of the holders of the Company's Common Stock are set forth in Exhibits 3.1-3.3 above
4.2	* Specimen Form of Certificate representing shares of the Company's Series A Common Stock (Exhibit 4.2 to the Third Amendment to Form 10)
4.3	* Specimen Form of Certificate representing shares of the Company's Series B Common Stock (Exhibit 4.3 to the Third Amendment to Form 10)
4.4	* Rights Agreement dated as of January 11, 2008 between the Company and Mellon Investor Services LLC (Exhibit 4.4 to the Third Amendment to Form 10)
10.1	Financing agreements: (1)* Credit Agreement dated as of February 4, 2008 among the Company, as Borrower, JPMorgan Chase, N.A., as Administrative Agent, JPMorgan Securities Inc. and Banc of America Securities LLC, as Joint Lead Arrangers and Bookrunners, Bank of America, N.A., as Syndication Agent, SunTrust Bank and Capital One Bank, N.A., as Co-Documentation Agents (Exhibit 99.1 to the Company's Current Report on Form 8-K filed with the Securities and Exchange Commission on February 5, 2008 (Securities and Exchange Commission File No. 001-33741))
10.2	Compensatory plans: ~ (1) A. H. Belo Savings Plan ~ (2) A. H. Belo 2008 Incentive Compensation Plan (a) First Amendment to A.H. Belo 2008 Incentive Compensation Plan effective July 23, 2008.

[Table of Contents](#)

<u>Exhibit</u>	<u>Description</u>
	* (b) Form of A. H. Belo 2008 Incentive Compensation Plan Non-Employee Director Evidence of Award
	* (c) Form of A. H. Belo 2008 Incentive Compensation Plan Evidence of Award (for Employee Awards)
~	(3) A. H. Belo Pension Transition Supplement Restoration Plan effective January 1, 2008
~	(4)* A. H. Belo Corporation Change In Control Severance Plan (Exhibit 10.7 to the February 12, 2008 Form 8-K)
10.3	Agreements relating to the distribution of A. H. Belo:
	(1)* Tax Matters Agreement by and between Belo Corp. and A. H. Belo Corporation dated as of February 8, 2008 (Exhibit 10.1 to the February 12, 2008 Form 8-K)
	(2)* Employee Matters Agreement by and between Belo Corp. and A. H. Belo Corporation dated as of February 8, 2008 (Exhibit 10.2 to the February 12, 2008 Form 8-K)
	(3)* Services Agreement by and between Belo Corp. and A. H. Belo Corporation dated as of February 8, 2008 (Exhibit 10.3 to the February 12, 2008 Form 8-K)
	(4)* Separation and Distribution Agreement (See Exhibit 2.1 to the February 12, 2008 Form 8-K)
31.1	Certification of Chief Executive Officer pursuant to Section 302 of the Sarbanes-Oxley Act of 2002
31.2	Certification of Chief Financial Officer pursuant to Section 302 of the Sarbanes-Oxley Act of 2002
32	Certification of Chief Executive Officer and Chief Financial Officer pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the Company has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

A. H. BELO CORPORATION

August 14, 2008

By: /s/ Alison K. Engel
Alison K. Engel
Senior Vice President/Chief Financial Officer and Treasurer
(Principal Financial Officer)

August 14, 2008

By: /s/ George F. Finfrock
George F. Finfrock
Vice President/Corporate Controller
(Principal Accounting Officer)

A. H. BELO SAVINGS PLAN
Effective February 5, 2008

A. H. BELO SAVINGS PLAN

A. H. Belo Corporation, a Delaware corporation, adopts the A. H. Belo Savings Plan, effective as of February 5, 2008. The Plan is a profit sharing plan with a cash or deferred arrangement intended to qualify under Code section 401(a) and to meet the requirements of Code section 401(k), including the alternative methods of meeting the nondiscrimination requirements set forth in Code section 401(k)(13) and Code section 401(m)(12).

Effective as of February 5, 2008, the account balances of each Participant under the Belo Savings Plan were transferred to the Plan in anticipation of the distribution on February 8, 2008, by Belo Corp. to its shareholders of all of the issued and outstanding common stock of A. H. Belo Corporation.

Words and phrases with initial capital letters used throughout the Plan are defined in Article 1.

TABLE OF CONTENTS

		<u>Page</u>
ARTICLE 1	DEFINITIONS	1
ARTICLE 2	PARTICIPATION	7
ARTICLE 3	CONTRIBUTIONS	10
ARTICLE 4	INVESTMENT OF CONTRIBUTIONS	14
ARTICLE 5	ALLOCATIONS TO PARTICIPANTS' ACCOUNTS	16
ARTICLE 6	VESTING	18
ARTICLE 7	DISTRIBUTIONS TO PARTICIPANTS	20
ARTICLE 8	DISTRIBUTIONS TO BENEFICIARIES	26
ARTICLE 9	PROVISIONS REGARDING THE A. H. BELO STOCK FUND AND THE BELO STOCK FUND	27
ARTICLE 10	ADMINISTRATION OF THE PLAN AND TRUST AGREEMENT	28
ARTICLE 11	LIMITATIONS ON CONTRIBUTIONS AND ALLOCATIONS TO PARTICIPANTS' ACCOUNTS	32
ARTICLE 12	RESTRICTIONS ON DISTRIBUTIONS TO PARTICIPANTS AND BENEFICIARIES	36
ARTICLE 13	TOP-HEAVY PROVISIONS	41
ARTICLE 14	PARTICIPATION BY CONTROLLED GROUP MEMBERS	45
ARTICLE 15	AMENDMENT OF THE PLAN	46
ARTICLE 16	TERMINATION, PARTIAL TERMINATION AND COMPLETE DISCONTINUANCE OF CONTRIBUTIONS	47
ARTICLE 17	MISCELLANEOUS	48

ARTICLE 1
DEFINITIONS

1.1 **Account** means the records, including subaccounts, maintained by the Committee in the manner provided in Article 5 to determine the interest of each Participant in the assets of the Plan and may refer to any or all of the Participant's Deferral Contribution Account, Matching Contribution Account, Profit Sharing Account and Rollover Account.

1.2 **A. H. Belo Stock Fund** means the investment fund established under Section 4.1, the assets of which consist exclusively of shares of Series A common stock, par value \$.01 per share, of the Company.

1.3 **Alternate Payee** means any spouse, former spouse, child or other dependent of a Participant who is recognized by a domestic relations order within the meaning of Code section 414(p) as having the right to receive all or a portion of the Participant's Account.

1.4 **Belo Corp.** means Belo Corp., a Delaware corporation.

1.5 **Belo Savings Plan** means the 401(k) plan sponsored by Belo Corp. on the effective date of the Plan.

1.6 **Belo Stock Fund** means the investment fund established under Section 4.1, the assets of which consist exclusively of shares of Belo Corp.'s Series A Common Stock, par value \$1.67 per share.

1.7 **Beneficiary** means the one or more persons or entities entitled to receive distribution of a Participant's interest in the Plan in the event of his death as provided in Article 8.

1.8 **Board of Directors** or **Board** means the Board of Directors of the Company.

1.9 **Code** means the Internal Revenue Code of 1986, as amended from time to time.

1.10 **Committee** or **Administrative Committee** means the Committee appointed under Article 10.

1.11 **Company** means A. H. Belo Corporation, a Delaware corporation.

1.12 **Company Stock** means the Series A Common Stock, par value \$.01 per share, of the Company.

1.13 **Compensation** means the base pay, overtime pay, shift differential pay, premium pay, bonuses and commissions paid to an Employee by the Participating Employers for services performed for the Participating Employers, excluding (i) any awards (other than annual incentive compensation awards), whether paid in cash, Company Stock or any other medium, under the Belo 2004 Executive Compensation Plan or any other long term incentive compensation plan; (ii) any payment made after the later of (A) 2 1/2 months after the Employee's termination of

employment or (B) the end of the Plan Year that includes the Employee's date of termination of employment; (iii) any payment made in connection with or after the Employee's termination of employment that would not have been made if the Employee had continued in employment, such as severance pay or any other amount that would not qualify as compensation under Section 1.415(c)-2(e)(3) of the Treasury Regulations; and (iv) any other form of remuneration. In addition, Compensation includes any contributions made by the Participating Employers on behalf of an Employee pursuant to a deferral election under any employee benefit plan containing a cash or deferred arrangement under Code section 401(k) and any amounts that would have been received as cash but for an election to receive benefits under a cafeteria plan meeting the requirements of Code section 125. The annual Compensation of an Employee taken into account for any purpose will not exceed \$230,000 for any Plan Year beginning after December 31, 2007, as adjusted for cost-of-living increases in accordance with Code section 401(a)(17). The annual Compensation of an Employee who is covered by a collective bargaining agreement will also be subject to any applicable limit on the amount of such Compensation that may be taken into account for purposes of the Plan.

1.14 **Controlled Group** means the Company and all other corporations, trades and businesses, the employees of which, together with employees of the Company, are required by the first sentence of subsection (b), by subsection (c), by subsection (m) or by subsection (o) of Code section 414 to be treated as if they were employed by a single employer.

1.15 **Controlled Group Member** means each corporation or unincorporated trade or business that is or was a member of the Controlled Group, but only during such period as it is or was such a member.

1.16 **Deferral Contribution** means the amount of a Participant's Compensation that he elects to have contributed to the Plan by the Participating Employers rather than paid to him directly in cash.

1.17 **Deferral Contribution Account** means the Account established for each Participant, the balance of which is attributable to (i) the Participant's Deferral Contributions and earnings and losses of the Trust Fund with respect to such contributions and (ii) the balance of the Participant's deferral contribution account under the Belo Savings Plan transferred to the Plan.

1.18 **Distribution** means the distribution by Belo Corp. to its shareholders of all of the outstanding shares of Series A Common Stock and Series B Common Stock of the Company.

1.19 **Distribution Date** means the date on which Belo Corp. effects the Distribution.

1.20 **Effective Date** means February 5, 2008.

1.21 **Employee** means any individual who is: (i) employed by any Controlled Group Member if their relationship is, for federal income tax purposes, that of employer and employee, or (ii) "a leased employee" of a Controlled Group Member within the meaning of Code section 414(n)(2) but only for purposes of the requirements of Code section 414(n)(3).

For purposes of this Section 1.21, a “leased employee” means any person who, pursuant to an agreement between a Controlled Group Member and any other person (“leasing organization”) has performed services for the Controlled Group Member on a substantially full-time basis for a period of at least one year and such services are performed under the primary direction or control of the Controlled Group Member. Contributions or benefits provided a leased employee by the leasing organization which are attributable to services performed for a Controlled Group Member will be treated as provided by the Controlled Group Member. A leased employee will not be considered an Employee of a Controlled Group Member, however, if (a) leased employees do not constitute more than 20 percent of the Controlled Group Member’s nonhighly compensated work force (within the meaning of Code section 414(n)(5)(C)(ii)), and (b) such leased employee is covered by a money purchase plan maintained by the leasing organization that provides (i) a nonintegrated employer contribution rate of at least 10 percent of Compensation, (ii) immediate participation and (iii) full and immediate vesting.

1.22 **ERISA** means the Employee Retirement Income Security Act of 1974, as amended from time to time.

1.23 **Hour of Service** means each hour credited in accordance with the following rules:

(a) **Credit for Services Performed.** An Employee will be credited with one Hour of Service for each hour for which he is paid, or entitled to payment, by one or more Controlled Group Members for the performance of duties.

(b) **Credit for Periods in Which No Services Are Performed.** An Employee will be credited with one Hour of Service for each hour for which he is paid, or entitled to payment, by one or more Controlled Group Members on account of a period of time during which no duties are performed (irrespective of whether the employment relationship has terminated); except that (i) no more than 501 Hours of Service will be credited under this Section 1.23(b) to an Employee on account of any single continuous period during which he performs no duties (whether or not such period occurs in a single Plan Year), (ii) an hour for which an Employee is directly or indirectly paid, or entitled to payment, on account of a period during which no duties are performed will not be credited to the Employee if the payment is made or due under a plan maintained solely for the purpose of complying with applicable workers’ compensation or unemployment compensation or disability insurance laws, and (iii) Hours of Service will not be credited for a payment which solely reimburses an Employee for medical or medically related expenses incurred by the Employee. For purposes of this Section 1.23(b), an Employee will be credited with Hours of Service on the basis of his regularly scheduled working hours per week (or per day if he is paid on a daily basis) or, in the case of an Employee without a regular work schedule, on the basis of 40 Hours of Service per week (or 8 Hours of Service per day if he is paid on a daily basis) for each week (or day) during the period of time during which no duties are performed; except that an Employee will not be credited with a greater number of Hours of Service for a period during which no duties are performed than the number of hours for which he is regularly scheduled for the performance of duties during the period or, in the case of an Employee without a regular work schedule, on the basis of 40 Hours of Service per week (or 8 Hours of Service per day if he is paid on a daily basis).

(c) **Credit for Back Pay.** An Employee will be credited with one Hour of Service for each hour for which back pay, irrespective of mitigation of damages, has been either awarded or agreed to by one or more Controlled Group Members; except that an hour will not be credited under both Section 1.23(a) or Section 1.23(b), as the case may be, and this Section 1.23(c), and Hours of Service credited under this Section 1.23(c) with respect to periods described in Section 1.23(b) will be subject to the limitations and provisions under Section 1.23(b).

(d) **Credit for Certain Absences.** If an Employee is absent from work on or after the Effective Date for any period by reason of the pregnancy of the Employee, by reason of the birth of a child of the Employee, by reason of the placement of a child with the Employee, or for purposes of caring for a child for a period beginning immediately following the birth or placement of that child, the Employee will be credited with Hours of Service (solely for the purpose of determining whether he has a One Year Break in Service under the Plan) equal to (i) the number of Hours of Service which otherwise would normally have been credited to him but for his absence, or (ii) if the number of Hours of Service under clause (i) is not determinable, 8 Hours of Service per normal workday of the absence, provided, however, that the total number of Hours of Service credited to an Employee under this Section 1.23(d) by reason of any pregnancy, birth or placement will not exceed 501 Hours of Service. Such Hours of Service will be credited (i) only in the one-year computation period (determined under Section 1.38) in which the absence from work begins, if the Employee would be prevented from incurring a One Year Break in Service in such period solely because the period of absence is treated as Hours of Service pursuant to this Section 1.23(d), or (ii) in any other case, in the immediately following one-year computation period. Hours of Service will not be credited to an Employee under this Section 1.23(d) unless the Employee furnishes to the Committee such timely information as the Committee may reasonably require to establish that the Employee's absence from work is for a reason specified in this Section 1.23(d) and the number of days for which there was such an absence.

(e) **Manner of Counting Hours.** No hour will be counted more than once or be counted as more than one Hour of Service even though the Employee may receive more than straight-time pay for it. With respect to Employees whose compensation is not determined on the basis of certain amounts for each hour worked during a given period and for whom hours are not required to be counted and recorded by any federal law (other than ERISA), Hours of Service will be credited on the basis of 10 Hours of Service daily, 45 Hours of Service weekly, 95 Hours of Service semi-monthly, or 190 Hours of Service monthly, if the Employee's compensation is determined on a daily, weekly, semi-monthly or monthly basis, respectively, for each period in which the Employee would be credited with at least one Hour of Service under this section. Except as otherwise provided in Section 1.23(d), Hours of Service will be credited to eligibility and vesting computation periods in accordance with the provisions of 29 C.F.R. § 2530.200b-2, which provisions are incorporated in this Plan by reference.

1.24 **Investment Committee** means the A. H. Belo Benefits Investment Committee.

1.25 **Matching Contribution Account** means the Account established for each Participant, the balance of which is attributable to (i) Participating Employer matching contributions made pursuant to Article 3 and earnings and losses of the Trust Fund with respect

to such contributions and (ii) the balance of the Participant's matching contribution account under the Belo Savings Plan transferred to the Plan.

1.26 **One Year Break in Service** means a period of at least 12 consecutive months in which an Employee is absent from service. A One Year Break in Service will begin on the Employee's termination date (as defined in Section 1.38) and will end on the day on which the Employee again performs an Hour of Service for a Controlled Group Member.

If an Employee who is absent from work with a Controlled Group Member because of (i) the Employee's pregnancy, (ii) the birth of the Employee's child, (iii) the placement of a child with the Employee in connection with the Employee's adoption of the child, or (iv) caring for such child immediately following such birth or placement, will be absent for such reason beyond the first anniversary of the first date of his absence, his period of absence, solely for purposes of preventing a One Year Break in Service, will commence on the second anniversary of the first day of his absence from work. The period of absence from work between the first and second anniversaries of the first date of his absence from work will not be taken into account in determining whether the Employee has completed a Year of Service. The provisions of this paragraph will not apply to an Employee unless the Employee furnishes to the Committee such timely information that the Committee may reasonably require to establish (i) that the absence from work is for one of the reasons specified in this paragraph and (ii) the number of days for which there was such an absence.

1.27 **Participant** means an Employee or former Employee who has met the applicable eligibility requirements of Article 2 and who has not yet received a distribution of the entire amount of his vested interest in the Plan. In addition, the term "Participant" will include (i) any other Employee of a Participating Employer who makes a Rollover Contribution, provided, however, that such Employee will not be eligible for Participating Employer matching or profit sharing contributions until he has met the applicable eligibility requirements of Article 2; and (ii) a participant in the Belo Savings Plan on February 5, 2008, whose account balances were transferred to the Plan on such date.

1.28 **Participating Employer** means each Controlled Group Member set forth on Appendix A and any other Controlled Group Member or organizational unit of the Company or a Controlled Group Member which is designated as a Participating Employer under the Plan by the Board of Directors.

1.29 **Plan** means the A. H. Belo Savings Plan set forth herein, as amended from time to time.

1.30 **Plan Year** means the period with respect to which the records of the Plan are maintained, which will be the 12-month period beginning on January 1 and ending on December 31. The initial Plan Year is the short Plan Year beginning on the Effective Date and ending on December 31, 2008.

1.31 **Profit Sharing Account** means the Account established for each Participant, the balance of which is attributable to (i) Participating Employer profit sharing contributions made pursuant to Article 3 and earnings and losses of the Trust Fund with respect to such contributions

and (ii) the balance of the Participant's profit sharing account under the Belo Savings Plan transferred to the Plan.

1.32 **Qualified Plan** means an employee benefit plan that is intended to qualify under Code section 401(a).

1.33 **Rollover Account** means the Account established for each Participant, the balance of which is attributable to (i) the Participant's rollover contributions made pursuant to Article 3 and earnings and losses of the Trust Fund with respect to such contributions and (ii) the balance of the Participant's rollover account under the Belo Savings Plan transferred to the Plan.

1.34 **Trust Agreement** means the agreement or agreements executed by the Company and the Trustee which establishes a trust fund to provide for the investment, reinvestment, administration and distribution of contributions made under the Plan and the earnings thereon, as amended from time to time.

1.35 **Trust Fund** means the assets of the Plan held by the Trustee pursuant to the Trust Agreement.

1.36 **Trustee** means the one or more individuals or organizations who have entered into the Trust Agreement as Trustee, and any duly appointed successor.

1.37 **Valuation Date** means the date with respect to which the Trustee determines the fair market value of the assets comprising the Trust Fund or any portion thereof. The assets of the Trust Fund will be valued as of the close of business on each day on which the New York Stock Exchange is open for trading.

1.38 **Year of Service** means each period of 365 days (determined by aggregating periods of service that are not consecutive) beginning on the date an Employee is first credited with an Hour of Service (or is again credited with an Hour of Service following his reemployment) and ending on the earlier of (i) the date on which the Employee quits, retires, is discharged or dies or (ii) the first anniversary of the date on which the Employee is absent from service with a Controlled Group Member for any other reason, such as vacation, holiday, sickness, disability, leave of absence or layoff (the earlier of such dates is hereafter referred to as the Employee's "termination date"). An Employee's period of service for purposes of determining a Year of Service will include each period in which the Employee is absent from service for less than 12 months (measured from the Employee's termination date) and any periods during which he is in the service of the armed forces of the United States and his reemployment rights are guaranteed by law, provided he returns to employment with a Controlled Group Member within the time such rights are guaranteed.

In addition, an Employee's Years of Service will include the service credited to the Employee under the Belo Savings Plan, provided the Employee was employed by Belo Corp. or a subsidiary of Belo Corp. immediately prior to the Distribution Date and either (i) was employed by a Controlled Group Member on the Distribution Date or (ii) transfers employment directly from Belo Corp. or a subsidiary of Belo Corp. to employment with a Controlled Group Member without any intervening employment by an employer unrelated to Belo Corp. or the Company.

ARTICLE 2
PARTICIPATION

2.1 Eligibility to Participate.

(a) **Deferral Contributions.** Each Employee will become a Participant and may authorize Deferral Contributions to the Plan as of the first payroll period beginning on or after the later of the Effective Date or the date on which the Employee first completes an Hour of Service, or as soon as administratively practicable thereafter, if he is then employed by a Participating Employer. An Employee who becomes a Participant will not be eligible for Participating Employer matching contributions or profit sharing contributions until he satisfies the eligibility requirements of Section 2.1(b).

(b) **Matching and Profit Sharing Contributions.** Each Employee will become a Participant with respect to Participating Employer matching contributions and profit sharing contributions as of the first payroll period beginning on or after the later of the Effective Date or the date he has completed a Year of Service, or as soon as administratively practicable thereafter, if he is then employed by a Participating Employer.

2.2 Exclusions from Participation.

(a) **Ineligible Employees.** An Employee who is otherwise eligible to participate in the Plan will not become or continue as an active Participant if (i) he is covered by a collective bargaining agreement that does not expressly provide for participation in the Plan, provided that the representative of the Employees with whom the collective bargaining agreement is executed has had an opportunity to bargain concerning retirement benefits for those Employees; (ii) he is represented by a bargaining representative but is not covered by a collective bargaining agreement, unless the Company and the bargaining representative agree in writing that the Employee will be eligible to participate in the Plan; (iii) he is a nonresident alien who receives no earned income (within the meaning of Code section 911(d)(2)) from a Participating Employer which constitutes income from sources within the United States (within the meaning of Code section 861(a)(3)); (iv) he is a leased employee required to be treated as an Employee under Code section 414(n) or otherwise performs services under an arrangement with an employment agency, leasing organization or any other person or entity that provides personnel to one or more Controlled Group Members; (v) he is classified by a Participating Employer as an independent contractor whose compensation for services is reported on a form other than Form W-2 or any successor form for reporting wages paid to employees; (vi) he is employed by a Controlled Group Member or an organizational unit thereof that has not been designated as a Participating Employer by the Board; or (vii) he is then on an approved leave of absence without pay or in the service of the armed forces of the United States. An individual described in clause (iv) or (v) of this Section 2.2(a) who is subsequently determined to be a common law employee of a Participating Employer will not be eligible to participate in the Plan during any period prior to the date on which such determination is actually and finally made.

(b) **Exclusion after Participation.** A Participant who becomes ineligible under Section 2.2(a) may not elect to have Deferral Contributions made or continued to the Plan

and will not be eligible to receive an allocation of Participating Employer matching or profit sharing contributions.

(c) **Participation after Exclusion.** An Employee or Participant who is excluded from active participation will be eligible to participate in the Plan on the first day he is no longer described in Section 2.2(a) and is credited with one or more Hours of Service by a Participating Employer, provided that he has otherwise met the requirements of Section 2.1. This Section 2.2(c) will apply to an Employee who returns from an approved leave of absence or from military leave and who would otherwise be treated as a new Employee under Section 2.3 only if he returns to employment with a Controlled Group Member immediately following the expiration of the leave of absence or, in the case of an Employee on military leave, during the period in which reemployment rights are guaranteed by law.

2.3 Reemployment Provisions. If an Employee terminates employment before satisfying the eligibility requirements set forth in Section 2.1(b) with respect to Participating Employer matching contributions and profit sharing contributions and is reemployed by a Controlled Group Member before an absence from employment of 12 months, he will become a Participant with respect to such matching and profit sharing contributions on the later of the date initially determined under Section 2.1(b) or the date he is credited with one or more Hours of Service by a Participating Employer after reemployment; but if he is reemployed by a Controlled Group Member after an absence of 12 months or more, he will be treated as a new Employee and will be eligible for Participating Employer matching contributions and profit sharing contributions upon satisfying the eligibility requirements set forth in Section 2.1(b) after his reemployment. If an Employee terminates employment after satisfying the eligibility requirements set forth in Section 2.1(b) with respect to Participating Employer matching contributions and profit sharing contributions, he will become a Participant with respect to such matching and profit sharing contributions on the date he is credited with one or more Hours of Service by a Participating Employer.

2.4 Veterans' Reemployment Rights. The provisions of this Section 2.4 will apply to any Employee who is reemployed by a Controlled Group Member following a period of Qualified Military Service.

(a) **Service Credit.** An Employee who returns to employment with a Controlled Group Member following a period of Qualified Military Service (as hereinafter defined) will not be treated as having incurred any One Year Breaks in Service because of his period of Qualified Military Service. In addition, each period of Qualified Military Service will, upon reemployment with a Controlled Group Member, be deemed to be employment with such Controlled Group Member for purposes of the Plan.

(b) **Compensation.** An Employee described in Section 2.4(a) will be treated for Plan purposes as having received compensation from the Controlled Group Member during each period of Qualified Military Service equal to (i) the compensation the Employee would have received during such period of Qualified Military Service if he were not in Qualified Military Service, based on the rate of pay the Employee would have received from the Controlled Group Member but for his absence during the period of Qualified Military Service or (ii) if the compensation the Employee would have received during his period of Qualified

Military Service is not reasonably certain, the Employee's average compensation from the employer during the 12-month period immediately preceding the Qualified Military Service, or if shorter, during the period of employment immediately preceding the Qualified Military Service.

(c) **Qualified Military Service.** For purposes of the Plan, the term "Qualified Military Service" means service in the uniformed services (within the meaning of the Uniformed Services Employment and Reemployment Rights Act ("USERRA")), provided the Employee is entitled under USERRA to reemployment rights with a Controlled Group Member and the Employee returns to employment with the Controlled Group Member within the period in which such reemployment rights are guaranteed.

(d) **Make-Up Contributions.** Pursuant to procedures adopted from time to time by the Committee, an Employee described in Section 2.4(a) may elect additional Deferral Contributions and will receive an allocation of additional Participating Employer matching contributions and, if applicable, profit sharing contributions, for the period of his Qualified Military Service. Such additional Deferral Contributions and Participating Employer matching contributions may be made during the period that begins on the date of the Employee's reemployment and extends for the lesser of five years or the duration of the Employee's Qualified Military Service multiplied by three. An Employee's Deferral Contributions and allocation of Participating Employer matching contributions made pursuant to this Section 2.4 will be subject to the limitations of the Plan and the Code applicable to the years of the Employee's period of Qualified Military Service, except that the average deferral percentage and average contribution percentage limitations described in Code section 401(k) and Code section 401(m), respectively, will not be recalculated for such years and, if applicable, will be determined for the Plan Years in which the make-up Deferral Contributions and Participating Employer matching contributions are made without regard to such make-up Deferral Contributions and Participating Employer matching contributions.

(e) **Loan Repayments.** An Employee may elect to suspend the repayment of a Plan loan during a period of Qualified Military Service as permitted under Code section 414(u)(4) or may elect to continue loan repayments during such period.

ARTICLE 3
CONTRIBUTIONS

3.1 Elective Deferral Contributions.

(a) **Amount of Deferral Contributions.** A Participant may elect, in accordance with procedures established by the Committee from time to time, (i) to have Deferral Contributions made to the Plan by the Participating Employers for any payroll period in an amount up to 100% of the Participant's Compensation for the payroll period or (ii) to have no Deferral Contributions made to the Plan by the Participating Employers. Any such election will be effective as soon as administratively practicable. Notwithstanding the foregoing, the Committee may reduce the amount of Deferral Contributions elected by a Participant in order to permit a Participating Employer to withhold from the Participant's Compensation (i) all taxes and other amounts the Participating Employer is required to withhold under applicable law and (ii) any other amounts the Participant has elected to be withheld from his Compensation for any purpose, including without limitation, amounts to be withheld as contributions to Company-sponsored welfare benefit plans.

(b) **Modification and Suspension of Deferral Contributions.** A Participant may increase or decrease the amount of his Deferral Contributions and may suspend his Deferral Contributions at any time during the Plan Year. A Participant who suspends his Deferral Contributions may again authorize Deferral Contributions to the Plan and such authorization will be effective as soon as administratively practicable. If a Participant receives a distribution on account of hardship pursuant to Section 7.3, such Participant's Deferral Contributions will automatically be suspended for a six-month period following the date on which such Participant receives the hardship distribution.

(c) **Catch-Up Deferral Contributions.** A Participant who has attained age 50 before the close of a Plan Year will be eligible to make catch-up Deferral Contributions in accordance with, and subject to the limitations of, Code section 414(v). Such catch-up Deferral Contributions will not be taken into account for purposes of the provisions of the Plan implementing the required limitations of Code sections 402(g) and 415.

3.2 Automatic Deferral Contributions.

(a) **Certain Terms Defined.** For purposes of this Section 3.2, the following terms have the meanings set forth below.

(i) **Automatic Adjustment Date** means April 1 of each Plan Year beginning after December 31, 2008.

(ii) **Automatic Enrollment Date** means the enrollment date that is determined by the Committee and communicated to the Participant, which enrollment date will be approximately 60 days after the Participant's date of hire by a Participating Employer.

(iii) **Non-Electing Participant** means a Participant who has not made an affirmative election pursuant to Section 3.1 either to have Deferral Contributions made to the Plan by the Participating Employers or to have no Deferral Contributions made to the Plan by the Participating Employers.

(b) Amount of Automatic Deferral Contributions.

(i) Each Non-Electing Participant will be deemed to have elected to have Deferral Contributions made to the Plan by the Participating Employers in an amount equal to 3% of Compensation effective as of the earliest practicable payroll period that begins after the Participant's Automatic Enrollment Date. The Deferral Contributions of each Non-Electing Participant who has been an Employee for at least six months as of an Automatic Adjustment Date will be increased by 1% of Compensation effective as of the first payroll period beginning after such Automatic Adjustment Date until the Participant's Deferral Contributions to the Plan are in an amount equal to 6% of Compensation. Thereafter, no further adjustments to the Participant's rate of Deferral Contributions will be made in the absence of an affirmative election by the Participant.

(ii) If a Participant receives a distribution on account of hardship pursuant to Section 7.3, such Participant's Deferral Contributions will automatically be suspended for a six-month period following the date on which such Participant receives the hardship distribution. Upon resumption of the Participant's Deferral Contributions, the Deferral Contributions will be increased as provided in Section 3.2(b)(i) as of the next Automatic Adjustment Date.

(iii) A Participant will cease to be a Non-Electing Participant for purposes of the Deferral Contributions described in Section 3.2(b)(i) when he makes an affirmative election pursuant to Section 3.1.

(iv) A Participant who terminates employment before completing 60 days of employment and prior to making an affirmative election pursuant to Section 3.1 will be subject to the provisions of this Section 3.2 upon his rehire by a Participating Employer. Any other Participant who terminates employment and is rehired by a Participating Employer may participate in the Plan only by making a deferral election pursuant to Section 3.1.

(c) No Refund of Automatic Deferral Contributions. If a Participant makes an affirmative election pursuant to Section 3.1 at any time after his Automatic Enrollment Date or any Automatic Adjustment Date, the terms of the affirmative election will cancel the automatic Deferral Contributions for the Participant under this Section 3.2 as soon as administratively practicable. However, the Deferral Contributions made to the Plan and allocated to his Account prior to his affirmative election becoming effective will not be distributed to the Participant until he is entitled to a distribution under the provisions of Article 7.

(d) Notice to Participants. The Committee will provide to each Participant a written notice of the Participant's rights and obligations under this Section 3.2 and containing

such other information as may be necessary to comply with the notice requirements of Code section 401(k)(13).

3.3 Limitations on Deferral Contributions. The sum of a Participant's Deferral Contributions and his elective deferrals (within the meaning of Code section 402(g)(3)) under any other plans, contracts or arrangements of any Controlled Group Member will not exceed the dollar limitation contained in Code section 402(g) (as such amount is adjusted for cost-of-living increases in the manner described in Code section 415(d)) for any taxable year of the Participant. A Participant's Deferral Contributions will also be subject to the deferral percentage limitation set forth in Section 11.4. In the event a Participant's Deferral Contributions and other elective deferrals (whether or not under a plan, contract or arrangement of a Controlled Group Member) for any taxable year exceed the foregoing dollar limitation, the excess allocated by the Participant to Deferral Contributions (adjusted for Trust Fund earnings and losses in the manner described in Section 11.4) may, in the discretion of the Committee, be distributed to the Participant no later than April 15 following the close of such taxable year. The amount of Deferral Contributions distributed to a Participant for a Plan Year pursuant to this Section will be reduced by any excess Deferral Contributions previously distributed to him pursuant to Section 11.4 for the same Plan Year.

3.4 Participating Employer Matching Contributions. The provisions of this Section 3.4 will apply to only those Participants who have satisfied the eligibility requirements of Section 2.1(b). The Participating Employers will pay to the Trustee as a matching contribution for each payroll period an amount equal to (i) 100% of each Participant's Deferral Contributions for the payroll period to the extent that such Deferral Contributions do not exceed 1% of the Participant's Compensation for the payroll period and (ii) 70% of each Participant's Deferral Contributions for the payroll period to the extent that such Deferral Contributions exceed 1% of the Participant's Compensation but do not exceed 6% of the Participant's Compensation for the payroll period. For purposes of this Section 3.4, Deferral Contributions include catch-up Deferral Contributions described in Section 3.1(c).

3.5 Profit Sharing Contributions. The Participating Employers will pay to the Trustee as a profit sharing contribution for each payroll period an amount equal to 2% of the Compensation for the payroll period of each Participant who is eligible to receive a matching contribution under Section 3.4 and who is employed by a Participating Employer on the last day of the payroll period. Each Participating Employer may, in the discretion of its board of directors, make an additional, discretionary profit sharing contribution to the Plan for any payroll period or for any Plan Year in such amount as is determined by the Participating Employer and is approved by the Compensation Committee of the Board of Directors of the Company.

3.6 Collectively Bargained Employees. Notwithstanding the provisions of Section 3.4 and Section 3.5, the Participating Employers will not make a matching contribution or a profit sharing contribution for any Employee who is covered by collective bargaining agreement unless and until the terms of such collective bargaining agreement, as amended or renewed from time to time, permit employer matching and profit sharing contributions to be made. In no event will the matching contribution or profit sharing contribution made for such an Employee exceed the amount of matching contributions or profit sharing contributions permitted under such collective bargaining agreement.

3.7 Time of Payment. Deferral Contributions will be paid to the Trustee as soon as practicable following the close of each payroll period. Participating Employer matching contributions will be paid to the Trustee as soon as practicable following the close of each calendar month during the Plan Year, and discretionary profit sharing contributions may be paid to the Trustee on any date or dates selected by the Participating Employers, but in no event later than the time prescribed by law (including extensions) for filing the Participating Employer's federal income tax return for its tax year ending with or within the Plan Year.

3.8 Rollover and Transfer Contributions. Unless otherwise directed to do so by the Committee, the Trustee is authorized to accept (i) any part of the cash or other assets distributed to a Participant from a Qualified Plan, a qualified annuity plan described in Code section 403(a), an annuity contract described in Code section 403(b), an eligible plan under Code section 457(b) which is maintained by a state, political subdivision of a state, or any agency or instrumentality of a state or political subdivision of a state, or from an individual retirement account or annuity described in Code sections 408(a) or (b) that is eligible to be rolled over and would otherwise be includible in gross income and (ii) a direct transfer of assets to the Plan on behalf of a Participant from the trustee or other funding agent of a Qualified Plan. Any amounts contributed to the Plan pursuant to this Section 3.8 will be allocated to the Participant's Rollover Account; provided, however, that in the case of a direct transfer of assets from the trustee of another Qualified Plan sponsored by a Controlled Group Member, the Committee will maintain such records as may be necessary to determine the portions of the transferred amount which represent employer profit sharing, matching and salary deferral contributions made by the former employer and earnings and losses attributable thereto and will allocate such amounts to the Participant's Profit Sharing Account, Matching Contribution Account and Deferral Contribution Account, respectively.

ARTICLE 4

INVESTMENT OF CONTRIBUTIONS.

4.1 Investment Funds.

(a) **Establishment of Investment Funds.** The investment funds established under the Plan for the investment of Plan assets will be (i) the A. H. Belo Stock Fund, (ii) the Belo Stock Fund and (iii) such investment funds as may be established by the Trustee under the Trust Agreement at the direction of the Investment Committee.

(b) **A. H. Belo Stock Fund.** Effective as of the Distribution Date, no further purchases of Company Stock may be made in the A. H. Belo Stock Fund, and no Plan fiduciary, including without limitation the Investment Committee and the Administrative Committee, is authorized to permit any such purchases. The Company intends that the A. H. Belo Stock Fund will be a permanent fund, frozen to new investment as of the Distribution Date, notwithstanding any other applicable fiduciary standard relating to (i) the diversification of Trust Fund assets, (ii) the speculative character of Trust Fund investments, (iii) the lack or inadequacy of income provided by Trust Fund assets, or (iv) the fluctuation in the fair market value of Trust Fund assets, unless the Investment Committee determines, using an abuse of discretion standard, that there is a serious question concerning the short-term viability of the Company as a going concern. Subject to the foregoing statement of the Company's intent, the Investment Committee will evaluate the prudence of maintaining the A. H. Belo Stock Fund not on the basis of the risk associated with the A. H. Belo Stock Fund standing alone but in light of the availability of other investment options under the Plan and the ability of Participants to construct a diversified portfolio of investments consistent with their individual desired level of risk and return.

(c) **Belo Stock Fund.** Effective as of the Distribution Date, no further purchases of common stock of Belo Corp. may be made in the Belo Stock Fund, and no Plan fiduciary, including without limitation the Investment Committee and the Administrative Committee, is authorized to permit any such purchases. The Company intends that, in light of the historical relationship between the Company and Belo Corp., the Belo Stock Fund will be a permanent fund, frozen to new investment as of the Distribution Date, notwithstanding any other applicable fiduciary standard relating to (i) the diversification of Trust Fund assets, (ii) the speculative character of Trust Fund investments, (iii) the lack or inadequacy of income provided by Trust Fund assets, or (iv) the fluctuation in the fair market value of Trust Fund assets, unless the Investment Committee determines, using an abuse of discretion standard, that there is a serious question concerning the short-term viability of Belo Corp. as a going concern. Subject to the foregoing statement of the Company's intent, the Investment Committee will evaluate the prudence of maintaining the Belo Stock Fund not on the basis of the risk associated with the Belo Stock Fund standing alone but in light of the availability of other investment options under the Plan and the ability of Participants to construct a diversified portfolio of investments consistent with their individual desired level of risk and return.

4.2 **Participant Investment Directions.** The Plan is designed to satisfy the requirements of ERISA section 404(c) and the regulations under that section. All amounts allocated to each Participant's Account will be invested by the Trustee at the direction of the

Participant or, where applicable, the Participant's Beneficiary, in one or more of the investment funds described in Section 4.1. The Committee from time to time will establish rules and procedures regarding Participant and Beneficiary investment directions, including without limitation rules and procedures with respect to the manner in which such directions may be furnished, the frequency with which such directions may be changed during the Plan Year, the minimum portion of a Participant's or Beneficiary's Account that may be invested in any one investment fund, the frequency with which transactions in any investment fund may be executed (daily, weekly or at some other interval), and the manner in which Participants and Beneficiaries may provide for periodic automatic rebalancing of their Accounts among available investment funds.

4.3 Default Investment Fund. Until the Investment Committee designates a different default investment fund, the Account of a Participant who fails to provide explicit investment directions will be invested in the Fidelity Freedom Fund® that has a target retirement date closest to the year of the Participant's retirement, based on the Participant's current age and the assumption that the Participant will retire at age 65; provided, however, that the Fidelity Freedom Fund® for any Participant's whose age is not known by the Committee will be the Fidelity Freedom Income Fund®. The Administrative Committee will advise Participants and Beneficiaries that their failure to provide explicit investment directions will operate as an implicit direction to the Trustee to invest their Accounts in such default investment option.

4.4 Investment of Dividends on Company Stock and Belo Corp. Stock. Dividends paid on Company Stock and on common stock of Belo Corp. allocated to a Participant's Account will be invested proportionately in the investment funds selected by the Participant or Beneficiary in his most recent investment direction to the Trustee or, in the absence of an explicit investment direction, in the default investment fund.

4.5 Suspension of Investment Directions. The Committee may temporarily suspend Participant investment directions in connection with any event or transaction in which the Committee determines such suspension is necessary or appropriate, including without limitation a merger of the Plan with another plan, a transfer of assets from the Plan to another plan or from another plan to the Plan, a change in administrative services provided to the Plan or a change in the investment options to be offered to Participants. Such temporary suspension will apply to those Participants designated by the Committee for such periods of time as the Committee determines in its discretion. The Committee will give Participants affected by any suspension in investment directions such advance notice of the suspension as the Committee determines to be reasonable under the circumstances.

ARTICLE 5

ALLOCATIONS TO PARTICIPANTS' ACCOUNTS

5.1 **Establishment of Accounts.** The Committee will establish a Deferral Contribution Account for each Participant, and to the extent applicable, a Matching Contribution Account, a Profit Sharing Account and a Rollover Account. The Committee may also establish one or more subaccounts of a Participant's Account, if the Committee determines that subaccounts are necessary or desirable in administering the Plan.

5.2 Allocation of Contributions.

(a) **Deferral Contributions.** Each Deferral Contribution made by a Participating Employer on behalf of a Participant will be allocated by the Committee to the Participant's Deferral Contribution Account.

(b) **Matching Contributions.** Each Participating Employer matching contribution made with respect to a payroll period on behalf of Participants who are eligible to receive a matching contribution under Section 3.4 will be allocated by the Committee to each such Participant's Matching Contribution Account.

(c) **Profit Sharing Contributions.** Each profit sharing contribution made by a Participating Employer for a payroll period will be allocated only to the Profit Sharing Accounts of Participants who are employed by the Participating Employer on the last day of the payroll period and are eligible to receive profit sharing contributions pursuant to Section 3.5. For purposes of this allocation, an Employee will be a Participant in the Plan on the last day of a payroll period if the Employee is eligible to make Deferral Contributions as of the last day of the payroll period, without regard to whether the Participant has elected to make Deferral Contributions. The amount of a Participating Employer's profit sharing contribution to be allocated to the Profit Sharing Account of each such eligible Participant for a payroll period will bear the same ratio to the Participating Employer's total profit sharing contribution for the payroll period as the Participant's Compensation for the payroll period bears to the total Compensation of all such Participants eligible to receive an allocation of the Participating Employer's profit sharing contribution for the payroll period.

5.3 **Limitation on Allocations.** Article 11 sets forth certain rules under Code section 415 that limit the amount of contributions and forfeitures that may be allocated to a Participant's Account for a Plan Year.

5.4 Allocation of Trust Fund Income and Loss.

(a) **Accounting Records.** The Committee, through its accounting records, will clearly segregate each Account and subaccount and will maintain a separate and distinct record of all income and losses of the Trust Fund attributable to each Account or subaccount. Income or loss of the Trust Fund will include any unrealized increase or decrease in the fair market value of the assets of the Trust Fund.

(b) **Method of Allocation.** The share of net income or net loss of the Trust Fund to be credited to, or deducted from, each Account will be the allocable portion of the net income or net loss of the investment fund in which such Account, or any subaccount of such Account, is invested as of each Valuation Date, as determined by the Committee in a uniform and nondiscriminatory manner.

5.5 **Valuation of Trust Fund.** The fair market value of the total net assets comprising the Trust Fund will be determined by the Trustee as of each Valuation Date.

5.6 **No Guarantee.** The Participating Employers, the Committee and the Trustee do not guarantee the Participants or their Beneficiaries against loss or depreciation or fluctuation of the value of the assets of the Trust Fund.

5.7 **Benefit Statements.** The Committee will furnish each Participant and each Beneficiary of a deceased Participant with a quarterly benefit statement. No statement will be provided to a Participant or Beneficiary after the Participant's entire vested and nonforfeitable interest in his Account has been distributed.

ARTICLE 6
VESTING

6.1 Determination of Vested Interest.

(a) **Deferral Contributions.** Except as provided in Section 6.3, the interest of each Participant in his Deferral Contribution Account and his Rollover Account will be 100% vested and nonforfeitable at all times.

(b) **Matching and Profit Sharing Contributions.** The Matching Contribution Account and Profit Sharing Account of each Participant not described in Section 6.1(a) will become vested and nonforfeitable in accordance with the following schedule, subject to Section 6.3:

Years of Service	Percent Vested and Nonforfeitable
Less than 2	0
2 or more	100

(c) **Accelerated Vesting.** Except as provided in Section 6.3, a Participant's interest in his Matching Contribution Account and his Profit Sharing Account will become 100% vested and nonforfeitable without regard to his Years of Service upon the earliest to occur of (i) his attainment of age 55 if he is then an Employee, (ii) his death while he is an Employee, or (iii) his becoming totally and permanently disabled (as hereinafter defined) while he is an Employee. A person will be totally and permanently disabled for purposes of this paragraph only if he is eligible to receive disability benefits under the Social Security Act.

6.2 Forfeiture of Nonvested Amounts. If a Participant terminates employment and receives a distribution of his entire vested interest in the Plan, the Participant's nonvested interest will be forfeited immediately. If the Participant again becomes an Employee before incurring five or more consecutive One Year Breaks in Service, the forfeited amounts will be reinstated to his Account, unadjusted for earnings or losses since the date of forfeiture. If the Participant becomes an Employee after incurring five or more consecutive One Year Breaks in Service, the forfeited amounts will not be reinstated. If, however, a Participant terminates employment and does not receive a distribution of his entire vested interest in the Plan, the Participant's nonvested interest will be forfeited when the Participant incurs five consecutive One Year Breaks in Service.

6.3 Unclaimed Distribution. If the Committee cannot locate a person entitled to receive a benefit under the Plan within a reasonable period (as determined by the Committee in its discretion), the amount of the benefit will be treated as a forfeiture during the Plan Year in which the period ends. If, before final distributions are made from the Trust Fund following termination of the Plan, a person who was entitled to a benefit which has been forfeited under this Section 6.4 makes a claim to the Committee or the Trustee for his benefit, he will be entitled

to receive, as soon as administratively feasible, a benefit in an amount equal to the value of the forfeited benefit on the date of forfeiture. This benefit will be reinstated from forfeitures arising during such Plan Year or, if forfeitures are insufficient, from Participating Employer contributions made to the Plan for this purpose.

6.4 Application of Forfeited Amounts. The amount of a Participant's Account which is forfeited pursuant to this Article will be applied to one of the following Plan purposes as determined by the Committee in its discretion: to pay the expenses of administering the Plan, to reinstate any forfeitures that must be reinstated in accordance with this Article, to reduce Participating Employer profit sharing contributions pursuant to Section 3.5 or to reduce Participating Employer matching contributions pursuant to Section 3.4.

6.5 Reemployment Provisions. If a Participant terminates employment and again becomes an Employee, his Years of Service completed before his reemployment will be included in determining his vested and nonforfeitable interest after he again becomes an Employee.

ARTICLE 7

DISTRIBUTIONS TO PARTICIPANTS

7.1 Basic Rules Governing Distributions.

(a) **Timing of Distributions.** Except as set forth in Sections 7.1(c), 7.2 and 7.3, distribution of a Participant's vested Account balance will be made as soon as practicable after the Valuation Date coinciding with or immediately following the Participant's termination of employment, or if earlier, the date on which the Participant becomes eligible to receive benefits under the Social Security Act on account of total and permanent disability. If a loan is outstanding from the Trust Fund to the Participant on the date his vested Account balances become distributable, the amount distributed to the Participant will be reduced by any security interest in his Account held by the Plan by reason of the loan.

(b) **Form of Distributions.** Distributions made before age 70^{1/2} will be in the form of a single lump sum payment. Distributions that are delayed until a Participant reaches age 70^{1/2} will be in the form of a single lump sum payment or as otherwise provided under the minimum required distribution provisions of Article 12. The cash value of the whole and fractional shares of Company Stock and common stock of Belo Corp. allocated to a Participant's Account will be distributed to the Participant in cash unless the Participant elects to receive distribution of the whole shares allocated to his Account in the form of shares. In addition, at the election of a Participant who makes a rollover distribution of all or any part of his Account to a Fidelity Investments® individual retirement account, distribution may also be made in fund shares of marketable securities (as defined in Code section 731(c)(2)). For this purpose, the term "fund share" means a share, unit or other evidence of ownership in an investment fund established under the Trust Agreement.

(c) **Participant's Consent to Certain Payments.** If the amount of a Participant's vested Account balance exceeds \$1,000, the Committee will not distribute the Participant's vested Account balance to him prior to the date distributions are required to begin under Article 12 following his attainment of age 70^{1/2}, unless he elects to receive a distribution at any earlier date following termination of employment. For purposes of the preceding sentence, the value of a Participant's vested Account balances will include that portion that is attributable to his Rollover Account. A distribution may be made less than 30 days after the Participant has been furnished an explanation of his distribution options provided that (i) the Committee clearly informs the Participant that he has the right to consider whether to accept a distribution and whether to consent to a particular form of distribution for at least 30 days after he has been provided the relevant information, (ii) the Participant affirmatively elects to waive the 30-day notice period and receive a distribution, and (iii) with respect to a distribution to which Code section 417 applies, the Participant is permitted to revoke the election and make a new election at any time prior to the later of the date of distribution or the expiration of the seven-day period after the explanation of distribution options is provided to the Participant.

7.2 Withdrawals.

(a) **After Age 59^{1/2}.** A Participant who has not terminated employment may request a distribution from his Account if he has reached age 59^{1/2}. A Participant who is a director, officer or principal stockholder of the Company within the meaning of Section 16 of the Securities Exchange Act of 1934 may exercise the foregoing withdrawal right only in accordance with rules and procedures established from time to time by the Committee. All other Participants may exercise their withdrawal rights at any time or times during the Plan Year.

(b) **Former Journal Broadcasting Employees.** A Participant who, on December 31, 1997, was a participant in the Journal Broadcasting 401(k) Plan may withdraw, in accordance with rules and procedures established from time to time by the Committee, all or any portion of his Rollover Account attributable to his after-tax contributions and rollover contributions that were transferred to the Plan from the Journal Broadcasting 401(k) Plan effective January 1, 1998.

7.3 Hardship Distributions.

(a) General Rule.

(i) A Participant who has not terminated employment may request a distribution from his Deferral Contribution Account or his Rollover Account in the event of his hardship; provided, however that a Participant who was a participant in the Denton Publishing Company Retirement Plan on December 31, 1999, may request such a distribution only with respect to his Deferral Contributions made after December 31, 1999, or his Rollover Account. A distribution will be on account of hardship only if the distribution is necessary to satisfy an immediate and heavy financial need of the Participant, as defined below, and satisfies all other requirements of this Section 7.3. Pursuant to Section 3.1(b) or Section 3.2(b), whichever applies, a Participant's Deferral Contributions will automatically be suspended for a six-month period after the date on which such Participant receives a distribution on account of hardship.

(ii) Alternate Payees are not eligible for a hardship distribution from the Plan.

(b) **Deemed Financial Need.** For purposes of this Section 7.3, a distribution is made on account of an immediate and heavy financial need of the Participant only if the distribution is for (i) the payment of expenses for (or necessary to obtain) medical care that would be deductible under Code section 213(d) (determined without regard to whether the expenses exceed 7.5% of adjusted gross income); (ii) costs directly related to the purchase of a principal residence for the Participant (excluding mortgage payments); (iii) the payment of tuition, related educational fees and room and board expenses for the next 12 months of post-secondary education for the Participant, his spouse, children or dependents (as defined in Code section 152 and, for taxable years beginning on or after January 1, 2005, without regard to Code sections 152(b)(1), 152(b)(2) or 152(d)(1)(B)); (iv) payments necessary to prevent the eviction of the Participant from his principal residence or foreclosure on the mortgage of the Participant's principal residence; (v) the payment of burial or funeral expenses of the Participant's deceased

parent, spouse, children or dependents (as defined in Code section 152 and, for taxable years beginning on or after January 1, 2005, without regard to Code section 152(d)(1)(B)); or (vi) expenses for the repair of damage to the Participant's principal residence that would qualify for the casualty deduction under Code section 165 (determined without regard to whether the loss exceeds 10% of adjusted gross income).

(c) **Reasonable Reliance Test.** A distribution will be considered necessary to satisfy an immediate and heavy financial need of the Participant only if all three of the following requirements are satisfied: (i) the distribution is not in excess of the amount required to relieve the immediate and heavy financial need of the Participant (taking into account the taxable nature of the distribution); (ii) the Participant represents in writing, on forms provided by the Committee, that the need cannot be relieved in whole or in part through reimbursement or compensation by insurance or otherwise, by reasonable liquidation of the Participant's assets, to the extent such liquidation would not itself cause an immediate and heavy financial need, by cessation of Deferral Contributions under the Plan, or by distributions other than hardship distributions or nontaxable (at the time of the loan) loans from the Plan and any other plans maintained by any Controlled Group Member or any other entity by which the Participant is employed, or relieved in whole by borrowing from commercial sources on reasonable commercial terms; and (iii) the Committee determines that it can reasonably rely on the Participant's written representation.

7.4 Distribution Procedures. Distributions pursuant to Sections 7.2 and 7.3 will be made as soon as practicable following the Committee's approval of the Participant's written request for withdrawal and will be made in the form described in Section 7.1(b). Distributions pursuant to Sections 7.2(a) and 7.3 will be made pro rata from each contribution source in the Participant's Account, provided, however, that in the case of a hardship distribution under Section 7.3, the cumulative amount distributed to a Participant from his Deferral Contribution Account will not exceed the amount of his Deferral Contributions that have not been previously withdrawn (but not the income allocable to his Deferral Contributions). No distribution under Section 7.2 or Section 7.3 will be made in an amount that is greater than the excess of the Participant's vested interest in the Account from which the distributions are made over the aggregate amount of outstanding loans, plus accrued interest, secured by such Account. For purposes of determining the amount available for distribution, a Participant's Account will be valued as of the Valuation Date immediately preceding the date on which the Participant requests a distribution.

7.5 Loans to Participants.

(a) General Provisions.

(i) A Participant may, subject to the provisions of this Section 7.5 and the loan procedures adopted by the Committee from time to time, borrow from the balance of his Deferral Contribution and Rollover Accounts, provided, however, that no loan may be made from a Participant's Profit Sharing and Matching Contribution Accounts. All such loans will be subject to the requirements of this Section 7.5 and such other rules as the Committee may from time to time prescribe, including without limitation any rules restricting the purposes for which loans will be approved. The

Committee will have complete discretion as to approval of a loan hereunder and as to the terms thereof, provided that its decisions will be made on a uniform and nondiscriminatory basis and in accordance with this Section 7.5. If the Committee approves a loan, the Committee will direct the Trustee to make the loan and will advise the Participant and the Trustee of the terms and conditions of the loan. Nothing in this Section 7.5 will require the Committee to make loans available to Participants.

(ii) Alternate Payees may not borrow any amount from the Plan.

(b) **Terms and Conditions.** Loans to Participants will be made according to the following terms and conditions and such additional terms and conditions as the Committee may from time to time establish: (i) no loan will be for a term of longer than five years; (ii) all loans will be in default on the first date that a required loan repayment is not made and the entire unpaid balance of the loan will be treated as a deemed distribution to the Participant unless all past due payments are made before the expiration of any grace period established under the loan procedures; (iii) all loans will bear a reasonable rate of interest established under the loan procedures; (iv) all loans will be made only upon receipt of adequate security (the security for a loan will be the Participant's interest in the separate investment fund established under Section 7.5(f) for that loan) in an amount that does not exceed 50% of the Participant's vested interest under the Plan); (v) except as otherwise provided by the loan procedures, payments of principal and interest will be made through payroll deductions sufficient to provide for substantially level amortization of principal and interest with payments not less frequently than quarterly, which will be irrevocably authorized by the Participant in writing on a form provided by the Committee at the time the loan is made; (vi) the amount of any indebtedness (including accrued and unpaid interest) under any loan will be deducted from a Participant's interest in the Trust Fund if and only if such indebtedness or any installment thereof is not paid when due (including amounts due by acceleration) unless the Committee determines that there is adequate security for such loan other than the Participant's interest in the Trust Fund; (vii) no more than two outstanding loans will be permitted with respect to a Participant at any time; (viii) no home loans will be permitted; and (ix) all loans will be evidenced by a note containing such additional terms and conditions as the Committee will determine. Notwithstanding anything in the foregoing to the contrary, no amount of any indebtedness will be deducted pursuant to clause (vi) of this Section 7.5(b) from a Participant's Account prior to the time that such Account are otherwise distributable.

(c) **Maximum Amount of Loans.** The amount of any loan made pursuant to this Section 7.5, when added to the outstanding balance of all other loans to the Participant from all qualified employer plans (as defined in Code section 72(p)(4)) of the Controlled Group, will not exceed the lesser of (i) one-half of the aggregate nonforfeitable interest in his account balance(s) under all such plans, or (ii) \$50,000 reduced by the excess, if any, of (A) the highest outstanding balance of all other loans from qualified employer plans of the Controlled Group to the Participant during the 1-year period ending on the date on which such loan was made, over (B) the outstanding balance of all loans from qualified employer plans of the Controlled Group to the Participant on the date on which such loan was made.

(d) **Minimum Loan.** The minimum loan permitted under this Section 7.5 is \$1,000. If such minimum amount exceeds the limitations of Section 7.5(c), no loan will be made.

(e) **Source of Loans.** All loans will be made from available sources in such order as the Committee may determine from time to time.

(f) **Investment of Loan Payments.** All loans will be treated as a separate investment fund of the borrowing Participant. All payments with respect to a loan will be credited to the borrowing Participant's Account and will be invested in the investment funds under the Trust Agreement in accordance with the Participant's latest investment directions pursuant to Section 4.2.

(g) **Grandfathered Loans.** Loans that are transferred to the Plan from another Qualified Plan will be administered in accordance with their terms, notwithstanding the fact that the terms of such loans do not satisfy the foregoing provisions of this Section 7.5.

7.6 Reemployment of Participant. If a Participant who terminated employment again becomes an Employee before receiving a distribution of his Account balance, no distribution from the Trust Fund will be made while he is an Employee, and amounts distributable to him on account of his prior termination will be held in the Trust Fund until he is again entitled to a distribution under the Plan.

7.7 Valuation of Accounts. A Participant's distributable Account balances will be valued as of the Valuation Date immediately preceding the date the Account is to be distributed, except that there will be added to the value of his Account the fair market value of any amounts allocated to his Account under Article 5 after that Valuation Date.

7.8 Direct Rollovers.

(a) **Rollover Election.** Notwithstanding any other provision of the Plan, a Distributee (as hereinafter defined) may elect, at any time and in the manner prescribed by the Committee, to have any portion of an Eligible Rollover Distribution (as hereinafter defined) paid directly to an Eligible Retirement Plan (as hereinafter defined) specified by the Distributee, except to the extent that the total Eligible Rollover Distributions with respect to the Distributee in any Plan Year are reasonably expected to total less than \$200.

(b) **Eligible Rollover Distribution.** An Eligible Rollover Distribution is any distribution of all or any portion of the balance to the credit of the Distributee, except that an Eligible Rollover Distribution does not include (i) any distribution that is one of a series of substantially equal periodic payments (not less frequently than annually) made for the life or life expectancy of the Distributee or the joint lives or life expectancies of the Distributee and the Distributee's designated beneficiary, or for a specified period of ten years or more, (ii) any distribution to the extent such distribution is required by Code section 401(a)(9), (iii) any distribution that qualifies as a hardship distribution under Section 7.3, and (iv) the portion of any distribution that is not includible in gross income (determined without regard to the exclusion for net unrealized appreciation with respect to employer securities). Notwithstanding the foregoing, a portion of a distribution will not fail to be an Eligible Rollover Distribution merely because the

portion consists of after-tax employee contributions which are not includible in gross income. However, such portion may be transferred only to an individual retirement account or annuity described in Code sections 408(a) or (b), or to a qualified defined contribution plan described in Code sections 401(a) or 403(a) that agrees to separately account for amounts so transferred, including separately accounting for the portion of such distribution which is includible in gross income and the portion of such distribution which is not so includible.

(c) **Eligible Retirement Plan.** An Eligible Retirement Plan is an individual retirement account described in Code section 408(a), an individual retirement annuity described in Code section 408(b), an annuity plan described in Code section 403(a), or a qualified trust described in Code section 401(a) that is a defined contribution plan within the meaning of Code section 414(i), that accepts the Distributee's Eligible Rollover Distribution. An Eligible Retirement Plan includes an annuity contract described in Code section 403(b) and an eligible plan under Code section 457(b) which is maintained by a state, political subdivision of a state, or any agency or instrumentality of a state or political subdivision of a state and which agrees to separately account for amounts transferred into such plan from the Plan. The definition of Eligible Retirement Plan also applies in the case of a distribution to a surviving spouse, or to a spouse or former spouse who is the Alternate Payee.

(d) **Distributee.** A Distributee includes a Participant, the Participant's Spouse, or a Participant's former spouse who is an Alternate Payee. A Distributee also includes a Participant's nonspouse Beneficiary who is a designated beneficiary within the meaning of Code section 401(a)(9)(E), but only with respect to an Eligible Rollover Distribution paid to an Eligible Retirement Plan that is either an individual retirement account described in Code section 408(a) or an individual retirement annuity described in Code section 408(b), and such individual retirement account or individual retirement annuity is treated as an inherited individual retirement account or individual retirement annuity pursuant to Code section 402(c)(11).

7.9 Restrictions on Distributions. Article 12 sets forth certain rules under various provisions of the Code relating to restrictions on distributions to Participants.

ARTICLE 8

DISTRIBUTIONS TO BENEFICIARIES

8.1 Designation of Beneficiary. Each Participant will have the right to designate a Beneficiary or Beneficiaries to receive his vested Account balance upon his death. The designation will be made in accordance with procedures prescribed by the Committee from time to time and will be effective upon receipt by the Committee. A Participant will have the right to change or revoke any designation by filing a new designation or notice of revocation with the Committee, but the revised designation or revocation will be effective only upon receipt by the Committee.

8.2 Consent of Spouse Required. A Participant who is married may not designate a Beneficiary other than, or in addition to, his spouse unless his spouse consents to the designation by means of a written instrument that is signed by the spouse, contains an acknowledgment by the spouse of the effect of the consent, and is witnessed by a member of the Committee (other than the Participant) or by a notary public. The designation will be effective only with respect to the consenting spouse, whose consent will be irrevocable. A Beneficiary designation to which a spouse has consented may not be changed by the Participant without spousal consent (other than to designate the spouse as Beneficiary), unless the spouse's consent expressly permits Beneficiary designations by the Participant without any further consent of the spouse.

8.3 Failure to Designate Beneficiary. In the event a Participant has not designated a Beneficiary, or in the event no Beneficiary survives a Participant, the distribution of the Participant's vested Account balance upon his death will be made (i) to the Participant's spouse, if living, (ii) if his spouse is not then living, to his then living issue by right of representation, (iii) if neither his spouse nor his issue are then living, to his then living parents, and (iv) if none of the above are then living, to his estate.

8.4 Distributions to Beneficiaries. Distribution of a Participant's vested Account balance to the Participant's Beneficiary will be made as soon as practicable after the earlier of the Beneficiary's request for a distribution or the required distribution date set forth in Article 12. The Participant's vested Account balance will be distributed to the Beneficiary in a single lump sum payment or as otherwise provided under the minimum required distribution provisions of Article 12. The Participant's Account balances will be valued as of the Valuation Date coinciding with or immediately preceding the date the Account is to be distributed to his Beneficiary, except that there will be added to the value of the Participant's Account the fair market value of any amounts allocated to his Account under Article 5 after that Valuation Date. If a loan is outstanding from the Trust Fund to the Participant on the date of his death, the amount distributed to his Beneficiary will be reduced by any security interest in the Participant's Account held by the Plan by reason of the loan.

8.5 Restrictions on Distributions. Article 12 sets forth certain rules under various provisions of the Code relating to restrictions on distributions to Beneficiaries.

ARTICLE 9

PROVISIONS REGARDING THE A. H. BELO STOCK FUND AND THE BELO STOCK FUND

9.1 **Participant Voting Instructions.** Before each annual or special meeting of shareholders of the Company or the shareholders of Belo Corp., the Committee will cause to be sent to each Participant and Beneficiary whose Account is invested in the Belo Stock Fund or the A. H. Belo Stock Fund, as applicable, on the record date of such meeting a copy of the proxy solicitation material for the meeting, together with a form requesting confidential instructions to the Trustee on how to vote the shares of Company Stock or the shares of common stock of Belo Corp. allocated to his Account. Upon receipt of such instructions, the Trustee will vote the shares allocated to such Participant's or Beneficiary's Account as instructed by the Participant or Beneficiary. The Trustee will vote shares for which it does not receive timely instructions from Participants or Beneficiaries proportionately in the same manner as it votes shares for which it receives timely instructions from Participants and Beneficiaries.

9.2 **Tender Offers.** In the event of a tender offer for shares of Company Stock or common stock of Belo Corp. subject to Section 14(d)(1) of the Securities Exchange Act of 1934 or subject to Rule 13e-4 promulgated under that Act (as those provisions may from time to time be amended or replaced by successor provisions of federal securities laws), the Committee will advise each Participant and Beneficiary whose Account is invested in the Belo Stock Fund or the A. H. Belo Stock Fund, as applicable, in writing of the terms of the tender offer as soon as practicable after its commencement and will furnish each Participant and Beneficiary with a form by which he may instruct the Trustee confidentially to tender shares allocated to his Account. The Trustee will tender those shares it has been properly instructed to tender, and will not tender those shares which it has been properly instructed not to tender or for which it has not received timely instructions from the Participant or Beneficiary. The number of shares to which a Participant's or Beneficiary's instructions apply will be the total number of shares allocated to his Account as of the latest date for which the Committee has records. The Committee will advise the Trustee of the commencement date of any tender offer and, until receipt of that advice, the Trustee will not be obligated to take any action under this Section 9.2. Funds received in exchange for tendered stock will be credited to the Account of the Participant or Beneficiary whose stock was tendered and will be invested proportionately in the investment funds selected by the Participant or Beneficiary in his most recent investment direction to the Trustee.

9.3 **Confidentiality.** The Committee will be responsible for establishing procedures designed to maintain the confidentiality of Participant and Beneficiary information relating to the purchase, holding and sale of Company Stock or common stock of Belo Corp. and the exercise of voting, tender and similar rights with respect to such stock, except to the extent such information is necessary to comply with federal laws or state laws that are not preempted by ERISA.

ARTICLE 10

ADMINISTRATION OF THE PLAN AND TRUST AGREEMENT

10.1 **Appointment of Committee Members.** The Board of Directors or the Compensation Committee of the Board of Directors will appoint the Chairman of an Administrative Committee, which will consist of three or more members. The Chairman will appoint the remaining members of the Administrative Committee, who will hold office at the pleasure of the Chairman. Members of the Committee are not required to be Employees or Participants. Any member may resign by giving notice, in writing, filed with the Board or the Chairman.

10.2 **Officers and Employees of the Committee.** The Committee will choose a Secretary, who may be a member of the Committee. The Secretary will keep a record of the Committee's proceedings and all dates, records and documents pertaining to the Committee's administration of the Plan. The Committee may employ and suitably compensate such persons or organizations to render advice with respect to the duties of the Committee under the Plan as the Committee determines to be necessary or desirable.

10.3 **Action of the Committee.** Action of the Committee may be taken with or without a meeting of Committee members, provided that action will be taken only upon the vote or other affirmative expression of a majority of the Committee's members qualified to vote with respect to such action. The Chairman of the Committee may execute any certificate or other written direction on behalf of the Committee. In the event the Committee members qualified to vote on any question are unable to determine such question by a majority vote or other affirmative expression of a majority of the Committee members qualified to vote on such question, such question will be determined by the Board. A member of the Committee who is a Participant may not vote on any question relating specifically to himself unless he is the sole member of the Committee.

10.4 **Expenses and Compensation.** The expenses of administering the Plan, including without limitation the expenses of the Committee properly incurred in the performance of its duties under the Plan, will be paid from the Trust Fund, and all such expenses paid by the Participating Employers on behalf of the Plan will be reimbursed from the Trust Fund unless the Participating Employers in their discretion elect not to submit such expenses for reimbursement. Notwithstanding the foregoing, the members of the Committee will not be compensated by the Plan for their services as Committee members.

10.5 **General Powers and Duties of the Committee.** The Committee will have the full power and responsibility to administer the Plan and the Trust Agreement and to construe and apply their provisions. For purposes of ERISA, the Committee will be the named fiduciary with respect to the operation and administration of the Plan and the Trust Agreement. In addition, the Committee will have the powers and duties granted by the terms of the Trust Agreement. The Committee, and all other persons with discretionary control respecting the operation, administration, control, and/or management of the Plan, the Trust Agreement, and/or the Trust Fund, will perform their duties under the Plan and the Trust Agreement solely in the interests of Participants and their Beneficiaries.

10.6 Specific Powers and Duties of the Committee. The Committee will administer the Plan and the Trust Agreement and will have the authority and discretion to (i) resolve all questions relating to the eligibility of Employees to become Participants; (ii) determine the amount of benefits payable to Participants or their Beneficiaries, and determine the time and manner in which such benefits are to be paid; (iii) authorize and direct all disbursements by the Trustee from the Trust Fund; (iv) engage any administrative, legal, accounting, clerical, or other services it deems appropriate in administering the Plan or the Trust Agreement; (v) construe and interpret the Plan and the Trust Agreement, supply omissions from, correct deficiencies in, and resolve ambiguities in the language of the Plan and the Trust Agreement, and adopt rules for the administration of the Plan and the Trust Agreement which are not inconsistent with the terms of such documents; (vi) compile and maintain all records it determines to be necessary, appropriate or convenient in connection with the administration of benefit payments; (vii) determine the disposition of assets in the Trust Fund in the event the Plan is terminated; (viii) review the performance of the Trustee with respect to the Trustee's administrative duties, responsibilities and obligations under the Plan and the Trust Agreement, report to the Board regarding such administrative performance of the Trustee, and recommend to the Board, if necessary, the removal of the Trustee and the appointment of a successor Trustee; and (ix) resolve all questions of fact relating to any matter for which it has administrative responsibility.

10.7 Allocation of Fiduciary Responsibility. The Committee from time to time may allocate to one or more of its members and may delegate to any other persons or organizations any of its rights, powers, duties and responsibilities with respect to the operation and administration of the Plan and the Trust Agreement that are permitted to be delegated under ERISA. Any such allocation or delegation will be made in writing, will be reviewed periodically by the Committee, and will be terminable upon such notice as the Committee in its discretion deems reasonable and proper under the circumstances. Whenever a person or organization has the power and authority under the Plan or the Trust Agreement to delegate discretionary authority respecting the administration of the Plan or the Trust Fund to another person or organization, the delegating party's responsibility with respect to such delegation is limited to the selection of the person to whom authority is delegated and the periodic review of such person's performance and compliance with applicable law and regulations. Any breach of fiduciary responsibility by the person to whom authority has been delegated which is not proximately caused by the delegating party's failure to properly select or supervise, and in which breach the delegating party does not otherwise participate, will not be considered a breach by the delegating party.

10.8 Information to be Submitted to the Committee. To enable the Committee to perform its functions, the Participating Employers will supply full and timely information to the Committee on all matters relating to Employees and Participants as the Committee may require and will maintain such other records required by the Committee to determine the benefits due to Participants or their Beneficiaries under the Plan.

10.9 Notices, Statements and Reports. The Company will be the "administrator" of the Plan as defined in ERISA section 3(16)(A) for purposes of the reporting and disclosure requirements imposed by ERISA and the Code. The Committee will assist the Company, as requested, in complying with such reporting and disclosure requirements.

10.10 Claims Procedure.

(a) **Filing Claim for Benefits.** If a Participant or Beneficiary does not receive the benefits which he believes he is entitled to receive under the Plan, he may file a claim for benefits with the Committee. All claims must be made in writing and signed by the claimant. If the claimant does not furnish sufficient information to determine the validity of the claim, the Committee will indicate to the claimant any additional information which is required.

(b) **Notification by the Committee.** Each claim will be approved or disapproved by the Committee within 90 days following the receipt of the information necessary to process the claim, or within 180 days if the Committee determines that special circumstances require an extension of the 90-day period and the claimant is notified of the extension within the original 90-day period. In the event the Committee denies a claim for benefits in whole or in part, the Committee will notify the claimant in writing of the adverse determination. Such notice by the Committee will also set forth, in a manner calculated to be understood by the claimant, the specific reason or reasons for the adverse determination, reference to the specific Plan provisions on which the determination is based, a description of any additional material or information necessary to perfect the claim with an explanation of why such material or information is necessary, and an explanation of the Plan's claim review procedure and applicable time limits as set forth in Section 10.10(c).

(c) **Review Procedure.** A claimant may appeal an adverse benefit determination by requesting a review of the decision by the Committee or a person designated by the Committee, which person will be a named fiduciary under ERISA section 402(a)(2) for purposes of this Section 10.10. An appeal must be submitted in writing within 60 days after receiving notification of the adverse determination and must (i) request a review of the claim for benefits under the Plan, (ii) set forth all of the grounds upon which the claimant's request for review is based and any facts in support thereof, and (iii) set forth any issues or comments which the claimant deems pertinent to the appeal. The claimant will be given the opportunity to submit written comments, documents, records and other information relating to the claim for benefits, and will be provided, upon written request and free of charge, reasonable access to and copies of, all documents, records and other information relevant to the claim for benefits, provided the Committee or the named fiduciary designated by the Committee finds the requested documents or materials are relevant to the appeal. The Committee or the named fiduciary designated by the Committee will make a full and fair review of each appeal and any materials submitted by the claimant relating to the claim, without regard to whether the information was submitted or considered in the initial determination. On the basis of its review, the Committee or the named fiduciary designated by the Committee will make an independent determination of the claimant's eligibility for benefits and will act upon each appeal within 60 days after receipt thereof unless special circumstances require an extension of the time for processing, in which case a decision will be rendered as soon as possible but not later than 120 days after the appeal is received. In the event of such special circumstances, the Committee or the named fiduciary designated by the Committee will notify the claimant within the initial 60-day period of the special circumstances that preclude a decision in the 60-day period. The decision of the Committee or named fiduciary on any claim for benefits will be final and conclusive upon all parties thereto. In the event the Committee or named fiduciary denies an appeal in whole or in part, it will give written notice of the determination to the claimant. Such notice will set forth, in a manner calculated to be

understood by the claimant, the specific reason or reasons for the adverse determination, reference to the specific Plan provisions on which the determination is based, a statement that the claimant is entitled to receive, upon request and free of charge, access to and copies of all documents, records and other information relevant to the claim, and a statement of the claimant's rights to bring an action under ERISA section 502(a), if applicable.

10.11 Service of Process. The Committee may from time to time designate an agent of the Plan for the service of legal process. The Committee will cause such agent to be identified in materials it distributes or causes to be distributed when such identification is required under applicable law. In the absence of such a designation, the Company will be the agent of the Plan for the service of legal process.

10.12 Correction of Participants' Accounts. If an error or omission is discovered in the Account of a Participant, or in the amount distributed to a Participant, the Committee will make such equitable adjustments in the records of the Plan as may be necessary or appropriate to correct such error or omission as of the Plan Year in which such error or omission is discovered. Further, a Participating Employer may, in its discretion, make a special contribution to the Plan which will be allocated by the Committee only to the Account of one or more Participants to correct such error or omission.

10.13 Payment to Minors or Other Persons Under Legal Disability. If any benefit becomes payable to a minor, payment of such benefit will be made only to the guardian of the person or the estate of the minor, provided the guardian acknowledges in writing, in a form acceptable to the Committee, receipt of the payment on behalf of the minor. If any benefit becomes payable to any other person under a legal disability, payment of such benefit will be made only to the conservator or the guardian of the estate of such person appointed by a court of competent jurisdiction. Any payment made in accordance with the provisions of this Section 10.13 on behalf of a minor or other person under a legal disability will fully discharge the Plan's obligation to such person.

10.14 Uniform Application of Rules and Policies. The Committee in exercising its discretion granted under any of the provisions of the Plan or the Trust Agreement will do so only in accordance with rules and policies established by it which will be uniformly applicable to all Participants and Beneficiaries.

10.15 Funding Policy. The Plan is to be funded through Participating Employer contributions and earnings on such contributions; and benefits will be paid to Participants and Beneficiaries as provided in the Plan.

10.16 The Trust Fund. The Trust Fund will be held by the Trustee for the exclusive benefit of Participants and Beneficiaries. The assets held in the Trust Fund will be invested and reinvested in accordance with the terms of the Trust Agreement, which is hereby incorporated into and made a part of the Plan. All benefits will be paid solely out of the Trust Fund, and no Participating Employer will be otherwise liable for benefits payable under the Plan.

ARTICLE 11

**LIMITATIONS ON CONTRIBUTIONS AND
ALLOCATIONS TO PARTICIPANTS' ACCOUNTS**

11.1 Priority over Other Contribution and Allocation Provisions. The provisions set forth in this Article will supersede any conflicting provisions of Article 3 or Article 5.

11.2 Definitions Used in this Article. The following words and phrases, when used with initial capital letters, will have the meanings set forth below.

(a) **Annual Addition** means the sum of the following amounts with respect to all Qualified Plans and Welfare Benefit Funds maintained by the Controlled Group Members:

(i) the amount of Controlled Group Member contributions with respect to the Limitation Year allocated to a Participant's account;

(ii) the amount of any forfeitures for the Limitation Year allocated to a Participant's account;

(iii) the amount of a Participant's voluntary nondeductible contributions for the Limitation Year, provided, however, that the Annual Addition for any Limitation Year beginning before January 1, 1987, will not be recomputed to treat all of the Participant's nondeductible voluntary contributions as part of the Annual Addition;

(iv) the amount allocated after March 31, 1984, to an individual medical benefit account (as defined in Code section 415(l)(2)) which is part of a Defined Benefit Plan or an annuity plan; and

(v) the amount derived from contributions paid or accrued after December 31, 1985, in taxable years ending after such date that are attributable to post-retirement medical benefits allocated to the separate account of a key employee (as defined in Code section 419A(d)(3)) under a Welfare Benefit Fund.

A Participant's Annual Addition will not include any nonvested amounts restored to his account following his reemployment before incurring five consecutive One Year Breaks in Service, and a corrective allocation pursuant to Section 10.12 will be considered an Annual Addition for the Limitation Year to which it relates.

(b) **Average Deferral Percentage** means the average of the Deferral Percentages of each Participant in a group of Participants.

(c) **Deferral Percentage** means the ratio (expressed as a percentage) determined by dividing the Deferral Contributions made to the Plan on behalf of a Participant who is eligible to make Deferral Contributions for all or any portion of a Plan Year by the Participant's Compensation for the Plan Year.

(d) **Defined Benefit Plan** means a Qualified Plan other than a Defined Contribution Plan.

(e) **Defined Contribution Dollar Limitation** means, for any Limitation Year, \$46,000, as adjusted for increases in the cost-of-living under Code section 415(d). If a short Limitation Year is created because of a Plan amendment changing the Limitation Year to a different 12-consecutive month period, the Defined Contribution Dollar Limitation for the short Limitation Year will not exceed the amount determined in the preceding sentence multiplied by a fraction, the numerator of which is the number of months in the short Limitation Year and the denominator of which is 12.

(f) **Defined Contribution Plan** means a Qualified Plan described in Code section 414(i).

(g) **Highly Compensated Employee** means an Employee who during the current or preceding Plan Year was a 5-percent owner of a Controlled Group Member, or who for the preceding Plan Year had Includable Compensation in excess of \$100,000 (as adjusted pursuant to Code Section 415(d)).

(h) **Includable Compensation** means an Employee's wages as defined in Code section 3401(a) for purposes of income tax withholding at the source (but determined without regard to any rules that limit the remuneration included in wages based on the nature or location of the employment or services performed) that are paid to a Participant by the Participating Employers. In addition, Compensation includes any contributions made by the Participating Employers on behalf of an Employee pursuant to a deferral election under any employee benefit plan containing a cash or deferred arrangement under Code section 401(k), any amounts that would have been received as cash but for an election to receive benefits under a cafeteria plan meeting the requirements of Code section 125 and any elective amounts that are not includible in the gross income of the Employee by reason of Code section 132(f)(4). The annual Includable Compensation of an Employee taken into account for any purpose will not exceed \$230,000 for any Plan Year beginning after December 31, 2007, as adjusted for cost-of-living increases in accordance with Code section 401(a)(17).

(i) **Limitation Year** means the 12-consecutive-month period used by a Qualified Plan for purposes of computing the limitations on benefits and annual additions under Code section 415. The Limitation Year for this Plan is the Plan Year.

(j) **Maximum Annual Addition** means with respect to a Participant for any Limitation Year an amount equal to the lesser of (i) the Defined Contribution Dollar Limitation or (ii) 100% of the Participant's Includable Compensation.

(k) **Nonhighly Compensated Employee** means an Employee who is not a Highly Compensated Employee.

(l) **Welfare Benefit Fund** means an organization described in paragraph (7), (9), (17) or (20) of Code section 501(c), a trust, corporation or other organization not exempt from federal income tax, or to the extent provided in Treasury Regulations, any account held for an employer by any person, which is part of a plan of an employer through which the employer

provides benefits to employees or their beneficiaries, other than a benefit to which Code sections 83(h), 404 (determined without regard to section 404(b)(2)) or 404A applies, or to which an election under Code section 463 applies.

11.3 Allocation Limitation. The Annual Addition of a Participant for any Limitation Year will not exceed the Maximum Annual Addition. If the amount allocated or otherwise allocable to a Participant's Account would exceed the Maximum Annual Addition, the Committee will take such action as it deems appropriate under the circumstances to reduce the Participating Employer contributions and forfeitures which would cause the Participant's Annual Addition to exceed the Maximum Annual Addition. The limitations contained in this Article will apply on an aggregate basis to all Defined Contribution Plans (whether or not any of such plans have terminated) established by the Controlled Group Members. For this purpose, Controlled Group Members will be determined in accordance with the 50% control rule of Code section 415(h).

11.4 Limitation on Deferral Contributions. The limitations of this Section 11.4 will apply only to Participants who are eligible to make Deferral Contributions in any Plan Year but who are not eligible to receive an allocation of Participating Employer matching contributions under Section 3.4 for such Plan Year. The limitations of this Section 11.4 will not apply to a Participant who is eligible to receive an allocation of Participating Employer matching contributions under Section 3.4 during any portion of a Plan Year.

(a) **Average Deferral Percentage Test.** Notwithstanding any other provision of the Plan, the Average Deferral Percentage for a Plan Year for Participants who are Highly Compensated Employees, using the current year testing method, will not exceed the greater of: (i) the Average Deferral Percentage of Participants who are Nonhighly Compensated Employees multiplied by 1.25; or (ii) the lesser of (A) the Average Deferral Percentage of Participants who are Nonhighly Compensated Employees plus two percentage points or (B) the Average Deferral Percentage of Participants who are Nonhighly Compensated Employees multiplied by 2.0.

(b) **Suspension of Deferral Contributions.** If at any time during a Plan Year the Committee determines, on the basis of estimates made from information then available, that the limitation described in Section 11.4(a) will not be met for the Plan Year, the Committee in its discretion may reduce or suspend the Deferral Contributions of one or more Participants who are Highly Compensated Employees to the extent necessary (i) to enable the Plan to meet such limitation or (ii) to reduce the amount of excess Deferral Contributions that would otherwise be distributed pursuant to this Section 11.4.

(c) **Reduction of Excess Deferral Contributions.** If the Average Deferral Percentage for Participants who are Highly Compensated Employees exceeds the limitation described in Section 11.4(a), the excess contributions will be distributed to the Highly Compensated Employees on the basis of the respective portions of the excess contributions attributable to each such Highly Compensated Employee. For purposes of this subsection, excess contributions means, for a Plan Year, the excess of (i) the aggregate amount of Deferral Contributions paid to the Trust on behalf of Highly Compensated Employees for the Plan Year, over (ii) the maximum amount of Deferral Contributions permitted for such Plan Year under Section 11.4(a) (determined by reducing Deferral Contributions made on behalf of Highly

Compensated Employees in order of the Deferral Percentages beginning with the highest of such percentages). Such excess contributions will be distributed on the basis of the dollar amount of Deferral Contributions for each such Participant (as hereinafter provided) until the aggregate amount of excess contributions has been distributed. The Deferral Contributions of the Highly Compensated Employee with the highest dollar amount of Deferral Contributions will be reduced first by the amount required to cause that Participant's Deferral Contributions to equal the dollar amount of the Deferral Contributions of the Highly Compensated Employee with the next highest dollar amount, and this process will be repeated until the total amount of excess Deferral Contributions has been distributed. Upon distribution of the total excess Deferral Contributions in this manner, the Plan will be treated as satisfying the limitations of Section 11.4(a).

All distributions will be increased by Trust Fund earnings and decreased by Trust Fund losses for the Plan Year and for the period between the end of the Plan Year and the date of distribution and will be made within two and one-half months following the close of the Plan Year, if practicable, but in no event later than the last day of the immediately following Plan Year. The amount of excess Deferral Contributions distributed pursuant to this Section with respect to a Participant for the Plan Year will be reduced by any Deferral Contributions previously distributed to the Participant for the same Plan Year pursuant to Section 3.3.

(d) Determination of Earnings and Losses. The earnings and losses of the Trust Fund for the Plan Year allocable to the portion of a Participant's Deferral Contributions that are distributed pursuant to Section 11.4(c) will be determined by multiplying the Trust Fund earnings or losses for the Plan Year allocable to the Participant's Deferral Contribution Account by a fraction, the numerator of which is the amount of Deferral Contributions to be distributed to the Participant and the denominator of which is the balance of the Participant's Deferral Contribution Account on the last day of the Plan Year, reduced by the earnings and increased by the losses allocable to such Account for the Plan Year. The earnings and losses of the Trust Fund allocable to the Participant's Deferral Contributions that are distributed pursuant to Section 11.4(c) for the period between the end of the Plan Year and the date of such distribution will be determined in accordance with regulations prescribed by the Secretary of the Treasury interpreting Code section 401(k).

(e) Testing Procedures. In applying the limitations set forth in this Section 11.4, the Committee may, at its option, utilize such testing procedures as may be permitted under Code sections 401(a)(4), 401(k), 401(m) or 410(b), including without limitation (i) aggregation of the Plan with one or more other qualified plans maintained by a Controlled Group Member or disaggregation of the Plan into component plans, (ii) inclusion of qualified matching contributions, qualified nonelective contributions or elective deferrals made to plans of other Controlled Group Members, (iii) exclusion of all Employees (other than Highly Compensated Employees) who have not met the minimum age and service requirements of Code section 410(a)(1)(A), or (iv) any permissible combination thereof.

ARTICLE 12

RESTRICTIONS ON DISTRIBUTIONS TO PARTICIPANTS AND BENEFICIARIES

12.1 Priority over Other Distribution Provisions. The provisions set forth in this Article will supersede any conflicting provisions of Article 7 or Article 8.

12.2 General Restrictions.

(a) **Distributions Prior to a Severance From Employment.** Except for distributions permitted under Article 6 with respect to Participants who attain age 59½ or suffer a hardship, a Participant's interest in the Plan will not be distributed before the Participant's severance from employment with all Controlled Group Members, disability or death, unless the Plan is terminated without the establishment or maintenance by the Participating Employers of another defined contribution plan (except as permitted by Code section 401(k) and the Treasury Regulations thereunder).

(b) **Lump Sum Distribution Required.** An event described in Section 12.2(a) that would otherwise permit distribution of a Participant's interest in the Plan will not be treated as described in Section 12.2(a) unless the Participant receives a lump sum distribution by reason of the event. A lump sum distribution for this purpose will be a distribution described in Code section 402(e)(4)(D) (without regard to clauses (I), (II), (III), and (IV) of clause (i) thereof).

12.3 Restrictions on Commencement of Distributions. The provisions of this Section 12.3 will apply to restrict the Committee's ability to delay the commencement of distributions. Unless a Participant elects otherwise in writing, distribution of the Participant's vested interest in his Account will be made no later than the 60th day after the close of the Plan Year in which occurs the latest of (i) the date on which the Participant attains age 65, (ii) the tenth anniversary of the Plan Year in which the Participant began participation in the Plan, or (iii) the Participant's termination of employment.

12.4 Restrictions on Delay of Distributions. The following provisions will apply to limit a Participant's ability to delay the distribution of benefits. Unless the Participant's interest is distributed in the form of a single sum on or before the required beginning date, distributions will be made in accordance with this Section 12.4 as of the first distribution calendar year.

(a) **General Rule.** Distribution of a Participant's entire vested and nonforfeitable interest will be made or commence not later than April 1 following the calendar year (i) in which he attains age 70½, or (ii) in which his employment with the Controlled Group terminates, if later, except that a distribution to a Participant who is a 5-percent owner (as such term is defined in Code section 416(i)(1)(B)(i)) with respect to the Plan Year in which he attains age 70½ will be made pursuant to clause (i).

(b) **Amount of Required Minimum Distributions.** During the Participant's lifetime, the minimum amount that will be distributed for each distribution calendar year is the lesser of:

(i) the quotient obtained by dividing the Participant's Account balance by the distribution period in the Uniform Lifetime Table set forth in Section 1.401(a)(9)-9 of the Treasury Regulations, using the Participant's age as of the Participant's birthday in the distribution calendar year; or

(ii) if the Participant's sole designated beneficiary for the distribution calendar year is the Participant's spouse, the quotient obtained by dividing the Participant's Account balance by the number in the Joint and Last Survivor Table set forth in Section 1.401(a)(9)-9 of the Treasury Regulations, using the Participant's and spouse's attained ages as of the Participant's and spouse's birthdays in the distribution calendar year.

(c) **Timing of Distributions.** Required minimum distributions will be determined under this Section 12.4 beginning with the first distribution calendar year and up to and including the distribution calendar year that includes the Participant's date of death. The required minimum distribution for the Participant's first distribution calendar year will be made on or before the Participant's required beginning date. The required minimum distribution for other distribution calendar years, including the required minimum distribution for the distribution calendar year in which the Participant's required beginning date occurs, will be made on or before December 31 of that distribution calendar year.

(d) **Definitions.** The following words and phrases, when used in this Article 12, will have the meanings set forth below.

(i) **designated beneficiary** means the individual who is designated as the Beneficiary under Article 8 and is the designated beneficiary under Code section 401(a)(9) and Section 1.401(a)(9)-1, Q&A-4, of the Treasury Regulations.

(ii) **distribution calendar year** means a calendar year for which a minimum distribution is required. For distributions beginning before the Participant's death, the first distribution calendar year is the calendar year immediately preceding the calendar year which contains the Participant's required beginning date. For distributions beginning after the Participant's death, the first distribution calendar year is the calendar year in which distributions are required to begin under Section 12.6.

(iii) **life expectancy** means life expectancy as computed by use of the Single Life Table in Section 1.401(a)(9)-9 of the Treasury Regulations.

(iv) **Participant's Account balance** means the Account balance as of the last valuation date in the calendar year immediately preceding the distribution calendar year (valuation calendar year) increased by the amount of any contributions made and allocated or forfeitures allocated to the Account balance as of dates in the valuation calendar year after the valuation date and decreased by distributions made in the valuation calendar year after the valuation date. The Account balance for the

valuation calendar year includes any amounts rolled over or transferred to the Plan either in the valuation calendar year or in the distribution calendar year if distributed or transferred in the valuation calendar year.

(v) **required beginning date** means the date specified in Section 12.4(a).

12.5 Limitation to Assure Benefits Payable to Beneficiaries are Incidental. In the event that any payments under the Plan are to be made to someone other than the Participant or jointly to the Participant and his spouse or other payee, such payments must conform to the “incidental benefit” rules of Code section 401(a)(9)(G) and the Treasury Regulations thereunder.

12.6 Restrictions in the Event of Death. Upon the death of a Participant, the following distribution provisions will apply to limit the Beneficiary’s ability to delay distributions.

(a) **Death after Distributions Begin.**

(i) **Participant Survived by Designated Beneficiary.** If the Participant dies on or after the date distributions begin and there is a designated beneficiary, the minimum amount that will be distributed for each distribution calendar year after the year of the Participant’s death is the quotient obtained by dividing the Participant’s Account balance by the longer of the remaining life expectancy of the Participant or the remaining life expectancy of the Participant’s designated beneficiary, determined as follows:

(A) The Participant’s remaining life expectancy is calculated using the age of the Participant in the year of death, reduced by one for each subsequent year.

(B) If the Participant’s surviving spouse is the Participant’s sole designated beneficiary, the remaining life expectancy of the surviving spouse is calculated for each distribution calendar year after the year of the Participant’s death using the surviving spouse’s age as of the spouse’s birthday in that year. For distribution calendar years after the year of the surviving spouse’s death, the remaining life expectancy of the surviving spouse is calculated using the age of the surviving spouse as of the spouse’s birthday in the calendar year of the spouse’s death, reduced by one for each subsequent calendar year.

(C) If the Participant’s surviving spouse is not the Participant’s sole designated beneficiary, the designated beneficiary’s remaining life expectancy is calculated using the age of the beneficiary in the year following the year of the Participant’s death, reduced by one for each subsequent year.

(ii) **No Designated Beneficiary.** If the Participant dies on or after the date distributions begin and there is no designated beneficiary as of September 30 of the year after the year of the Participant’s death, the minimum amount that will be distributed for each distribution calendar year after the year of the Participant’s death is the quotient

obtained by dividing the Participant's Account balance by the Participant's remaining life expectancy calculated using the age of the Participant in the year of death, reduced by one for each subsequent year.

(b) Death before Date Distributions Begin.

(i) **Commencement Date.** If the Participant dies before distributions begin, the Participant's entire interest will be distributed, or begin to be distributed, no later than as follows:

(A) If the Participant's surviving spouse is the Participant's sole designated beneficiary, then distributions to the surviving spouse will begin by December 31 of the calendar year immediately following the calendar year in which the Participant died, or by December 31 of the calendar year in which the Participant would have attained age 70¹/₂, if later.

(B) If the Participant's surviving spouse is not the Participant's sole designated beneficiary, then distributions to the designated beneficiary will begin by December 31 of the calendar year immediately following the calendar year in which the Participant died.

(C) If there is no designated beneficiary as of September 30 of the year following the year of the Participant's death, the Participant's entire interest will be distributed by December 31 of the calendar year containing the fifth anniversary of the Participant's death.

(D) If the Participant's surviving spouse is the Participant's sole designated beneficiary and the surviving spouse dies after the Participant but before distributions to the surviving spouse begin, this Section 12.6(b)(i) (other than Section 12.6(b)(i)(A)), will apply as if the surviving spouse were the Participant.

(ii) **Participant Survived by Designated Beneficiary.** If the Participant dies before the date distributions begin and there is a designated beneficiary, the minimum amount that will be distributed for each distribution calendar year after the year of the Participant's death is the quotient obtained by dividing the Participant's Account balance by the remaining life expectancy of the Participant's designated beneficiary, determined as provided in Section 12.6(a)(i).

(iii) **No Designated Beneficiary.** If the Participant dies before the date distributions begin and there is no designated beneficiary as of September 30 of the year following the year of the Participant's death, distribution of the Participant's entire interest will be completed by December 31 of the calendar year containing the fifth anniversary of the Participant's death.

(iv) **Death of Surviving Spouse.** If the Participant dies before the date distributions begin, the Participant's surviving spouse is the Participant's sole designated beneficiary, and the surviving spouse dies before distributions are required to begin to the

surviving spouse under Section 12.6(b)(i)(A), this Section 12.6(b) will apply as if the surviving spouse were the Participant.

(v) **Elections.** Participants or beneficiaries may elect on an individual basis whether the five-year rule or the life expectancy rule described above applies to distributions after the death of a Participant who has a designated beneficiary. The election must be made no later than the earlier of September 30 of the calendar year in which distribution would be required to begin under Section 12.6(b)(i), or by September 30 of the calendar year which contains the fifth anniversary of the Participant's (or, if applicable, surviving spouse's) death. If neither the Participant nor the beneficiary makes an election under this Section 12.6(b)(v), distributions will be made in accordance with the foregoing provisions of this Section 12.6(b).

12.7 Compliance with Regulations. Distributions under the Plan to Participants or Beneficiaries will be made in accordance with Treasury Regulations issued under Code section 401(a)(9).

12.8 Delayed Payments. If the amount of a distribution required to begin on a date determined under the applicable provisions of the Plan cannot be ascertained by such date, or if it is not possible to make such payment on such date because the Committee has been unable to locate a Participant or Beneficiary after making reasonable efforts to do so, a payment retroactive to such date may be made no later than 60 days after the earliest date on which the amount of such payment can be ascertained or the date on which the Participant or Beneficiary is located (whichever is applicable).

ARTICLE 13

TOP-HEAVY PROVISIONS

13.1 **Priority over Other Plan Provisions.** If the Plan is or becomes a Top-Heavy Plan in any Plan Year, the provisions of this Article will supersede any conflicting provisions of the Plan. However, the provisions of this Article will not operate to increase the rights or benefits of Participants under the Plan except to the extent required by Code section 416 and other provisions of law applicable to Top-Heavy Plans.

13.2 **Definitions Used in this Article.** The following words and phrases, when used with initial capital letters, will have the meanings set forth below.

(a) **Defined Benefit Plan** means the Qualified Plan described in Section 11.2(b).

(b) **Defined Contribution Dollar Limitation** means the limitation described in Section 11.2(e).

(c) **Defined Contribution Plan** means the Qualified Plan described in Section 11.2(f).

(d) **Determination Date** means for the first Plan Year of the Plan the last day of the Plan Year and for any subsequent Plan Year the last day of the preceding Plan Year.

(e) **Determination Period** means the Plan Year containing the Determination Date and the four preceding Plan Years.

(f) **Includable Compensation** means the compensation described in Section 11.2(g).

(g) **Key Employee** means any Employee or former Employee (and the Beneficiary of a deceased Employee) who at any time during the Plan Year that includes the Determination Date was an officer of a Controlled Group Member having Includable Compensation greater than \$150,000 (as adjusted under Code section 416(i)(1) for Plan Years beginning after December 31, 2007), a 5-percent owner of a Controlled Group Member, or a 1-percent owner of a Controlled Group Member having Includable Compensation of more than \$150,000. The determination of who is a Key Employee will be made in accordance with Code section 416(i). For purposes of this Section 13.2(g), Includable Compensation will include the amount of any salary reduction contributions pursuant to a cash or deferred arrangement meeting the requirements of Code section 401(k) or a cafeteria plan meeting the requirements of Code section 125.

(h) **Minimum Allocation** means the allocation described in the first sentence of Section 13.3(a).

(i) **Permissive Aggregation Group** means the Required Aggregation Group of Qualified Plans plus any other Qualified Plan or Qualified Plans of a Controlled Group Member which, when considered as a group with the Required Aggregation Group, would continue to satisfy the requirements of Code sections 401(a)(4) and 410 (including simplified employee pension plans).

(j) **Present Value** means present value based only on the interest and mortality rates specified in a Defined Benefit Plan.

(k) **Required Aggregation Group** means the group of plans consisting of (i) each Qualified Plan (including simplified employee pension plans) of a Controlled Group Member in which at least one Key Employee participates, and (ii) any other Qualified Plan (including simplified employee pension plans) of a Controlled Group Member which enables a Qualified Plan to meet the requirements of Code sections 401(a)(4) or 410.

(l) **Top-Heavy Plan** means the Plan for any Plan Year in which any of the following conditions exists: (i) if the Top-Heavy Ratio for the Plan exceeds 60% and the Plan is not a part of any Required Aggregation Group or Permissive Aggregation Group of Qualified Plans; (ii) if the Plan is a part of a Required Aggregation Group but not part of a Permissive Aggregation Group of Qualified Plans and the Top-Heavy Ratio for the Required Aggregation Group exceeds 60%; or (iii) if the Plan is a part of a Required Aggregation Group and part of a Permissive Aggregation Group of Qualified Plans and the Top-Heavy Ratio for the Permissive Aggregation Group exceeds 60%.

(m) **Top-Heavy Ratio** means a fraction, the numerator of which is the sum of the Present Value of accrued benefits and the account balances (as required by Code section 416) of all Key Employees with respect to such Qualified Plans as of the Determination Date (including any part of any accrued benefit or account balance distributed during the five-year period ending on the Determination Date), and the denominator of which is the sum of the Present Value of the accrued benefits and the account balances (including any part of any accrued benefit or account balance distributed in the five-year period ending on the Determination Date) of all Employees with respect to such Qualified Plans as of the Determination Date. For purposes of determining if the Plan is a Top-Heavy Plan for any Plan Year beginning after December 31, 2001, "one-year period" will be substituted for "five-year period" in the preceding sentence, except with respect to distributions made for a reason other than separation from service, death or disability. The preceding provisions will also apply to distributions under a terminated plan which, had it not been terminated, would have been aggregated with the Plan under Code section 416(g)(2)(A)(i). The value of account balances and the Present Value of accrued benefits will be determined as of the most recent Top-Heavy Valuation Date that falls within or ends with the 12-month period ending on the Determination Date, except as provided in Code section 416 for the first and second Plan Years of a Defined Benefit Plan. The account balances and accrued benefits of a participant who is not a Key Employee but who was a Key Employee in a prior year will be disregarded. The calculation of the Top-Heavy Ratio, and the extent to which distributions, rollovers, transfers and contributions unpaid as of the Determination Date are taken into account will be made in accordance with Code section 416. Employee contributions described in Code section 219(e)(2) will not be taken into account for purposes of computing the Top-Heavy Ratio. When aggregating plans, the

value of account balances and accrued benefits will be calculated with reference to the Determination Dates that fall within the same calendar year. The accrued benefit of any Employee other than a Key Employee will be determined under the method, if any, that uniformly applies for accrual purposes under all Qualified Plans maintained by all Controlled Group Members and included in a Required Aggregation Group or a Permissive Aggregation Group or, if there is no such method, as if the benefit accrued not more rapidly than the slowest accrual rate permitted under the fractional accrual rate of Code section 411(b)(1)(C). Notwithstanding the foregoing, the account balances and accrued benefits of any individual who has not performed services for a Controlled Group Member during the one-year period ending on the Determination Date will not be taken into account.

(n) **Top-Heavy Valuation Date** means the last day of each Plan Year.

13.3 Minimum Allocation.

(a) **Calculation of Minimum Allocation.** For any Plan Year in which the Plan is a Top-Heavy Plan, each Participant who is not a Key Employee will receive an allocation of Participating Employer contributions and forfeitures of not less than the lesser of 3% of his Includable Compensation for such Plan Year or the percentage of Includable Compensation that equals the largest percentage of Participating Employer contributions (including Deferral Contributions) and forfeitures allocated to a Key Employee. The Minimum Allocation is determined without regard to any Social Security contribution. Deferral Contributions made on behalf of Participants who are not Key Employees will not be treated as Participating Employer contributions for purposes of the Minimum Allocation. Matching Contributions will be treated as Participant Employer contributions for such Plan Year for purposes of the Minimum Allocation. The Minimum Allocation applies even though under other Plan provisions the Participant would not otherwise be entitled to receive an allocation, or would have received a lesser allocation for the Plan Year because (i) the non-Key Employee fails to make mandatory contributions to the Plan, (ii) the non-Key Employee's Includable Compensation is less than a stated amount, or (iii) the non-Key Employee fails to complete 1,000 Hours of Service in the Plan Year.

(b) **Limitation on Minimum Allocation.** No Minimum Allocation will be provided pursuant to Section 13.3(a) to a Participant who is not employed by a Controlled Group Member on the last day of the Plan Year.

(c) **Minimum Allocation When Participant is Covered by Another Qualified Plan.** If a Controlled Group Member maintains one or more other Defined Contribution Plans covering Employees who are Participants in this Plan, the Minimum Allocation will be provided under this Plan, unless such other Defined Contribution Plans make explicit reference to this Plan and provide that the Minimum Allocation will not be provided under this Plan, in which case the provisions of Section 13.3(a) will not apply to any Participant covered under such other Defined Contribution Plans. If a Controlled Group Member maintains one or more Defined Benefit Plans covering Employees who are Participants in this Plan, and such Defined Benefit Plans provide that Employees who are participants therein will accrue the minimum benefit applicable to top-heavy Defined Benefit Plans notwithstanding their participation in this Plan, then the provisions of Section 13.3(a) will not apply to any Participant

covered under such Defined Benefit Plans. If a Controlled Group Member maintains one or more Defined Benefit Plans covering Employees who are Participants in this Plan, and the provisions of the preceding sentence do not apply, then each Participant who is not a Key Employee and who is covered by such Defined Benefit Plans will receive a Minimum Allocation determined by applying the provisions of Section 13.3(a) with the substitution of “5%” in each place that “3%” occurs therein.

(d) **Nonforfeitability.** The Participant’s Minimum Allocation, to the extent required to be nonforfeitable under Code section 416(b) and the special vesting schedule provided in this Article, may not be forfeited under Code section 411(a)(3)(B) (relating to suspension of benefits on reemployment) or 411(a)(3)(D) (relating to withdrawal of mandatory contributions).

13.4 Minimum Vesting.

(a) **Required Vesting.** For any Plan Year in which this Plan is a Top-Heavy Plan, the minimum vesting schedule set forth in Section 13.4(b) will automatically apply to the Plan to the extent it provides a higher vested percentage than the regular vesting schedule set forth in Article 6. The minimum vesting schedule applies to all Account balances including amounts attributable to Plan Years before the effective date of Code section 416 and amounts attributable to Plan Years before the Plan became a Top-Heavy Plan. Further, no reduction in vested Account balances may occur in the event the Plan’s status as a Top-Heavy Plan changes for any Plan Year, and any change in the effective vesting schedule from the schedule set forth in Section 13.4(b) to the regular schedule set forth in Article 6 will be treated as an amendment subject to Section 15.1(a)(iii). However, this Section 13.4(a) does not apply to the Account balances of any Employee who does not have an Hour of Service after the Plan has initially become a Top-Heavy Plan, and such Employee’s Account balances will be determined without regard to this Section.

(b) **Minimum Vesting Schedule.**

Years of Service	Percentage Vested and Nonforfeitable
Less than 2	0
2 or more	100

ARTICLE 14

PARTICIPATION BY CONTROLLED GROUP MEMBERS

14.1 **Approval by the Company.** Any Controlled Group Member whose participation in the Plan is approved by the Company will become a Participating Employer. By participating in the Plan, the Participating Employer will be subject to all of the provisions of the Plan, the Trust Agreement and any related Plan documents.

14.2 **Effect of Participation by Controlled Group Member.** A Controlled Group Member that participates in the Plan pursuant will be deemed to be a Participating Employer for all purposes of the Plan, unless otherwise specified by the Company. In addition, the Company may provide, in its discretion, that the Employees of the Controlled Group Member will receive credit for their employment with the Controlled Group Member prior to the date it became a Controlled Group Member for purposes of determining either or both the eligibility of such Employees to participate in the Plan and the vested and nonforfeitable interest of such Employees in their Account balances provided that such credit will be applied in a uniform and nondiscriminatory manner with respect to all such Employees.

ARTICLE 15
AMENDMENT OF THE PLAN

15.1 Right to Amend the Plan.

(a) **In General.** The Company reserves to the Compensation Committee of the Board of Directors the right to amend the Plan at any time and from time to time to the extent it may deem advisable or appropriate, provided that (i) no amendment will increase the duties or liabilities of the Trustee without its written consent; (ii) no amendment will cause a reversion of Plan assets to the Participating Employers not otherwise permitted under the Plan; (iii) no amendment will have the effect of reducing the percentage of the vested and nonforfeitable interest of any Participant in his Account nor will the vesting provisions of the Plan be amended unless each Participant with at least three Years of Service (including Years of Service disregarded pursuant to the reemployment provisions (if any) of Article 6) is permitted to elect to continue to have the prior vesting provisions apply to him, within 60 days after the latest of the date on which the amendment is adopted, the date on which the amendment is effective, or the date on which the Participant is issued written notice of the amendment; and (iv) no amendment will be effective to the extent that it has the effect of decreasing a Participant's Account balance or eliminating an optional form of distribution as it applies to an existing Account balance.

(b) **Authority of the Board.** The Company also reserves to the Board of Directors the right to amend the Plan at any time and from time to time to the extent it may deem advisable or appropriate, subject to the limitations on amendments set forth in Section 15.1(a).

15.2 Amendment Procedure. Any amendment to the Plan will be made only pursuant to action of the Board or of the Compensation Committee of the Board. A certified copy of the resolutions adopting any amendment and a copy of the executed amendment will be delivered to the Trustee, the Committee and the Company. Upon such action by the Board or the Compensation Committee of the Board, the Plan will be deemed amended as of the date specified as the effective date by such action or in the instrument of amendment. The effective date of any amendment may be before, on or after the date of such action, except as otherwise set forth in Section 15.1.

15.3 Effect on Participating Employers. Unless an amendment expressly provides otherwise, all Participating Employers will be bound by any amendment to the Plan.

ARTICLE 16

TERMINATION, PARTIAL TERMINATION AND COMPLETE DISCONTINUANCE OF CONTRIBUTIONS

16.1 **Continuance of Plan.** The Participating Employers expect to continue the Plan indefinitely, but they do not assume an individual or collective contractual obligation to do so, and the right is reserved to the Company, by action of the Board, to terminate the Plan or to completely discontinue contributions thereto at any time. In addition, subject to remaining provisions of this Article, any Participating Employer at any time may discontinue its participation in the Plan with respect to its Employees.

16.2 **Complete Vesting.** If the Plan is terminated, or if there is a complete discontinuance of contributions to the Plan by the Participating Employers, the amounts allocated or to be allocated to the Accounts of all affected Participants will become 100% vested and nonforfeitable without regard to their Years of Service. For purposes of this Section 16.2, a Participant who has terminated employment and is not again an Employee at the time the Plan is terminated or there is a complete discontinuance of Participating Employer contributions will not be an affected Participant entitled to full vesting if the Participant had no vested interest in his Account balance attributable to Participating Employer contributions at his termination of employment. In the event of a partial termination of the Plan, the amounts allocable to the Accounts of those Participants who cease to participate on account of the facts and circumstances which result in the partial termination will become 100% vested and nonforfeitable without regard to their Years of Service.

16.3 **Disposition of the Trust Fund.** If the Plan is terminated, or if there is a complete discontinuance of contributions to the Plan, the Committee will instruct the Trustee either (i) to continue to administer the Plan and pay benefits in accordance with the Plan until the Trust Fund has been depleted, or (ii) to distribute the assets remaining in the Trust Fund, unless distribution is prohibited by Section 12.2. If the Trust Fund is to be distributed, the Committee will make, after deducting estimated expenses for termination of the Trust Fund and distribution of its assets, the allocations required under the Plan as though the date of completion of the Trust Fund termination were a Valuation Date. The Trustee will distribute to each Participant the amount credited to his Account as of the date of completion of the Trust Fund termination.

16.4 **Withdrawal by a Participating Employer.** A Participating Employer may withdraw from participation in the Plan or completely discontinue contributions to the Plan only with the approval of the Board. If any Participating Employer withdraws from the Plan or completely discontinues contributions to the Plan, a copy of the resolutions of the board of directors of the Participating Employer adopting such action, certified by the secretary of such board of directors and reflecting approval by the Board, will be delivered to the Committee as soon as it is administratively feasible to do so, and the Committee will communicate such action to the Trustee and to the Employees of the Participating Employer.

ARTICLE 17
MISCELLANEOUS

17.1 Reversion Prohibited.

(a) **General Rule.** Except as otherwise provided in this Section 17.1, it will be impossible for any part of the Trust Fund either (i) to be used for or diverted to purposes other than those which are for the exclusive benefit of Participants and their Beneficiaries (except for the payment of taxes and administrative expenses), or (ii) to revert to a Controlled Group Member.

(b) **Failure to Qualify.** In the event the Commissioner of Internal Revenue determines that the Plan is not initially qualified under the Code, contributions made by the Participating Employers may be returned to the Participating Employers within one year after the date of such determination, provided the Company has applied for a determination letter as to the qualified status of the Plan by the time prescribed for filing the Company's federal income tax return for the Company's taxable year in which the Plan is adopted or such later date as the Secretary of the Treasury may prescribe.

(c) **Disallowed Contributions.** Each contribution of the Participating Employers under the Plan is expressly conditioned upon the deductibility of the contribution under Code section 404. If all or part of a Participating Employer's contribution is disallowed as a deduction under Code section 404, such disallowed amount (excluding any Trust Fund earnings but reduced by any Trust Fund losses attributable thereto) may be returned by the Trustee to the Participating Employer with respect to which the deduction was disallowed (upon the direction of the Committee) within one year after the disallowance.

(d) **Mistaken Contributions.** If a contribution is made by a Participating Employer by reason of a mistake of fact, then so much of the contribution as was made as a result of the mistake (excluding any Trust Fund earnings but reduced by any Trust Fund losses attributable thereto) may be returned by the Trustee to the Participating Employer (upon direction of the Committee) within one year after the mistaken contribution was made.

17.2 Bonding, Insurance and Indemnity.

(a) **Bonding.** To the extent required under ERISA, the Participating Employers will obtain, pay for and keep current a bond or bonds with respect to each Committee member and each Employee who receives, handles, disburses, or otherwise exercises custody or control of, any of the assets of the Plan.

(b) **Insurance.** The Participating Employers, in their discretion, may obtain, pay for and keep current a policy or policies of insurance, insuring the Committee members, the members of the board of directors of each Participating Employer and other Employees to whom any fiduciary responsibility with respect to the administration of the Plan has been delegated against any and all costs, expenses and liabilities (including attorneys' fees) incurred by such

persons as a result of any act, or omission to act, in connection with the performance of their duties, responsibilities and obligations under the Plan and any applicable law.

(c) **Indemnity.** If the Participating Employers do not obtain, pay for and keep current the type of insurance policy or policies referred to in Section 17.2(b), or if such insurance is provided but any of the parties referred to in Section 17.2(b) incur any costs or expenses which are not covered under such policies, then the Participating Employers will indemnify and hold harmless, to the extent permitted by law, such parties against any and all costs, expenses and liabilities (including attorneys' fees) incurred by such parties in performing their duties and responsibilities under this Plan, provided that such party or parties were acting in good faith within what was reasonably believed to have been the best interests of the Plan and its Participants.

17.3 Merger, Consolidation or Transfer of Assets. There will be no merger or consolidation of all or any part of the Plan with, or transfer of the assets or liabilities of all or any part of the Plan to, any other Qualified Plan unless each Participant who remains a Participant hereunder and each Participant who becomes a participant in the other Qualified Plan would receive a benefit immediately after the merger, consolidation or transfer (determined as if the other Qualified Plan and the Plan were then terminated) which is equal to or greater than the benefit they would have been entitled to receive under the Plan immediately before the merger, consolidation or transfer if the Plan had then terminated.

17.4 Spendthrift Clause. The rights of any Participant or Beneficiary to and in any benefits under the Plan will not be subject to assignment or alienation, and no Participant or Beneficiary will have the power to assign, transfer or dispose of such rights, nor will any such rights to benefits be subject to attachment, execution, garnishment, sequestration, the laws of bankruptcy or any other legal or equitable process. This Section 17.4 will not apply to a "qualified domestic relations order." A "qualified domestic relations order" means a judgment, decree or order made pursuant to a state domestic relations law which satisfies the requirements of Code section 414(p). Payment to an Alternate Payee will be made in an immediate lump sum payment, if the order so provides.

17.5 Rights of Participants. Participation in the Plan will not give any Participant the right to be retained in the employ of a Controlled Group Member or any right or interest in the Plan or the Trust Fund except as expressly provided herein.

17.6 Electronic Media. Notwithstanding any provision of the Plan to the contrary, including any provision which requires the use of a written instrument, to the extent permitted by applicable law, the Committee may establish procedures for the use of electronic media in communications and transactions between the Plan or the Committee and Participants and Beneficiaries. Electronic media may include, but are not limited to, electronic mail, the Internet, intranet systems and automated telephonic response systems.

17.7 Gender, Tense and Headings. Whenever any words are used herein in the masculine gender, they will be construed as though they were also used in the feminine gender in all cases where they would so apply. Whenever any words used herein are in the singular form, they will be construed as though they were also used in the plural form in all cases where they

would so apply. Headings of Articles, Sections and subsections as used herein are inserted solely for convenience and reference and constitute no part of the Plan.

17.8 Governing Law. The Plan will be construed and governed in all respects in accordance with applicable federal law and, to the extent not preempted by such federal law, in accordance with the laws of the State of Texas, including without limitation, the Texas statute of limitations, but without giving effect to the principles of conflicts of laws of such State.

Executed at Dallas, Texas, this 1 day of February, 2008.

A. H. BELO CORPORATION

By/s/ Alison K. Engel

Name: Alison K. Engel

Title: Senior Vice President/Chief Financial Officer

**APPENDIX A
PARTICIPATING EMPLOYERS
AS OF FEBRUARY 5, 2008**

A. H. Belo Corporation
Al Dia, Inc.
Belo Interactive, Inc.
The Dallas Morning News, Inc.
Denton Publishing Company
DFW Printing Company, Inc.
Press-Enterprise Company
The Providence Journal Company
Rhode Island Monthly Communications, Inc.
TDMN New Products, Inc.

A. H. BELO
2008 INCENTIVE COMPENSATION PLAN

A. H. BELO
2008 INCENTIVE COMPENSATION PLAN

SECTION	<u>PAGE</u>
1. Purpose	1
2. Term	1
3. Definitions	1
4. Shares Available Under Plan	6
5. Limitations on Awards	6
6. Stock Options	7
7. Appreciation Rights	8
8. Restricted Shares	10
9. Restricted Stock Units	11
10. Performance Shares and Performance Units	11
11. Incentive Compensation Plan Bonuses	12
12. Awards for Directors	13
13. Transferability	15
14. Adjustments	15
15. Fractional Shares	15
16. Withholding Taxes	15
17. Administration of the Plan	15
18. Amendments and Other Matters	16
19. Governing Law	17

A. H. BELO
2008 INCENTIVE COMPENSATION PLAN

A. H. Belo Corporation, a Delaware corporation (“A. H. Belo”), establishes the A. H. Belo 2008 Incentive Compensation Plan (the “Plan”), effective as of the date on which Belo Corp. distributes to its shareholders all of the common stock of A. H. Belo (the “Distribution Date”).

1. **Purpose.** The purpose of the Plan is to attract and retain the best available talent and encourage the highest level of performance by directors, executive officers and selected employees, and to provide them incentives to put forth maximum efforts for the success of A. H. Belo’s business, in order to serve the best interests of A. H. Belo and its shareholders.

2. **Term.** The Plan will expire on the tenth anniversary of the Distribution Date.

3. **Definitions.** The following terms, when used in the Plan with initial capital letters, will have the following meanings:

(a) **Appreciation Right** means a right granted pursuant to Section 7.

(b) **Award** means the award of an Incentive Compensation Plan Bonus; the grant of Appreciation Rights, Stock Options, Performance Shares or Performance Units; or the grant or sale of Restricted Shares or Restricted Stock Units.

(c) **Board** means the Board of Directors of A. H. Belo.

(d) **Change in Control** means the occurrence of any of the following:

(i) individuals who, as of the effective date of the Plan, were members of the Board (the “Incumbent Directors”) cease for any reason to constitute at least a majority of the Board; provided, however, that any individual becoming a director after the effective date of the Plan whose election, or nomination for election, by A. H. Belo’s shareholders was approved by a vote of at least a majority of the Incumbent Directors will be considered as though such individual were an Incumbent Director, other than any such individual whose assumption of office after the effective date of the Plan occurs as a result of an actual or threatened proxy contest with respect to election or removal of directors or other actual or threatened solicitation of proxies or consents by or on behalf of a “person” (as such term is used in Section 13(d) of the Exchange Act) (each, a “Person”), other than the Board;

(ii) the consummation of (A) a merger, consolidation or similar form of corporate transaction involving A. H. Belo (each of the events referred to in this clause (A) being hereinafter referred to as a “Reorganization”) or (B) a sale or other disposition of all or substantially all the assets of A. H. Belo (a “Sale”), unless, immediately following such Reorganization or Sale, (1) all or substantially all the individuals and entities who were the “beneficial owners” (as such term is

defined in Rule 13d-3 under the Exchange Act (or a successor rule thereto)) of shares of A. H. Belo's common stock or other securities eligible to vote for the election of the Board outstanding immediately prior to the consummation of such Reorganization or Sale (such securities, the "Company Voting Securities") beneficially own, directly or indirectly, more than 60% of the combined voting power of the then outstanding voting securities of the corporation or other entity resulting from such Reorganization or Sale (including a corporation or other entity that, as a result of such transaction, owns A. H. Belo or all or substantially all of A. H. Belo's assets either directly or through one or more subsidiaries) (the "Continuing Entity") in substantially the same proportions as their ownership, immediately prior to the consummation of such Reorganization or Sale, of the outstanding Company Voting Securities (excluding any outstanding voting securities of the Continuing Entity that such beneficial owners hold immediately following the consummation of the Reorganization or Sale as a result of their ownership prior to such consummation of voting securities of any corporation or other entity involved in or forming part of such Reorganization or Sale other than A. H. Belo or a Subsidiary), (2) no Person (excluding any employee benefit plan (or related trust) sponsored or maintained by the Continuing Entity or any corporation or other entity controlled by the Continuing Entity) beneficially owns, directly or indirectly, 30% or more of the combined voting power of the then outstanding voting securities of the Continuing Entity and (3) at least a majority of the members of the board of directors or other governing body of the Continuing Entity were Incumbent Directors at the time of the execution of the definitive agreement providing for such Reorganization or Sale or, in the absence of such an agreement, at the time at which approval of the Board was obtained for such Reorganization or Sale;

(iii) the shareholders of A. H. Belo approve a plan of complete liquidation or dissolution of A. H. Belo; or

(iv) any Person, corporation or other entity or group (within the meaning of Section 13(d)(3) or 14(d)(2) of the Exchange Act) becomes the beneficial owner, directly or indirectly, of securities of A. H. Belo representing 30% or more of the combined voting power of the Company Voting Securities; provided, however, that for purposes of this subparagraph (iv), the following acquisitions will not constitute a Change in Control: (A) any acquisition directly from A. H. Belo, (B) any acquisition by A. H. Belo or any Subsidiary, (C) any acquisition by any employee benefit plan (or related trust) sponsored or maintained by A. H. Belo or any Subsidiary, (D) any acquisition by an underwriter temporarily holding such Company Voting Securities pursuant to an offering of such securities or (E) any acquisition pursuant to a Reorganization or Sale that does not constitute a Change in Control for purposes of Section 3(d)(ii).

For purposes of applying the provisions of Section 3(d)(ii)(B)(2) and Section 3(d)(iv) at any time on or after the Effective Date, neither Robert W. Decherd nor any Person holding voting securities of the Continuing Entity or Company Voting Securities, as applicable, over which Robert W. Decherd has sole or shared voting power

will be considered to be the beneficial owner of 30% or more of such voting securities or Company Voting Securities.

(e) **Code** means the Internal Revenue Code of 1986, as in effect from time to time.

(f) **Committee** means the Compensation Committee of the Board and, to the extent the administration of the Plan has been assumed by the Board pursuant to Section 17, the Board.

(g) **Common Stock** means the Series A Common Stock, par value \$.01 per share, and the Series B Common Stock, par value \$.01 per share, of A. H. Belo or any security into which such Common Stock may be changed by reason of any transaction or event of the type described in Section 14. Shares of Common Stock issued or transferred pursuant to the Plan will be shares of Series A Common Stock or Series B Common Stock, as determined by the Committee in its discretion. Notwithstanding the foregoing, the Committee will not authorize the issuance or transfer of Series B Common Stock if the Committee determines that such issuance or transfer would cause the Series A Common Stock to be excluded from trading in the principal market in which the Common Stock is then traded.

(h) **Date of Grant** means (i) with respect to Participants, the date specified by the Committee on which an Award will become effective and (ii) with respect to Directors, the date specified in Section 12.

(i) **Director** means a member of the Board who is not a regular full-time employee of A. H. Belo or any Subsidiary.

(j) **Evidence of Award** means an agreement, certificate, resolution or other type or form of writing or other evidence approved by the Committee which sets forth the terms and conditions of an Award. An Evidence of Award may be in any electronic medium, may be limited to a notation on the books and records of A. H. Belo and need not be signed by a representative of A. H. Belo or a Participant or a Director.

(k) **Exchange Act** means the Securities Exchange Act of 1934, as amended.

(l) **Grant Price** means the price per share of Common Stock at which an Appreciation Right not granted in tandem with a Stock Option is granted.

(m) **Incentive Compensation Plan Bonus** means an award of annual incentive compensation made pursuant to and subject to the conditions set forth in Section 11.

(n) **Management Objectives** means the measurable performance objectives, if any, established by the Committee for a Performance Period that are to be achieved with respect to an Award. Management Objectives may be described in terms of company-wide objectives (*i.e.*, the performance of A. H. Belo and all of its Subsidiaries) or in terms of objectives that are related to the performance of the individual Participant

or of the division, Subsidiary, department, region or function within A. H. Belo or a Subsidiary in which the Participant receiving the Award is employed or on which the Participant's efforts have the most influence. The achievement of the Management Objectives established by the Committee for any Performance Period will be determined without regard to the effect on such Management Objectives of any acquisition or disposition by A. H. Belo of a trade or business, or of substantially all of the assets of a trade or business, during the Performance Period and without regard to any change in accounting standards by the Financial Accounting Standards Board or any successor entity and without regard to changes in applicable tax laws.

The Management Objectives applicable to any Award to a Participant who is, or is determined by the Committee to be likely to become, a "covered employee" within the meaning of Section 162(m) of the Code (or any successor provision) will be limited to specified levels of, growth in, or performance relative to performance standards set by the Compensation Committee relating to or peer company performance in, one or more of the following performance measures (excluding the effect of extraordinary or nonrecurring items):

- (i) earnings per share;
- (ii) earnings before interest, taxes, depreciation and amortization (EBITDA);
- (iii) net income;
- (iv) net operating profit;
- (v) revenue;
- (vi) operating margins;
- (vii) share price;
- (viii) total shareholder return (measured as the total of the appreciation of and dividends declared on the Common Stock);
- (ix) return on invested capital;
- (x) return on shareholder equity;
- (xi) return on assets;
- (xii) working capital targets;
- (xiii) cost reduction;
- (xiv) debt reduction; and
- (xv) industry specific measures of audience or revenue share.

If the Committee determines that, as a result of a change in the business, operations, corporate structure or capital structure of A. H. Belo (other than an acquisition or disposition described in the first paragraph of this Section 3(n) or the manner in which A. H. Belo conducts its business, or any other events or circumstances, the Management Objectives are no longer suitable, the Committee may in its discretion modify such Management Objectives or the related minimum acceptable level of achievement, in whole or in part, with respect to a Performance Period as the Committee deems appropriate and equitable, except where such action would result in the loss of the otherwise available exemption of the Award under Section 162(m) of the Code. In such case, the Committee will not make any modification of the Management Objectives or minimum acceptable level of achievement.

(o) **Market Value per Share** means, at any date, the closing sale price of the Common Stock on that date (or, if there are no sales on that date, the last preceding date on which there was a sale) in the principal market in which the Common Stock is traded.

(p) **Option Price** means the purchase price per share payable on exercise of a Stock Option.

(q) **Participant** means a person who is selected by the Committee to receive benefits under the Plan and who is at that time (i) an executive officer or other key employee of A. H. Belo or any Subsidiary or (ii) the holder of a stock option or restricted stock units issued by Belo Corp. to whom A. H. Belo is obligated to issue a Stock Option and/or Restricted Stock Units pursuant to the terms of that certain Employee Matters Agreement dated as of the Distribution Date by and between Belo Corp. and A. H. Belo.

(r) **Performance Share** means a bookkeeping entry that records the equivalent of one share of Common Stock awarded pursuant to Section 10.

(s) **Performance Period** means, with respect to an Award, a period of time within which the Management Objectives relating to such Award are to be measured. The Performance Period for an Incentive Compensation Plan Bonus will be a period of 12 months, and, unless otherwise expressly provided in the Plan, the Performance Period for all other Awards will be established by the Committee at the time of the Award.

(t) **Performance Unit** means a unit equivalent to \$100 (or such other value as the Committee determines) granted pursuant to Section 10.

(u) **Restricted Shares** means shares of Common Stock granted or sold pursuant to Section 8 as to which neither the ownership restrictions nor the restrictions on transfer have expired.

(v) **Restricted Stock Units** means an award pursuant to Section 9 of the right to receive shares of Common Stock at the end of a specified deferral period, subject to the satisfaction of certain conditions.

(w) **Rule 16b-3** means Rule 16b-3 under Section 16 of the Exchange Act (or any successor rule to the same effect), as in effect from time to time.

(x) **Spread** means the excess of the Market Value per Share on the date an Appreciation Right is exercised over (i) the Option Price provided for in the Stock Option granted in tandem with the Appreciation Right or (ii) if there is no tandem Stock Option, the Grant Price provided for in the Appreciation Right, in either case multiplied by the number of shares of Common Stock in respect of which the Appreciation Right is exercised.

(y) **Stock Option** means the right to purchase shares of Common Stock upon exercise of an option granted pursuant to Section 6.

(z) **Subsidiary** means (i) any corporation of which at least 50% of the total combined voting power of all outstanding shares of stock is owned directly or indirectly by A. H. Belo, (ii) any partnership of which at least 50% of the profits interest or capital interest is owned directly or indirectly by A. H. Belo and (iii) any other entity of which at least 50% of the total equity interest is owned directly or indirectly by A. H. Belo.

4. Shares Available Under Plan. The number of shares of Common Stock that may be issued or transferred (i) upon the exercise of Appreciation Rights or Stock Options, (ii) as Restricted Shares and released from all restrictions, (iii) as Restricted Stock Units, (iv) in payment of Performance Shares, Performance Units or Incentive Compensation Plan Bonuses will not exceed in the aggregate 8 million shares. Such shares may be shares of original issuance or treasury shares or a combination of the foregoing. The number of shares of Common Stock available under this Section 4 will be subject to adjustment as provided in Section 14 and will be further adjusted to include shares that (i) relate to Awards that expire or are forfeited or (ii) are transferred, surrendered or relinquished to or withheld by A. H. Belo in satisfaction of any Option Price or in satisfaction of any tax withholding amount. Upon payment in cash of the benefit provided by any Award, any shares that were covered by that Award will again be available for issue or transfer under the Plan.

5. Limitations on Awards. Awards under the Plan will be subject to the following limitations:

(a) No more than an aggregate of 4 million shares of Common Stock, subject to adjustment as provided in Section 4, will be issued or transferred as Restricted Shares and Restricted Stock Units (excluding the award of any Restricted Shares or Restricted Stock Units to Directors pursuant to Section 12).

(b) No more than 8 million shares of Common Stock, subject to adjustment only as provided in Section 14, will be issued pursuant to Stock Options that are intended to qualify as incentive stock options under Section 422 of the Code.

(c) The maximum aggregate number of shares of Common Stock that may be subject to Stock Options, Appreciation Rights, Restricted Stock Units, Performance Shares or Restricted Shares granted or sold to a Participant during any calendar year will not exceed 800,000 shares, subject to adjustment only as provided in Section 14. The foregoing limitation will apply without regard to whether the applicable Award is settled in cash or in shares of Common Stock.

(d) The maximum aggregate cash value of payments to any Participant for any Performance Period pursuant to an award of Performance Units will not exceed \$5 million.

(e) The payment of an Incentive Compensation Plan Bonus to any Participant will not exceed \$5 million.

6. Stock Options. The Committee may from time to time authorize grants to any Participant and, subject to Section 12, to any Director of options to purchase shares of Common Stock upon such terms and conditions as it may determine in accordance with this Section 6. Each grant of Stock Options may utilize any or all of the authorizations, and will be subject to all of the requirements, contained in the following provisions:

(a) Each grant will specify the number of shares of Common Stock to which it relates.

(b) Each grant will specify the Option Price, which will not be less than 100% of the Market Value per Share on the Date of Grant.

(c) Each grant will specify whether the Option Price will be payable (i) in cash or by check acceptable to A. H. Belo, (ii) by the actual or constructive transfer to A. H. Belo of shares of Common Stock owned by the Participant or Director for at least six months (or, with the consent of the Committee, for less than six months) having an aggregate Market Value per Share at the date of exercise equal to the aggregate Option Price, (iii) with the consent of the Committee, by authorizing A. H. Belo to withhold a number of shares of Common Stock otherwise issuable to the Participant or Director having an aggregate Market Value per Share on the date of exercise equal to the aggregate Option Price or (iv) by a combination of such methods of payment; provided, however, that the payment methods described in clauses (ii) and (iii) will not be available at any time that A. H. Belo is prohibited from purchasing or acquiring such shares of Common Stock.

(d) To the extent permitted by law, any grant may provide for deferred payment of the Option Price from the proceeds of sale through a bank or broker of some or all of the shares to which such exercise relates.

(e) Successive grants may be made to the same Participant or Director whether or not any Stock Options or other Awards previously granted to such Participant or Director remain unexercised or outstanding.

(f) Each grant will specify the required period or periods of continuous service by the Participant or Director with A. H. Belo or any Subsidiary that are necessary before the Stock Options or installments thereof will become exercisable.

(g) Any grant may specify the Management Objectives that must be achieved as a condition to the exercise of the Stock Options.

(h) Any grant may provide for the earlier exercise of the Stock Options in the event of a Change in Control or other similar transaction or event.

(i) Stock Options may be (i) options which are intended to qualify under particular provisions of the Code, (ii) options which are not intended to so qualify or (iii) combinations of the foregoing.

(j) On or after the Date of Grant, the Committee may provide for the payment to the Participant or Director of dividend equivalents thereon in cash or Common Stock on a current, deferred or contingent basis.

(k) No Stock Option will be exercisable more than ten years from the Date of Grant.

(l) The Committee will have the right to substitute Appreciation Rights for outstanding Options granted to one or more Participants or Directors, provided the terms and the economic benefit of the substituted Appreciation Rights are at least equivalent to the terms and economic benefit of such Options, as determined by the Committee in its discretion.

(m) Any grant may provide for the effect on the Stock Options or any shares of Common Stock issued, or other payment made, with respect to the Stock Options of any conduct of the Participant determined by the Committee to be injurious, detrimental or prejudicial to any significant interest of A. H. Belo or any Subsidiary.

(n) Each grant will be evidenced by an Evidence of Award, which may contain such terms and provisions, consistent with the Plan, as the Committee may approve, including without limitation provisions relating to the Participant's termination of employment or Director's termination of service by reason of retirement, death, disability or otherwise.

7. Appreciation Rights. The Committee may also from time to time authorize grants to any Participant and, subject to Section 12, to any Director of Appreciation Rights upon such terms and conditions as it may determine in accordance with this Section 7. Appreciation Rights may be granted in tandem with Stock Options or separate and apart from a grant of Stock Options. An Appreciation Right will be a right of the Participant or Director to receive from A. H. Belo upon exercise an amount which will be determined by the Committee at the Date of Grant and will be expressed as a percentage of the Spread (not exceeding 100%) at the time of exercise. An Appreciation Right granted in tandem with a Stock Option may be exercised only by surrender of the related Stock Option. Each grant of an Appreciation Right may utilize any or all of the authorizations, and will be subject to all of the requirements, contained in the following provisions:

(a) Each grant will state whether it is made in tandem with Stock Options and, if not made in tandem with any Stock Options, will specify the number of shares of Common Stock in respect of which it is made.

(b) Each grant made in tandem with Stock Options will specify the Option Price and each grant not made in tandem with Stock Options will specify the Grant Price, which in either case will not be less than 100% of the Market Value per Share on the Date of Grant.

(c) Any grant may provide that the amount payable on exercise of an Appreciation Right may be paid (i) in cash, (ii) in shares of Common Stock having an aggregate Market Value per Share equal to the Spread or (iii) in a combination thereof, as determined by the Committee in its discretion.

(d) Any grant may specify that the amount payable to the Participant or Director on exercise of an Appreciation Right may not exceed a maximum amount specified by the Committee at the Date of Grant (valuing shares of Common Stock for this purpose at their Market Value per Share at the date of exercise).

(e) Successive grants may be made to the same Participant or Director whether or not any Appreciation Rights or other Awards previously granted to such Participant or Director remain unexercised or outstanding.

(f) Each grant will specify the required period or periods of continuous service by the Participant or Director with A. H. Belo or any Subsidiary that are necessary before the Appreciation Rights or installments thereof will become exercisable, and will provide that no Appreciation Rights may be exercised except at a time when the Spread is positive and, with respect to any grant made in tandem with Stock Options, when the related Stock Options are also exercisable.

(g) Any grant may specify the Management Objectives that must be achieved as a condition to the exercise of the Appreciation Rights.

(h) Any grant may provide for the earlier exercise of the Appreciation Rights in the event of a Change in Control or other similar transaction or event.

(i) On or after the Date of Grant, the Committee may provide for the payment to the Participant or Director of dividend equivalents thereon in cash or Common Stock on a current, deferred or contingent basis.

(j) No Appreciation Right will be exercisable more than ten years from the Date of Grant.

(k) Any grant may provide for the effect on the Appreciation Rights or any shares of Common Stock issued, or other payment made, with respect to the Appreciation Rights of any conduct of the Participant determined by the Committee to be injurious, detrimental or prejudicial to any significant interest of A. H. Belo or any Subsidiary.

(l) Each grant will be evidenced by an Evidence of Award, which may contain such terms and provisions, consistent with the Plan, as the Committee may approve, including without limitation provisions relating to the Participant's termination

of employment or Director's termination of service by reason of retirement, death, disability or otherwise.

8. Restricted Shares. The Committee may also from time to time authorize grants or sales to any Participant and, subject to Section 12, to any Director of Restricted Shares upon such terms and conditions as it may determine in accordance with this Section 8. Each grant or sale will constitute an immediate transfer of the ownership of shares of Common Stock to the Participant or Director in consideration of the performance of services, entitling such Participant or Director to voting and other ownership rights, but subject to the restrictions set forth in this Section 8. Each such grant or sale may utilize any or all of the authorizations, and will be subject to all of the requirements, contained in the following provisions:

(a) Each grant or sale may be made without additional consideration or in consideration of a payment by the Participant or Director that is less than the Market Value per Share at the Date of Grant, except as may otherwise be required by the Delaware General Corporation Law.

(b) Each grant or sale may limit the Participant's or Director's dividend rights during the period in which the shares of Restricted Shares are subject to any such restrictions.

(c) Each grant or sale will provide that the Restricted Shares will be subject, for a period to be determined by the Committee at the Date of Grant, to one or more restrictions, including without limitation a restriction that constitutes a "substantial risk of forfeiture" within the meaning of Section 83 of the Code and the regulations of the Internal Revenue Service under such section.

(d) Any grant or sale may specify the Management Objectives that, if achieved, will result in the termination or early termination of the restrictions applicable to the shares.

(e) Any grant or sale may provide for the early termination of any such restrictions in the event of a Change in Control or other similar transaction or event.

(f) Each grant or sale will provide that during the period for which such restriction or restrictions are to continue, the transferability of the Restricted Shares will be prohibited or restricted in a manner and to the extent prescribed by the Committee at the Date of Grant (which restrictions may include without limitation rights of repurchase or first refusal in favor of A. H. Belo or provisions subjecting the Restricted Shares to continuing restrictions in the hands of any transferee).

(g) Any grant or sale may provide for the effect on the Restricted Shares or any shares of Common Stock issued free of restrictions, or other payment made, with respect to the Restricted Shares of any conduct of the Participant determined by the Committee to be injurious, detrimental or prejudicial to any significant interest of A. H. Belo or any Subsidiary.

(h) Each grant or sale will be evidenced by an Evidence of Award, which may contain such terms and provisions, consistent with the Plan, as the Committee may approve, including without limitation provisions relating to the Participant's termination of employment or Director's termination of service by reason of retirement, death, disability or otherwise.

9. Restricted Stock Units. The Committee may also from time to time authorize grants or sales to any Participant and, subject to Section 12, to any Director of Restricted Stock Units upon such terms and conditions as it may determine in accordance with this Section 9. Each grant or sale will constitute the agreement by A. H. Belo to issue or transfer shares of Common Stock to the Participant or Director in the future in consideration of the performance of services, subject to the fulfillment of such conditions as the Committee may specify. Each such grant or sale may utilize any or all of the authorizations, and will be subject to all of the requirements, contained in the following provisions:

(a) Each grant or sale may be made without additional consideration from the Participant or Director or in consideration of a payment by the Participant or Director that is less than the Market Value per Share on the Date of Grant, except as may otherwise be required by the Delaware General Corporation Law.

(b) Each grant or sale will provide that the Restricted Stock Units will be subject to a deferral period, which will be fixed by the Committee on the Date of Grant, and any grant or sale may provide for the earlier termination of such period in the event of a Change in Control or other similar transaction or event.

(c) During the deferral period, the Participant or Director will not have any right to transfer any rights under the Restricted Stock Units, will not have any rights of ownership in the Restricted Stock Units and will not have any right to vote the Restricted Stock Units, but the Committee may on or after the Date of Grant authorize the payment of dividend equivalents on such shares in cash or Common Stock on a current, deferred or contingent basis.

(d) Any grant or sale may provide for the effect on the Restricted Stock Units or any shares of Common Stock issued free of restrictions, or other payment made, with respect to the Restricted Stock Units of any conduct of the Participant determined by the Committee to be injurious, detrimental or prejudicial to any significant interest of A. H. Belo or any Subsidiary.

(e) Each grant or sale will be evidenced by an Evidence of Award, which will contain such terms and provisions as the Committee may determine consistent with the Plan, including without limitation provisions relating to the Participant's termination of employment or Director's termination of service by reason of retirement, death, disability or otherwise.

10. Performance Shares and Performance Units. The Committee may also from time to time authorize grants to any Participant and, subject to Section 12, to any Director of Performance Shares and Performance Units, which will become payable upon achievement of

specified Management Objectives, upon such terms and conditions as it may determine in accordance with this Section 10. Each such grant may utilize any or all of the authorizations, and will be subject to all of the requirements, contained in the following provisions:

- (a) Each grant will specify the number of Performance Shares or Performance Units to which it relates.
- (b) The Performance Period with respect to each Performance Share and Performance Unit will be determined by the Committee at the time of grant.
- (c) Each grant will specify the Management Objectives that, if achieved, will result in the payment of the Performance Shares or Performance Units.
- (d) Each grant will specify the time and manner of payment of Performance Shares or Performance Units which have become payable, which payment may be made in (i) cash, (ii) shares of Common Stock having an aggregate Market Value per Share equal to the aggregate value of the Performance Shares or Performance Units which have become payable or (iii) any combination thereof, as determined by the Committee in its discretion at the time of payment.
- (e) Any grant of Performance Shares may specify that the amount payable with respect thereto may not exceed a maximum specified by the Committee on the Date of Grant. Any grant of Performance Units may specify that the amount payable, or the number of shares of Common Stock issued, with respect to the Performance Units may not exceed maximums specified by the Committee on the Date of Grant.
- (f) On or after the Date of Grant, the Committee may provide for the payment to the Participant or Director of dividend equivalents on Performance Shares in cash or Common Stock on a current, deferred or contingent basis.
- (g) Any grant may provide for the effect on the Performance Shares or Performance Units or any shares of Common Stock issued, or other payment made, with respect to the Performance Shares or Performance Units of any conduct of the Participant determined by the Committee to be injurious, detrimental or prejudicial to any significant interest of A. H. Belo or any Subsidiary.
- (h) Each grant will be evidenced by an Evidence of Award, which will contain such terms and provisions as the Committee may determine consistent with the Plan, including without limitation provisions relating to the payment of the Performance Shares or Performance Units in the event of a Change in Control or other similar transaction or event and provisions relating to the Participant's termination of employment or Director's termination of service by reason of retirement, death, disability or otherwise.

11. Incentive Compensation Plan Bonuses. The Committee may from time to time authorize payment of annual incentive compensation in the form of an Incentive Compensation Plan Bonus to a Participant, which will become payable upon achievement of specified

Management Objectives. Incentive Compensation Plan Bonuses will be payable upon such terms and conditions as the Committee may determine, subject to the following provisions:

(a) The Committee will specify the Management Objectives that, if achieved, will result in the payment of the Incentive Compensation Plan Bonus.

(b) The amount of the Incentive Compensation Plan Bonus will be determined by the Committee based on the level of achievement of the specified Management Objectives. The Incentive Compensation Plan Bonus will be paid to the Participant following the close of the calendar year in which the Performance Period relating to the Incentive Compensation Plan Bonus ends, but not later than the 15th day of the third month following the end of such calendar year, provided the Participant continues to be employed by A. H. Belo or a Subsidiary on the Incentive Compensation Plan Bonus payment date (unless such employment condition is waived by A. H. Belo).

(c) Payment of the Incentive Compensation Plan Bonus may be made in (i) cash, (ii) shares of Common Stock having an aggregate Market Value per Share equal to the aggregate value of the Incentive Compensation Plan Bonus which has become payable or (iii) any combination thereof, as determined by the Committee in its discretion at the time of payment.

(d) If a Change in Control occurs during a Performance Period, the Incentive Compensation Plan Bonus payable to each Participant for the Performance Period will be determined at the target level of achievement of the Management Objectives, without regard to actual performance, or, if greater, at the actual level of achievement at the time of the closing of the Change in Control, in both instances without proration for less than a full Performance Period. The Incentive Compensation Bonus will be paid not later than 60 days after the closing of the Change in Control.

(e) Each grant may be evidenced by an Evidence of Award, which will contain such terms and provisions as the Committee may determine consistent with the Plan, including without limitation provisions relating to the Participant's termination of employment by reason of retirement, death, disability or otherwise.

12. Awards for Directors.

(a) On the date of (i) the 2008 annual meeting of Belo Corp. shareholders and (ii) each annual meeting of A. H. Belo shareholders occurring after 2008, or such other time as the Compensation Committee determines and approves, each Director will be granted (i) an Award that has a fair market value (as hereinafter determined) on the Date of Grant equal to 50% of the Director's annual compensation from A. H. Belo and (ii) if the Director so elects, an Award that has a fair market value on the Date of Grant equal to all or any portion of the Director's remaining annual compensation from A. H. Belo. Any such election will be irrevocable when made and, to the extent the Director's election will result in a deferral of compensation subject to Section 409A of the Code, must be made by the Director in writing no later than the last day of the calendar year immediately preceding the calendar year in which the date of the annual shareholders

meeting occurs. The form of the Award will be determined by the Committee in its discretion; provided, however, that unless the Committee determines and approves otherwise, Awards made to Directors will be in the form of Stock Options. For purposes of this Section 12, the date of an annual meeting of shareholders of A. H. Belo is the date on which the meeting is convened.

(b) An Award granted to a Director pursuant to this Section 12 will constitute payment of all or a portion of the Director's annual compensation for services to be performed by the Director for the 12-month period beginning on the date of the annual meeting of shareholders on which the Award is granted. If, however, a Director is elected to the Board as of a date other than the date of an annual meeting of A. H. Belo shareholders, (i) the Director's annual compensation will be prorated based on the number of days remaining in the year in which the Director is elected to the Board (for this purpose the year will begin on the date of the annual meeting of shareholders immediately preceding the date of the Director's election to the Board) and (ii) 50% of the Director's prorated annual compensation will be paid in the form of an Award valued on the date of the Director's election to the Board, subject to the Director's election to receive up to 100% of his or her prorated annual compensation in the form of an Award valued on such date. Any such election will be irrevocable when made; and to the extent the Director's election will result in a deferral of compensation subject to Section 409A of the Code, must be made no later than 30 days after the date of the Director's election to the Board and will apply only to compensation paid for services to be performed by the Director after the date of his written election. Any portion of a Director's compensation from A. H. Belo that is not paid to the Director in the form of an Award will be paid in cash on the date of the annual meeting of shareholders or the date of the Director's election to the Board, as applicable.

(c) For purposes of this Section 12:

(i) the fair market value of a Stock Option or an Appreciation Right awarded to a Director will be determined by the Committee using the Black-Scholes Option Pricing Model; a generally accepted binomial pricing model that takes into account as of the Date of Grant (A) the Option Price or Grant Price, as applicable, (B) the expected term of the Stock Option or Appreciation Right, (C) the Market Value per Share of the Common Stock on the Date of Grant, (D) the volatility of the Common Stock, (E) the expected dividends on the Common Stock and (F) the risk-free interest rate for the expected term of the Stock Option or Appreciation Right; or any other pricing model used by A. H. Belo to value Stock Options for financial reporting purposes;

(ii) the fair market value of a Restricted Stock Unit, a Restricted Share or a Performance Share awarded to a Director will be equal to the Market Value per Share of the Common Stock on the Date of Grant without regard to any restrictions, limitations or conditions with respect to such Award; and

(iii) the fair market value of a Performance Unit awarded to a Director will be its stated value.

13. **Transferability.** Unless the Committee determines otherwise on or after the Date of Grant, (i) no Award will be transferable by a Participant or Director other than by will or the laws of descent and distribution, and (ii) no Stock Option or Appreciation Right granted to a Participant or Director will be exercisable during the Participant's or Director's lifetime by any person other than the Participant or Director, or such person's guardian or legal representative.

14. **Adjustments.** The Committee will make or provide for such adjustments in (i) the maximum number of shares of Common Stock specified in Section 4 and Section 5, (ii) the number of shares of Common Stock covered by outstanding Stock Options, Appreciation Rights, Performance Shares and Restricted Stock Units granted under the Plan, (iii) the Option Price or Grant Price applicable to any Stock Options and Appreciation Rights, and (iv) the kind of shares covered by any such Awards (including shares of another issuer) as is equitably required to prevent dilution or enlargement of the rights of Participants and Directors that otherwise would result from (x) any stock dividend, stock split, combination of shares, recapitalization or other change in the capital structure of A. H. Belo, or (y) any merger, consolidation, spin-off, split-off, spin-out, split-up, reorganization, partial or complete liquidation or other distribution of assets, issuance of rights or warrants to purchase securities, or (z) any other corporate transaction, equity restructuring or other event having an effect similar to any of the foregoing. In the event of any such transaction or event, the Committee, in its discretion, may provide in substitution for any or all outstanding Awards such alternative consideration as it, in good faith, may determine to be equitable in the circumstances and may require in connection with such substitution the surrender of all Awards so replaced.

15. **Fractional Shares.** A. H. Belo will not be required to issue any fractional share of Common Stock pursuant to the Plan. The Committee may provide for the elimination of fractions or for the settlement of fractions in cash.

16. **Withholding Taxes.** To the extent that A. H. Belo is required to withhold federal, state, local or foreign taxes in connection with any payment made or benefit realized by a Participant or other person under the Plan, and the amounts available to A. H. Belo for such withholding are insufficient, it will be a condition to the receipt of such payment or the realization of such benefit that the Participant or such other person make arrangements satisfactory to A. H. Belo for payment of the balance of such taxes required to be withheld. In addition, if permitted by the Committee, the Participant or such other person may elect to have any withholding obligation of A. H. Belo satisfied with shares of Common Stock that would otherwise be transferred to the Participant or such other person in payment of the Participant's Award. However, without the consent of the Committee, shares of Common Stock will not be withheld in excess of the minimum number of shares required to satisfy A. H. Belo's withholding obligation.

17. Administration of the Plan.

(a) Unless the administration of the Plan has been expressly assumed by the Board pursuant to a resolution of the Board, the Plan will be administered by the Committee, which at all times will consist of two or more Directors appointed by the Board, all of whom (i) will meet all applicable independence requirements of the New York Stock Exchange or the principal national securities exchange on which the

Common Stock is traded and (ii) will qualify as “non-employee directors” as defined in Rule 16b-3 and as “outside directors” as defined in regulations adopted under Section 162(m) of the Code, as such terms may be amended from time to time. A majority of the Committee will constitute a quorum, and the action of the members of the Committee present at any meeting at which a quorum is present, or acts unanimously approved in writing, will be the acts of the Committee.

(b) The Committee has the full authority and discretion to administer the Plan and to take any action that is necessary or advisable in connection with the administration of the Plan, including without limitation the authority and discretion to interpret and construe any provision of the Plan or of any agreement, notification or document evidencing an Award. The interpretation and construction by the Committee of any such provision and any determination by the Committee pursuant to any provision of the Plan or of any such agreement, notification or document will be final and conclusive. No member of the Committee will be liable for any such action or determination made in good faith.

18. Amendments and Other Matters.

(a) The Plan may be amended from time to time by the Committee or the Board but may not be amended without further approval by the shareholders of A. H. Belo if such amendment would result in the Plan no longer satisfying any applicable requirements of the New York Stock Exchange (or the principal national securities exchange on which the Common Stock is traded), Rule 16b-3 or Section 162(m) of the Code.

(b) Neither the Committee nor the Board will authorize the amendment of any outstanding Stock Option to reduce the Option Price without the further approval of the shareholders of A. H. Belo. Furthermore, no Stock Option will be cancelled and replaced with Stock Options having a lower Option Price without further approval of the shareholders of A. H. Belo. This Section 18(b) is intended to prohibit the repricing of “underwater” Stock Options and will not be construed to prohibit the adjustments provided for in Section 14.

(c) The Committee may also permit Participants and Directors to elect to defer the issuance of Common Stock or the settlement of Awards in cash under the Plan pursuant to such rules, procedures or programs as it may establish for purposes of the Plan. The Committee also may provide that deferred issuances and settlements include the payment or crediting of dividend equivalents or interest on the deferral amounts.

(d) The Plan may be terminated at any time by action of the Board. The termination of the Plan will not adversely affect the terms of any outstanding Award.

(e) The Plan does not confer upon any Participant any right with respect to continuance of employment or other service with A. H. Belo or any Subsidiary, nor will it interfere in any way with any right A. H. Belo or any Subsidiary would otherwise have to terminate such Participant’s employment or other service at any time.

(f) If the Committee determines, with the advice of legal counsel, that any provision of the Plan would prevent the payment of any Award intended to qualify as performance-based compensation within the meaning of Section 162(m) of the Code from so qualifying, such Plan provision will be invalid and cease to have any effect without affecting the validity or effectiveness of any other provision of the Plan.

19. Governing Law. The Plan, all Awards and all actions taken under the Plan and the Awards will be governed in all respects in accordance with the laws of the State of Delaware, including without limitation, the Delaware statute of limitations, but without giving effect to the principles of conflicts of laws of such State.

**FIRST AMENDMENT TO
A. H. BELO
2008 INCENTIVE COMPENSATION PLAN**

A. H. Belo Corporation, pursuant to authorization of the Compensation Committee of the Board of Directors, adopts the following amendment to the A. H. Belo 2008 Incentive Compensation Plan (the "Plan").

1. Subsection (c) (i) of Section 12 of the Plan is amended in its entirety to read as follows:

(i) the fair market value of a Stock Option or an Appreciation Right awarded to a Director will be determined by the Committee using the Black-Scholes Option Pricing Model; a generally accepted binomial pricing model that takes into account as of the Date of Grant (A) the Option Price or Grant Price, as applicable, (B) the expected term of the Stock Option or Appreciation Right, (C) the Market Value per Share of the Common Stock on the Date of Grant, (D) the volatility of the Common Stock, (E) the expected dividends on the Common Stock and (F) the risk-free interest rate for the expected term of the Stock Option or Appreciation Right; or any other pricing model approved by the Compensation Committee used by A. H. Belo to value Stock Options, provided that such other pricing model shall not be used if it would result in the granting of Stock Options or Appreciation Rights to purchase a greater number of shares of Common Stock than would be granted under the Black-Scholes Option Pricing Model.

2. The foregoing amendments will be effective as of July 23, 2008.

Executed at Dallas, Texas as of this 23rd day of July, 2008.

A. H. BELO CORPORATION

By: /s/ Sheila Hartley
Sheila Hartley
Vice President/Human Resources

**A. H. BELO
PENSION TRANSITION SUPPLEMENT
RESTORATION PLAN
Effective January 1, 2008**

TABLE OF CONTENTS

	<u>Page</u>
1. Purpose of the Plan	1
2. Definitions	1
3. Eligibility	3
4. Restoration Benefit	3
5. Funding of Restoration Benefits	4
6. Payment of Restoration Benefits	5
7. Death Benefits	5
8. Prohibition on Acceleration of Benefits	5
9. Administration of the Plan	6
10. Claims Procedure	6
11. Miscellaneous	7

**A. H. BELO
PENSION TRANSITION SUPPLEMENT
RESTORATION PLAN**

Effective January 1, 2008

1. **Purpose of the Plan.** The purpose of the A. H. Belo Pension Transition Supplement Restoration Plan is to provide benefits for certain employees of A. H. Belo and its subsidiaries that cannot be provided under the A. H. Belo Pension Transition Supplement Plan because of the qualification requirements of Section 401(a) of the Internal Revenue Code of 1986, as amended.

2. **Definitions.** The following terms are used throughout the Plan:

(a) **Account** means the account established for a Participant under Section 5(a).

(b) **Administrative Committee** means the A. H. Belo Benefits Administrative Committee.

(c) **A. H. Belo** means A. H. Belo Corporation, a Delaware corporation. The term **A. H. Belo subsidiary** means (i) any corporation of which at least 80% of the total combined voting power of all outstanding shares of stock is owned directly or indirectly by A. H. Belo; (ii) any partnership of which at least 80% of the profits interest or capital interest is owned directly or indirectly by A. H. Belo; and (iii) any other entity of which at least 80% of the total equity interest is owned directly or indirectly by A. H. Belo.

(d) **Board of Directors** or **Board** means the Board of Directors of A. H. Belo.

(e) **Change in Control** means a change in ownership of A. H. Belo, a change in effective control of A. H. Belo or a change in the ownership of a substantial portion of the assets of A. H. Belo, in each case within the meaning of Section 409A of the Code. Subject to the foregoing:

(i) a change in ownership of A. H. Belo will occur on the date that any one person or persons acting as a group acquires ownership of stock of A. H. Belo that together with stock held by such person or persons constitutes more than 50% of the total fair market value or total voting power of the stock of A. H. Belo;

(ii) a change in effective control of A. H. Belo will occur on the date that (A) any one person or persons acting as a group acquires (or has acquired during the 12-month period ending on the date of the most recent acquisition by such person or persons) ownership of the stock of A. H. Belo possessing 30% or more of the total voting power of the stock of A. H. Belo or (B) a majority of members of the Board is replaced during any 12-month period by directors whose appointment or election is not endorsed by a majority of the members of the Board prior to the date of such appointment or election; and

(iii) a change in the ownership of a substantial portion of the assets of A. H. Belo will occur on the date that any one person or persons acting as a group acquires (or has acquired during the 12-month period ending on the date of the most recent acquisition by such person or persons) assets from A. H. Belo that have a total gross fair market value equal to or more than 40% of the total gross fair market value of all of the assets of A. H. Belo immediately prior to such acquisition.

(f) **Code** means the Internal Revenue Code of 1986, as amended from time to time, and includes any applicable regulations or other guidance relating to provisions of the Code published by the Internal Revenue Service or the U.S. Treasury Department.

(g) **Compensation Committee** means the Compensation Committee of the Board of Directors.

(h) **Employee** means any individual who is employed by A. H. Belo or an A. H. Belo subsidiary.

(i) **ERISA** means the Employee Retirement Income Security Act of 1974, as amended.

(j) **Key Employee** means a "specified employee" within the meaning of Section 409A of the Code. In determining who is a specified employee, the safe harbor definition of compensation under Treasury Regulation § 1.415(c)-2(d)(3) (wages for purposes of income tax withholding at the source plus certain other amounts) will be used. A Participant who is identified by the Administrative Committee as a Key Employee at any time during the 12-month period ending on September 30 of any calendar year will be considered a Key Employee for purposes of Section 6(b)(ii) during the 12-month period that begins on January 1 of the immediately following calendar year, and no other Participant will be considered a Key Employee during such 12-month period.

(k) **Participant** means an Employee who has accrued a Restoration Benefit under Section 4 for any Plan Year and who has not received a distribution of the balance credited to his Account.

(l) **Pension Transition Supplement Plan** means the A. H. Belo Pension Transition Supplement Plan, a profit sharing plan intended to qualify under Section 401(a) of the Code, as amended from time to time.

(m) **Plan** means the A. H. Belo Pension Transition Supplement Restoration Plan as set forth herein, as amended from time to time.

(n) **Plan Year** means the period with respect to which the records of the Plan are maintained, which will be the 12-month period beginning on January 1 and ending on December 31.

(o) **Restoration Benefit** means the benefit described in Section 4.

(p) **Separation from Service** means a Participant's separation from service within the meaning of Section 409A of the Code from A. H. Belo and all A. H. Belo subsidiaries for any reason other than the Participant's death. A Participant who is on military leave, sick leave or other bona fide leave of absence does not have a Separation from Service if the leave does not exceed six months or, if the leave exceeds six months, the Participant's right to reemployment with A. H. Belo or an A. H. Belo subsidiary is provided by statute or by contract. If the period of the Participant's leave exceeds six months but the Participant's right to employment is not provided by statute or contract, the Participant's Separation from Service occurs on the first date immediately following such six-month period. Notwithstanding the foregoing, where a leave of absence is due to any medically determinable physical or mental impairment that can be expected to result in death or can be expected to last for a continuous period of not less than six months, where such impairment causes the Participant to be unable to perform the duties of the Participant's position of employment or any substantially similar position of employment, a 29-month period of absence will be substituted for such six-month period.

(q) **Trust** means the trust established by A. H. Belo to provide for the payment of Restoration Benefits. The Trust is a so-called "rabbi trust" the assets of which are at all times subject to the claims of the general creditors of A. H. Belo and the A. H. Belo subsidiaries.

3. **Eligibility.** Each Employee who is eligible to participate in the Pension Transition Supplement Plan for any Plan Year will be eligible to participate in the Plan for that Plan Year.

4. **Restoration Benefit.**

(a) **Amount of Benefit.** A Participant's Restoration Benefit for any Plan Year will be an amount equal to the difference, if any, between (i) and (ii) below, where:

(i) is the contribution that A. H. Belo or an A. H. Belo subsidiary has designated to be made to the Pension Transition Supplement Plan on behalf of the Participant for such Plan Year without regard to the qualification requirements of Section 401(a) of the Code, and

(ii) is the amount actually contributed by A. H. Belo or the A. H. Belo subsidiary to the Pension Transition Supplement Plan on behalf of the Participant for such Plan Year.

(b) **Benefit Earned under the Belo Pension Transition Supplement Restoration Plan.** In addition to the benefit described in Section 4(a), the Committee will credit to the Account of a Participant who transfers employment from Belo Corp., a Delaware corporation ("Belo"), or a Belo subsidiary to employment with A. H. Belo or an A. H. Belo subsidiary on or after the Distribution Date (as hereinafter defined) and on or before December 31, 2008, the restoration benefit earned by such Participant under the Belo Pension Transition Supplement Restoration Plan for the plan year of such plan ending December 31,

2007. The term "Distribution Date" as used in the preceding sentence means the date on which Belo effects the distribution to its shareholders of all of the common stock of A. H. Belo.

(c) **Vesting.** Each Participant will be fully vested in his Restoration Benefit at all times.

5. Funding of Restoration Benefits.

(a) **Restoration Benefit Accounts.** The Committee will establish an Account for each Participant, to which will be credited the amount of the Participant's Restoration Benefit for each Plan Year, together with earnings and losses on the balance of the Account as determined under Section 5(b).

(b) **Earnings and Losses.**

(i) Unless the Compensation Committee determines otherwise, A. H. Belo and the A. H. Belo subsidiaries participating in the Plan will contribute to the Trust the amount of each Participant's Restoration Benefit for each Plan Year. Such contributions will be made no later than the date on which annual contributions to the Pension Transition Supplement Plan are made. Participants will be permitted to direct the investment of the amounts credited to their Accounts in the investment funds offered under the terms of the Trust from time to time, and their Accounts will be credited at least annually with realized and unrealized investment earnings and losses.

(ii) In the event the Compensation Committee decides to discontinue funding Restoration Benefits in the Trust, the balance of each Participant's Account to the extent not so funded will be credited with a notional rate of return as determined by the Compensation Committee from time to time.

(c) **Unfunded Benefits.** Notwithstanding any provision of the Plan to the contrary, the Plan will be unfunded for purposes of ERISA. All benefits payable to a Participant under the Plan may be paid from the assets of the Trust, any successor or similar trust established by A. H. Belo or any A. H. Belo subsidiary or from the general assets of A. H. Belo or any A. H. Belo subsidiary that employed the Participant; provided, however, that nothing contained in the Plan will require A. H. Belo or any A. H. Belo subsidiary to set aside or continue to hold in trust any funds for the benefit of a Participant, who will have the status of a general creditor with respect to the obligation of A. H. Belo or an A. H. Belo subsidiary to make payments under the Plan. Any assets held in the Trust or any successor or similar trust will at all times be subject to the claims of general creditors of A. H. Belo and the A. H. Belo subsidiaries, and no Participant will at any time have a prior claim to such assets. To the extent that Plan benefits are paid from a trust, A. H. Belo and each A. H. Belo subsidiary will be relieved of all liability for such Plan benefits. Any funds of A. H. Belo or any A. H. Belo subsidiary available to pay benefits under the Plan will be subject to the claims of general creditors of A. H. Belo or the A. H. Belo subsidiary and may be used for any purpose by A. H. Belo or the A. H. Belo subsidiary.

(d) **Allocation of Payments.** If the Plan benefit payable to a Participant is attributable to periods of employment with A. H. Belo and/or one or more A. H. Belo subsidiaries, the Compensation Committee may allocate liability for the payment of the benefit

among A. H. Belo and one or more A. H. Belo subsidiaries in any manner the Compensation Committee, in its sole discretion, determines to be appropriate.

6. Payment of Restoration Benefits.

(a) **Form of Restoration Benefits.** The balance credited to the Account of each Participant will be paid to the Participant in a single lump sum payment.

(b) **Commencement of Restoration Benefits.**

(i) The balance credited to the Account of a Participant who is not a Key Employee will be made as soon as practicable after the date of the Participant's Separation from Service but in no event later than 90 days after such date.

(ii) Except as otherwise provided in this Section 6(b)(ii), the balance credited to the Account of a Participant who is a Key Employee will be made as soon as practicable following the date that is six months after the date of the Participant's Separation from Service, but in no event later than 90 days following such six-month date. If, however, the Participant dies after his Separation from Service and prior to the expiration of the six-month period following such Separation from Service, payment of the Participant's vested Plan benefit will be made to the Participant's beneficiary following his death in accordance with the provisions of Section 7.

(c) **Delay in Payments.** Notwithstanding any other provision in the Plan, a payment otherwise required to be made to a Participant or beneficiary may be delayed to the extent permitted by Section 409A of the Code if the Administrative Committee reasonably determines that the payment (A) will not be deductible for federal income tax purposes by reason of the application of Section 162(m) of the Code; (B) will violate federal securities law or other applicable law; or (C) may be delayed for any other reason permitted under Section 409A of the Code.

7. Death Benefits. If a Participant who is entitled to receive a Restoration Benefit dies before payment of such benefit is made, the balance of the Participant's Account will be paid as a death benefit to the beneficiary designated by the Participant (who may or may not be the Participant's spouse) in accordance with procedures established by the Administrative Committee or, in the event the Participant has not designated any beneficiary, to the Participant's surviving spouse, if any, and if none, to the Participant's estate. The death benefit payable pursuant to this Section 7 will be paid in a lump sum payment as soon as practicable after the date of the Participant's death but in no event later than 90 days after such date.

8. Prohibition on Acceleration of Benefits.

(a) **In General.** The time or schedule of any payment to be made under the Plan may not be accelerated except to the extent permitted under Section 409A of the Code. Where Section 409A of the Code permits a payment to be accelerated but does not require the Plan to, and the Plan does not, expressly provide for such acceleration, the payment may be accelerated in the sole discretion of the Administrative Committee.

(b) **Change in Control.** Notwithstanding the general prohibition on acceleration of benefits, upon a Change in Control the Compensation Committee will have the right, but not the obligation, to terminate the Plan and to distribute to each Participant and beneficiary of a deceased Participant, no earlier than 30 days preceding and no later than 12 months following the date of the Change in Control, the entire balance of the Participant's or beneficiary's Account.

9. Administration of the Plan.

(a) **Administration by the Administrative Committee.** The Administrative Committee will administer the Plan and will have the full authority and discretion to accomplish that purpose, including without limitation, the authority and discretion to (i) interpret the Plan and correct any defect, supply any omission or reconcile any inconsistency or ambiguity in the Plan in the manner and to the extent that the Administrative Committee deems desirable to carry the purpose of the Plan; (ii) resolve all questions relating to the eligibility of employees to become Participants; (iii) determine the amount of benefits payable to Participants and authorize and direct A. H. Belo with respect to the payment of benefits under the Plan; (iv) make all other determinations and resolve all questions of fact necessary or advisable for the administration of the Plan; and (v) make, amend and rescind such rules as it deems necessary for the proper administration of the Plan. The Administrative Committee will keep a written record of its action and proceedings regarding the Plan and all dates, records and documents relating to its administration of the Plan. The Administrative Committee may, from time to time, delegate to one or more of its members and to any other persons any of its rights, duties and responsibilities with respect to the administration of the Plan and may terminate any such delegation upon such notice as the Administrative Committee determines to be appropriate.

(b) **Committee Action Conclusive.** Any action taken or determination made by the Administrative Committee will, except as otherwise provided in Section 10, be conclusive on all parties. No member of the Administrative Committee will vote on any matter relating specifically to such member. In the event that a majority of the members of the Administrative Committee will be specifically affected by any action proposed to be taken (as opposed to being affected in the same manner as each other Participant in the Plan), such action will be taken by the Board of Directors.

10. Claims Procedure.

(a) **Filing a Claim.** If a Participant does not receive the benefits which he believes he is entitled to receive under the Plan, he may file a claim for benefits with the Administrative Committee. All claims will be made in writing and will be signed by the claimant. If the claimant does not furnish sufficient information to determine the validity of the claim, the Administrative Committee will indicate to the claimant any additional information which is required.

(b) **Decision on Claim.** Each claim will be approved or disapproved by the Administrative Committee within 90 days following the receipt of the information necessary to process the claim. In the event the Administrative Committee denies a claim for benefits in whole or in part, the Administrative Committee will notify the claimant in writing of the denial

of the claim. Such notice by the Administrative Committee will also set forth, in a manner calculated to be understood by the claimant, the specific reason for such denial, the specific Plan provisions on which the denial is based, a description of any additional material or information necessary to perfect the claim with an explanation of why such material or information is necessary, and an explanation of the Plan's claim review procedure as set forth below. If no action is taken by the Administrative Committee on a claim within 90 days, the claim will be deemed to be denied for purposes of the review procedure.

(c) **Appeal.** A claimant may appeal a denial of his claim by requesting a review of the decision by the Administrative Committee or a person designated by the Administrative Committee. An appeal must be submitted in writing within six months after the denial and must (i) request a review of the claim for benefits under the Plan; (ii) set forth all of the grounds upon which the claimant's request for review is based and any facts in support thereof; and (iii) set forth any issues or comments which the claimant deems pertinent to the appeal. The Committee or the named fiduciary designated by the Administrative Committee will make a full and fair review of each appeal and any written materials submitted in connection with the appeal. The Committee or the named fiduciary designated by the Administrative Committee will act upon each appeal within 60 days after receipt thereof unless special circumstances require an extension of the time for processing, in which case a decision will be rendered as soon as possible but not later than 120 days after the appeal is received. The claimant will be given the opportunity to review pertinent documents or materials upon submission of a written request to the Administrative Committee or named fiduciary, provided the Administrative Committee or named fiduciary finds the requested documents or materials are pertinent to the appeal. On the basis of its review, the Administrative Committee or named fiduciary will make an independent determination of the claimant's eligibility for benefits under the Plan. The decision of the Administrative Committee or named fiduciary on any claim for benefits will be final and conclusive upon all parties thereto. In the event the Administrative Committee or named fiduciary denies an appeal in whole or in part, it will give written notice of the decision to the claimant, which notice will set forth in a manner calculated to be understood by the claimant the specific reasons for such denial and which will make specific reference to the pertinent Plan provisions on which the decision was based.

11. **Miscellaneous.**

(a) **No Right to Employment.** Nothing in the Plan will confer upon a Participant the right to continue in the employ of A. H. Belo or any A. H. Belo subsidiary or will limit or restrict the right of A. H. Belo or any A. H. Belo subsidiary to terminate the employment of a Participant at any time with or without cause.

(b) **Assignment and Alienation.** Except as otherwise provided in the Plan, no right or benefit under the Plan will be subject to anticipation, alienation, sale, assignment, pledge, encumbrance or charge, and any attempt to anticipate, alienate, sell, assign, pledge, encumber or charge such right or benefit will be void. No such right or benefit will in any manner be subject to the debts, liabilities or torts of a Participant.

(c) **Amendment and Termination.** The Plan may be amended at any time by the Compensation Committee. The Plan may also be amended or terminated by the Board of

Directors at any time. No action taken by the Compensation Committee to amend the Plan or by the Board of Directors to amend or terminate the Plan will have the effect of decreasing a Participant's Account balance as of the date of such action or to cause a distribution of a Participant's Account balance in violation of Section 409A of the Code. Upon termination of the Plan, the Compensation Committee may distribute to each Participant the balance of his Account only to the extent that distribution of the Account would not violate the requirements of Section 409A.

(d) **Compliance with Section 409A.** Notwithstanding anything to the contrary in the Plan, if and to the extent the Compensation Committee determines that the terms of the Plan may result in the failure of the Plan, or any benefits accrued under the Plan, to comply with the requirements of Section 409A of the Code, the Compensation Committee will have the discretionary authority to amend, modify, suspend or terminate the Plan even if such action would adversely affect the rights of any Participant or beneficiary.

(e) **ERISA Exemption.** The Plan is intended to provide benefits for "management or highly compensated" employees within the meaning of Sections 201, 301 and 401 of ERISA, and therefore to be exempt from the provisions of Parts 2, 3 and 4 of Title I of ERISA. Accordingly, no further benefits will accrue hereunder in the event it is determined by a court of competent jurisdiction or by an opinion of counsel that the Plan constitutes an employee pension benefit plan within the meaning of Section 3(2) of ERISA, which is not so exempt.

(f) **Invalid Provisions.** If any provision in the Plan is held by a court of competent jurisdiction to be invalid, void or unenforceable, the remaining provisions will nevertheless continue in full force and effect without being impaired or invalidated in any way.

(g) **Governing Law.** The Plan will be construed and governed in all respects in accordance with applicable federal law and, to the extent not preempted by such federal law, in accordance with the laws of the State of Delaware, including without limitation, the Delaware statute of limitations, but without giving effect to the principles of conflicts of laws of such state.

Executed at Dallas, Texas, this 1 day of February, 2008.

A. H. BELO CORPORATION

By /s/ Alison K. Engel

Name: Alison K. Engel

Title: Senior Vice President/Chief Financial Officer

Section 302 Certification

I, Robert W. Decherd, Chairman of the Board, President and Chief Executive Officer of A. H. Belo Corporation, certify that:

1. I have reviewed this quarterly report on Form 10-Q of A. H. Belo Corporation;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) for the registrant and have:
 - a) designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - b) evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - c) disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
 - a) all significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
 - b) any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: August 14, 2008

/s/ Robert W. Decherd
Robert W. Decherd
Chairman of the Board, President and Chief Executive
Officer

Section 302 Certification

I, Alison K. Engel, Senior Vice President/Chief Financial Officer of A. H. Belo Corporation, certify that:

1. I have reviewed this quarterly report on Form 10-Q of A. H. Belo Corporation;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) for the registrant and have:
 - a) designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - b) evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - c) disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
 - a) all significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
 - b) any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: August 14, 2008

/s/ Alison K. Engel

Alison K. Engel
Senior Vice President/Chief Financial Officer

**CERTIFICATION PURSUANT TO
18 U.S.C. SECTION 1350,
AS ADOPTED PURSUANT TO
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002**

In connection with the Quarterly Report of A. H. Belo Corporation (the "Company") on Form 10-Q for the period ending June 30, 2008, as filed with the Securities and Exchange Commission on the date hereof (the "Report"), the undersigned, Robert W. Dechard, Chairman of the Board, President and Chief Executive Officer of the Company, and Alison K. Engel, Senior Vice President/Chief Financial Officer of the Company, each hereby certifies, pursuant to 18 U.S.C. § 1350, as adopted pursuant to § 906 of the Sarbanes-Oxley Act of 2002, that:

- (1) The Report fully complies with the requirements of section 13(a) or 15(d) of the Securities Exchange Act of 1934; and
- (2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

/s/ Robert W. Dechard

Robert W. Dechard
Chairman of the Board, President and Chief Executive Officer
August 14, 2008

/s/ Alison K. Engel

Alison K. Engel
Senior Vice President/Chief Financial Officer
August 14, 2008