

# FINAL TRANSCRIPT

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## **AHC - Second Quarter 2011 A. H. Belo Corporation Financial Results Conference Call**

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## CORPORATE PARTICIPANTS

**Robert Decherd**

*A. H. Belo Corporation - Chief Executive Officer*

**David Gross**

*A. H. Belo Corporation - Vice President Investor Relations*

**Jim Moroney**

*A. H. Belo Corporation - Executive Vice President*

**John McKeon**

*A. H. Belo Corporation - President and General Manager, Dallas Morning News*

**Allie Engel**

*A. H. Belo Corporation - Chief Financial Officer*

## CONFERENCE CALL PARTICIPANTS

**Kevin Cohen**

*Imperial Capital - Analyst*

**Leo Kulp**

*Citigroup - Analyst*

**Barry Lucas**

*Gabelli & Company - Analyst*

**Fred Nagel**

*Trowbridge International - Analyst*

## PRESENTATION

**Operator**

Ladies and gentlemen, thank you for standing by, and welcome to Second Quarter 2011 Financial Results Conference Call. At this time, all participants are in a listen-only mode. Later, we will conduct a question and answer session, and instructions will be given at that time.

(Operator Instructions)

And also, as a reminder, today's teleconference is being recorded. At this time, I will turn the conference call over to your host, Vice-President Investor Relations and Strategic Announcements, Mr. David Gross. Pleas, go ahead, sir.

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**David Gross** - *A. H. Belo Corporation - Vice President Investor Relations*

Thank you, Tony. Good afternoon, everyone. Welcome to A. H. Belo Corporation's second quarter 2011 conference call. After the market close yesterday, we issued a press release announcing second quarter 2011 financial results and a quarterly cash dividend of \$0.06 per share.

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

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Today's prepared remarks are brief. We have added content to our press release and increased the amount of time allocated to the most important part of this call, your questions. Let me also note that today's call will include forward-looking statements.

Forward-looking statements are subject to risks, uncertainties and other factors that could cause actual results to differ materially from those statements. Additional information about these factors is detailed in the Company's press releases and publicly available filings with the SEC.

In addition, we mention non-GAAP financial measures during this conference call. We believe that non-GAAP financial measures, including but not limited to EBITDA and adjusted EBIDTA provide useful supplemental information to assist investors in determining performance comparison to our peers. Reconciliations to the most directly comparable financial measures presented in accordance with GAAP in our press release and on our website at [ahbelo.com](http://ahbelo.com) under the Investor Relation section.

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

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**Robert Decherd** - *A. H. Belo Corporation - Chief Executive Officer*

Thank you, David and good afternoon everyone. A. H. Belo Corporation had a net loss of \$6.8 million, or \$0.32 per share for the second quarter of 2011, compared to a net loss of \$200,000 or \$0.01 per share in the second quarter of 2010. The second quarter of 2011 net loss includes a \$3 million tax charge and \$3 million of non-tax expenses that are detailed in our press release.

Earning before interest, taxes, depreciation and amortization, or EBIDTA, was \$6.5 million from the second quarter of 2011, a decrease of \$4.7 million compared to the second quarter of 2010. When pension expense is added back to EBIDTA in both periods, adjusted EBIDTA in the second quarter was \$10.2 million, a decrease of \$6.5 million compared to the prior year.

The second quarter 2011 decreases in EBIDTA and adjusted EBIDTA are due primarily the \$5.4 million real estate gain booked in the second quarter of 2010. Second quarter adjusted EBIDTA met our internal expectations. Total revenue decreased 5.8% compared to 2010, and business leaders across the Company responded to inconsistent advertising patterns with targeted expense reductions.

We continue to anticipate full year 2011 adjusted EBIDTA in the range of \$45 million to \$50 million, which assumes no gains from real estate dispositions. As of June 30, the Company had approximately \$50 million of cash and cash equivalents, had no borrowings outstanding at its bank credit facility, and remained in compliance with bank covenants.

This strong cash position and debt free balance sheet enabled our Board of Directors to declare a quarterly cash dividend of \$0.06 per share payable on September second, 2011 to shareholders of record at the close of business on August 12, 2011.

In mid-July, we put cash to use by making the required fourth quarter contribution to our defined benefit pension plans along with our third quarter payment, saving the Company at least \$90,000. We anticipate that this \$10.4 million contribution is our last pension plan contribution for the year.

As David mentioned, Jim is going to provide a brief update on our digital strategy before we go to your questions, and following that we'll circle back to any issues you'd like to address. Jim?

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**Jim Moroney** - *A. H. Belo Corporation - Executive Vice President*

I think as you all know, in March of this year we began what we call our premium content strategy at the Dallas Morning News. I guess in more common industry parlance that's a paywall. And we began to allow free access to our digitally distributed content to all of our pay subscribers. Or, if you were not a paid subscriber to the printed product you could access the content that we originate only by paying for a digital-only subscription.



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And just as a reminder, today a subscription to the Dallas Morning News is \$33.95 a month. Access to all digitally distributed content on any device is \$16.95. And if you only wanted to buy access through on particular device like an iPhone, you would pay \$9.99 a month.

Since we started that we have had over 73,000 of our subscribers have authenticated, meaning they have gone through the process to register themselves as subscribers, authenticate themselves as subscribers, and then they are able to access content on at least one channel. In fact, many of them have actually authenticated themselves through several different channels making the unduplicated -- or the duplicated total of authentications almost 125,000.

We take this as a very, very important and encouraging sign that our print readers are also engaging with the content that we distribute digitally. And how we continue to improve that experience is important to us, as the seven-day subscribers are really our very best customers today. And they are paying us over \$400 a year to deliver the Dallas Morning News to their doorstep seven days a week.

We are adding about 2,000 of those authentications per week and that is a pace that has continued each week and we don't see that stopping any time soon. We are also continuing to grow the digital-only subscriptions on every single device that we offer our content on, so on Dallasnews.com, on the iPhone, on the iPad, our e-edition, and as of late June, also on Android operating systems smartphones, and any 7.5- inch Android operating system tablet.

And so, now we have expanded that universe to the Android OS and we've seen good authentication and sign ups for digital-only subscriptions on the Android OS platform as well.

People have asked us what's happened to page views and unique visitors on Dallasnews.com since we put in our premium content strategy in March, and while the numbers fluctuate around week to week, the average is that we've seen about a 15% decline in unique visitors, and about a 20% decline in page views and -- over the course of the week since March the 8th.

And I think as we've mentioned before on Dallasnews.com about 30% of our inventory was being sold at remnant rates, which would be at or below \$0.75 cost per 1,000. So we were not giving up much meaningful revenue when we decreased our page views by only 20% still leaving us with plenty of inventory to sell.

Also, we have continued to see an uptick in voluntary starts for Sunday-only print subscriptions since March the 8th, which is another encouraging sign. Presently, we are gathering a lot of information and metrics around how two different groups engage with our digital content; those who get a paper delivered to their home in the morning -- what do they want from us through the different ways they can access our content digitally, and those that don't get the paper in the morning and have a different set of needs.

Right now, like most media companies -- newspaper companies certainly, we are offering people just one experience. If -- whether you subscribe to the paper or you don't, and you go to Dallasnews.com or to our iPad you get the same experience.

We are confident that what those two sets of consumers want are different because -- particularly the one that starts with the paper in the morning. And so, we are looking to how we can differentiate those experiences and prove if for each group with probably a different offering on some different platforms.

So, so far we continue to be very encouraged with our subscriber content initiative and we'll keep reporting on it on our quarterly calls.



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**Robert Dechard** - A. H. Belo Corporation - Chief Executive Officer

Jim, thank you. We are going to shift to Q&A now. Let me say on the way there that like all of our peer companies we hope that revenues are going to stabilize during the second half of the year, but as noted in my introductory comments, things have been very uneven insofar as revenue patterns are concerned.

We like the relative control we have over our destiny thanks to our balance sheet and the markets and our position in those markets. So, we are happy to talk about details by category and so forth, but thought it would be better to really gear off of questions you may have. So let's go to Q&A please. operator.

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## QUESTIONS AND ANSWERS

**Operator**

Thank you, sir.

(Operator Instructions)

And we'll first go to Kevin Cohen with Imperial Capital. Please, go ahead.

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**Kevin Cohen** - Imperial Capital - Analyst

Good afternoon. Thanks for taking the questions. I'm wondering if you could just elaborate a little bit more about the inconsistent revenue trends you saw during the quarter and maybe just a little bit of color in terms of what you saw in June versus April and how things are looking in July.

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**Robert Dechard** - A. H. Belo Corporation - Chief Executive Officer

Okay, let me ask Jim to start our there. And, Kevin, we are obviously not going to be able to break it down by newspaper in specific terms, but we can talk about some general patterns.

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**Jim Moroney** - A. H. Belo Corporation - Executive Vice President

The general patters that we saw basically cut across all the three of the months. We had a little bit of a more challenging month in May than we did in either April or June.

Also, we had a benefit in June of the Dallas Mavericks winning the NBA Championship which helped us to a degree. And so, those patters of revenue I really don't think were that tremendously different for us across the quarter other than a little bit of an uptick in May from what we had experienced on either side of that month in the quarter -- down tick, I'm sorry.

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**Kevin Cohen** - Imperial Capital - Analyst

And how are things looking subsequent to quarter end? Are you able to assert to how July is shaking out; if it's directionally a little bit better or worse, about the same versus June?

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**Robert Dechard** - A. H. Belo Corporation - Chief Executive Officer

I'd say we are experiencing the same kind of patterns. What we all hope is that once our fellow Americans in Washington figure out what they are going to do with our country, things might become a little more rational in August and September. But right now, there are those external factors as well as the industry secular issues and it's hard to see much beyond a three or four week window.

**Kevin Cohen** - Imperial Capital - Analyst

And, are there any particular categories where you believe you are seeing more volatility than others? Is it in classified or retail, or any sort of granularity to that degree?

**Jim Moroney** - A. H. Belo Corporation - Executive Vice President

I think the most challenged of the categories has been general advertising across all three of the newspapers. I think that's the most difficult. I looked at John; he may have a specific point on some of the classified in Dallas.

**John McKeon** - A. H. Belo Corporation - President and General Manager, Dallas Morning News

No, I think Jim is correct. The display business has been a challenging business. Preprints have been also as people look at their printing cost, but I think that is an accurate representation.

**Kevin Cohen** - Imperial Capital - Analyst

And on a different topic, I think before the Company had spoken about a \$10 million real estate asset sale goal for the year there was no mention either way of anything on that in the press release. Is there anything that you guys can shed on that topic?

**Robert Dechard** - A. H. Belo Corporation - Chief Executive Officer

Kevin, the update is a non-update, but with the calendar half way through the year, it's fairly evident that we would be challenged to make that number. The properties that are for sale are all for sale, they are being actively marketed. We think we have them positioned properly and so far as the commercial real estate market in the cities where they are located, the commercial real estate world is improving at the high end across the country.

The mid-market is a lot less firm, so we just need for market activity to catch up with our goal of creating liquidity through those investments and we will eventually. But as a timing matter, this being August 1 almost, pretty unlikely we are going to get the \$10 million by year end unless lightning strikes.

**Kevin Cohen** - Imperial Capital - Analyst

And do you think we'll see any asset sales? Are you guys getting actual bids, or are they just too low, or just there are no bids at all? Is there anything further you can say on that topic?

**Robert Dechard** - A. H. Belo Corporation - Chief Executive Officer

Not many bids. One active conversation that would be a small percent of the \$10 million goal. But there is just not a lot of activity in the three market specific circumstances where we have things on the market.



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**Kevin Cohen** - Imperial Capital - Analyst

And then, last before I turn it over before getting back in the queue, can you talk a little bit about the trends in classified ventures? Maybe in terms of the top line trends; is there anything you could say on that topic?

**Robert Dechard** - A. H. Belo Corporation - Chief Executive Officer

That's their business, not ours. And I'm not being flip, as an investor and board member, we really can't say anything beyond what they've said publicly.

**Kevin Cohen** - Imperial Capital - Analyst

Great. Thanks a lot.

**Operator**

Thank you. And our next question in queue that will come from the line of Leo Kulp with Citigroup. Please, go ahead.

**Leo Kulp** - Citigroup - Analyst

Hi thanks for taking the questions. I just have a couple. First it looks like preprints really took a leg down after some stabilization last quarter. Is there anything going on there you can talk about -- any trends or anything?

**Jim Moroney** - A. H. Belo Corporation - Executive Vice President

On digital side, I think we continue to still have some overhang when we get decreases in classified, which as you know was typically where a lot of your digital revenue was coming from. I think that we tend to still do well with our Cars.com product, but we are really looking for a better real estate product. We have seen some uptick on the employment side this quarter. So, I think what we're looking for is a more concerted selling effort that we are going to have to get out of all three papers.

And I would tell you that we have not been satisfied with the kind of results we have gotten through the digital advertising category, and we are in discussions about that at all three properties about how we can ramp up our efforts.

**Leo Kulp** - Citigroup - Analyst

Okay. How about on the preprint side of the business?

**Jim Moroney** - A. H. Belo Corporation - Executive Vice President

On the preprint side I'll let John pick it up.

**John McKeon** - A. H. Belo Corporation - President and General Manager, Dallas Morning News

Leo you recognized that note; it's what I referred to before. I think as our advertisers evaluate their printing cost and refine their targeting, there has been some noticeable trimming back on the volumes and we are working on that with them to give them

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better alternatives to target efficiently, but also to maintain our business. So, it is becoming a challenge as people evaluate their budgets.

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**Leo Kulp** - Citigroup - Analyst

With costs sort of stabilizing in newsprint, do you expect that to change or is that just sort of -- is that sort of where we are right now?

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**John McKeon** - A. H. Belo Corporation - President and General Manager, Dallas Morning News

Our hope would be as their cost like ours stabilized on the print and on the printing side of the business, that will enable them to maintain the kind of impact in the market they want. So, we are hopeful on that based on those costs stabilizing.

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**Robert Dechard** - A. H. Belo Corporation - Chief Executive Officer

We are encouraged by the product we rolled out in Providence that is similar to our briefing product in Dallas, where they were seeing some uptake there.

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**Leo Kulp** - Citigroup - Analyst

Thank you. Jim, could you -- I guess last time I spoke to you, you had been doing some work industry-wide on the digital preprint offering. Could you provide some update on that if you have anything?

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**Jim Moroney** - A. H. Belo Corporation - Executive Vice President

The group of companies the largest -- mostly the larger newspaper companies are still continuing to meet and work on coming up with a solution that they could take back out to the industry. And I know that those talks and discussions are progressing, and we are making progress.

I think at the September board meeting of the NAA, I think has kind of been an artificial deadline that we have set for ourselves as an industry to hopefully be able to come back with something that the industry could get its arms around and kind of vote to go to market altogether. So, that is the current thinking.

I think we all wish it could happen faster, but we want to make sure that we come up with a solution that is the one that our advertisers -- our big preprint advertisers also embrace. So the discussions are not only amongst us, but with them as well.

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**Leo Kulp** - Citigroup - Analyst

Thank you. And then, one last quick one. On the Quick Magazine closure, is that going to have a meaningful impact on revenues going forward?

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**Jim Moroney** - A. H. Belo Corporation - Executive Vice President

No.

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**Leo Kulp** - Citigroup - Analyst

Thank you.

**Operator**

Thank you. And our next question in queue that will come from the line of Barry Lucas with Gabelli & Company. Please, go ahead.

**Barry Lucas** - Gabelli & Company - Analyst

Great. Thank you, and good afternoon. Housekeeping question -- now that you either have or are about to make the contributions to the pension plan and the tax payment, what -- other than dividend, what would the claims be on free cash for the balance of the year?

**Robert Decherd** - A. H. Belo Corporation - Chief Executive Officer

Very few. CapEx, which we are taking a hard look at, the dividend in the fourth quarter, that's about it .

**Allie Engel** - A. H. Belo Corporation - Chief Financial Officer

Third and fourth quarter.

**Robert Decherd** - A. H. Belo Corporation - Chief Executive Officer

I'm sorry -- well, two --

**Allie Engel** - A. H. Belo Corporation - Chief Financial Officer

Two dividends. Yes.

**Robert Decherd** - A. H. Belo Corporation - Chief Executive Officer

Right.

**Barry Lucas** - Gabelli & Company - Analyst

And a couple for Jim. Again housekeeping, how many home delivery subscribers are there to the Dallas Morning News, Jim? And what is the -- I guess we're trying to get as - the penetration rate for the digital --?

**Jim Moroney** - A. H. Belo Corporation - Executive Vice President

About 250,000, Barry, altogether. So you have about a little -- close to a little more than a third or. So, a third of them that have actually authenticated already to-date.



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**Barry Lucas** - Gabelli & Company - Analyst

Okay. And how -- are you lumping into those -- that does not count the digital-only pay subs?

**Jim Moroney** - A. H. Belo Corporation - Executive Vice President

That is not the digital-only. That number is just people who are subscribers of Dallas Morning News and register or authenticate with at least one digital device to access premium content.

**Barry Lucas** - Gabelli & Company - Analyst

Can you tell us how many people are actually paying for one digital device, or is that possible to break out?

**Jim Moroney** - A. H. Belo Corporation - Executive Vice President

It is certainly possible to break out, but we said that we are just going to hold off on that number because the minute we put that number out it is just going to be all that we are going to talk about. I will tell you we continue to add digital-only in every single one of the channels through which we distribute, and we are encouraged by where we are today.

**Robert Dechard** - A. H. Belo Corporation - Chief Executive Officer

Barry, what we said about that previously still holds. We want to get into the first quarter of next year and see what a full year looks like. These are modest numbers. I don't want to give you the impression that there is some fantastic breakthrough that we are going to announce next spring, but as Jim said, they are meaningful in the sense that we know there's a market.

It's a niche market but we want to see how it progresses, what the usage patterns are, how much time do people spend on these sites and be able to come out with something that's meaningful.

**Barry Lucas** - Gabelli & Company - Analyst

So, should I take from those comments that that's what may be contributing to the measured approach? Or, maybe put a different way, what is inhibiting you from extending the digital outreach to Providence or Riverside?

**Jim Moroney** - A. H. Belo Corporation - Executive Vice President

Good questions, Barry. It really right now is the technology issue. We are rolling out and rolled out in Dallas last fourth quarter a new CMS system called -- we upgraded our NewsGate platform and [Async for] is our new provider for our digital platforms in Dallas. And we are rolling that out to Providence and Riverside.

And until that gets in place it really doesn't make sense for them to take this step because they would have to go through a tremendous amount of work to put it in place, only to turn around and do it all over again once the Async platform was installed in both of those companies. So, that's the biggest inhibitor.

We have talked about the fact there will be some sort of premium content light that the Provenance Journal will be putting in the market place in August. So, it's what they can do easily without going the full boat that Dallas did because of this technology issue. And then the installation of the Async] is even later into next year in Riverside, so that one will take more time.

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And I'll be frank with you, and I think we've said this publicly too, you are in a different market in Riverside. When you are in LA and you have so many competing and maybe in some cases overlaying products like the LA Times, how you go about that. Just like we didn't raise the price of home delivery the same way did in Dallas and Providence, suggests that we might take a little different tack in Riverside next year.

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**Barry Lucas** - *Gabelli & Company - Analyst*

Last area. And I don't want to beat a dead horse here and a very small one at that, but the decision to kill Quick had to do with profitability, success, other avenues that subscribers or readers could get the same content, what --?

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**Jim Moroney** - *A. H. Belo Corporation - Executive Vice President*

Barry, when you go back to the cyclical down draft of '08 we began to be in a basically breakeven proposition with Quick. And we've been working on the business model for what would almost be two years now or three years now trying to get this thing to where we believed it would an could be sustainably profitable.

And despite all of our best efforts that we could put against it, we just could not come up with something that would be sustainably profitable. And then it becomes a matter of where are you going to spend your time and attention. And when it wasn't making any financial return we said we said we need to close it down and refocus those energies on things that are very profitable like [Albia], and like briefing; and of course all of our major products.

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**Barry Lucas** - *Gabelli & Company - Analyst*

Thanks, very much.

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**Jim Moroney** - *A. H. Belo Corporation - Executive Vice President*

You bet.

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**Operator**

Thank you. And our next question in queue that will come from the line of Fred Nagel with Trowbridge International. Please, go ahead.

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**Fred Nagel** - *Trowbridge International - Analyst*

Jim, in looking at the digital area, are there any places that you can find comparative metrics? Or is it all sort of de novo?

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**Jim Moroney** - *A. H. Belo Corporation - Executive Vice President*

Fred, it's very, very new. What we're doing at the Dallas Morning News since we are not doing the metered model, which is what I would say the greatest proportion of the industry is doing of those that are doing anything, makes what we are doing not very comparable to other newspapers. So in some sense, we are having to go up against our own instincts and benchmarks because we don't have anybody to compare to.

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The thing that I find interesting is that our page view declines at 20% on average is roughly the same page view percentage that a lot -- decreased at a lot of the metered modeled companies have put in place. And they are giving folks a lot of free access, say 20 articles a month before you hit a paywall, and we are not giving them any free access yet we are seeing similar declines.

So, I would have expected to see much greater declines in Dallas than the metered model. The fact that we are not is I guess encouraging and good.

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**Fred Nagel** - *Trowbridge International - Analyst*

Yes, and if you look at the sale of the devices, certainly by Apple, which are -- the numbers are remarkable, that's got to be very encouraging.

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**Jim Moroney** - *A. H. Belo Corporation - Executive Vice President*

Yes, obviously Apply is the tablet platform right now. We didn't build the Android operating system app for all Android tablets; only for the seven and a half inch because the 10-inch went on a different version of the operating systems than the 7.5 do.

We still think that the big play in tablet is Apple and will be for some time. And the next question is, do you continue to build out new apps for different tablets, or do you go to HTML 5 and get back into a browser-based world even with something that looks and feels like an app?

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**Fred Nagel** - *Trowbridge International - Analyst*

Okay. Thank you, very much.

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**Jim Moroney** - *A. H. Belo Corporation - Executive Vice President*

Thank you.

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**Operator**

Thank you.

(Operator Instructions)

And we do have a follow-up in queue from Kevin Cohen. Please, go ahead.

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**Kevin Cohen** - *Imperial Capital - Analyst*

Thanks. I'm just wondering if you'd comment a little bit about M&A trends. It seems like that's been ticking up in the industry broadly speaking, and certainly there is discussion about that topic in Southern California. And specifically, what do you think the Company's role would be, if any, as it relates to the Southern California market in that context?

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**Robert Dechard** - *A. H. Belo Corporation - Chief Executive Officer*

Kevin, we are pretty much in the same place we were at Investor Day in May. We like the composition of the Company as it is. We especially like our balance sheet. There is no chance we are going to leverage the balance sheet to participate in the early

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phases of consolidation in the industry generally. What we've commented about insofar as Southern California is concerned still holds.

There is likely to be consolidation. There are a number of players who are active in that marketplace. There are two known transactions out there -- Freedom and now San Diego. We are interested bystanders and we will remain as agile as we can as to what is in our best interest, but for now it is all about running the Company, getting focused -- remaining focused perhaps, better said.

And using Quick as an example, we want to concentrate our energies on things we know, are productive in the near terms and have potential to stabilize in the core or grow in the digital space, with the possibility of somehow those things liking together as we go forward.

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**Kevin Cohen** - *Imperial Capital - Analyst*

And then, just a final question. In terms of the dividend policy, I know it is certainly early, but looking ahead to 2012 when you look at the growth and the cash per share on hand, how do you guys think about the dividend policy? Is it a function of a targeted dividend yield versus comparables primarily? Or, is it a function of maintaining a certain (inaudible) amount of liquidity and if so, what would that number be, and is it a combination of the two?

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**Robert Dechard** - *A. H. Belo Corporation - Chief Executive Officer*

Again, our philosophy is pretty much steady state. We are very pleased that we've been able to pay a dividend and have this one coming up. Wish the sector were doing better because the yield would not have risen, but right now it is a pretty attractive yield when someone is buying shares at this level considerably north of a 3% yield.

There is not a target that we have or that our Board has. There is not a specific minimum liquidity level because among other things that is going to change as secular and industry and economic conditions change. But what we do know is we have flexibility that virtually none of our publicly held peers have. And we are committed to pushing out capital to our shareholders as it is possible and makes sense from an over all strategic standpoint.

Obviously, if we had a big event occur in terms of a real estate disposition, something like that, it opens up even more possibilities which, again, for us at least are real choices. They are not available to most of our peers. So no change in outlook or philosophy, and we monitor this on a regular basis, discuss it with our Board at every meeting.

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**Kevin Cohen** - *Imperial Capital - Analyst*

And I guess given the financial flexibility that you alluded to, why do you think there is such a large disconnect in the trading valuation, the multiple of the stock versus comparables? Do you think there is something the market is fixating on that you are missing, or what would you attribute that apparent disconnect to?

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**Robert Dechard** - *A. H. Belo Corporation - Chief Executive Officer*

On the context of double irony it's because we have no leverage on our balance sheet, so that partly affects the way you compute it. I just think people are focused on the larger companies. We are clearly micro cap and that has certain implications. I don't think that we are disadvantaged because of the float out there.

We trade shares pretty efficiently, in fact very efficiently for a company with our float and I think it is about attracting believers. We're executing on the strategy that we discussed at investor day in May. To Kevin's -- I think it was Kevin's earlier question

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about real estate dispositions, we own valuable real estate; we are not going to give it away and when we get the right price we will have these choices that I am talking about.

So it is a combination of people focusing on bigger players where there is more, I'll say it, immediate or intermediate term action. We are pretty steady, and I think steadiness has many virtues. I think it is a reason to buy this stock, but for some people they want a little more action in the tumbler, and that's not us. We are going to be very patient. We are going to get this right, and we are going to make a lot of money for our shareholders compared to the starting point.

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**Kevin Cohen** - *Imperial Capital - Analyst*

Appreciate your candor. Thanks, guys, and good luck.

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**Robert Dechard** - *A. H. Belo Corporation - Chief Executive Officer*

Thank you.

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**Operator**

Thank you. We also have a follow-up question in queue from Barry Lucas. Please, go ahead.

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**Barry Lucas** - *Gabelli & Company - Analyst*

Thank you. Just want to come back to the sale of the -- sales of newspaper intellectual property for tablets. And maybe, Jim, you could talk about the relationship or lack there of with Apple, and how do you keep control of your subscribers? How do you get paid? Can you make an agency model work?

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**Jim Moroney** - *A. H. Belo Corporation - Executive Vice President*

John may want to pick up here too, but most of the sales of digital-only subscriptions that we are doing are happening actually through a website, not through the App Store. They can buy them in the App Store, and we are in full compliance with all of Apple's rules and conditions. But they also allow us to sell those apps on a bundle fashion on a website through a browser outside of the app, and that's where most of our sales, digital-only subscriptions have come from.

Obviously, in the case of the people who are authenticating to access the Apple tablet, there are subscribers when they authenticate we know who they are because it goes back and hits our subscriber database. And then we can track what they do and how they engage with the content differently than those digital-only subscribers.

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**Robert Dechard** - *A. H. Belo Corporation - Chief Executive Officer*

And, Barry, on a broader scale, we as you know are big supporters of the AP's new company the News Licensing Group. And that is an important start in the direction of the entire industry having the right kind of protections for its intellectual property.

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**Barry Lucas** - *Gabelli & Company - Analyst*

Thank you, Robert.

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**Operator**

Thank you. At this time, we have no additional questions in queue. Please continue.

**Robert Dechard** - A. H. Belo Corporation - Chief Executive Officer

Okay. Well, thanks to all of you for joining us. I hope you like the format where we get to Q&A a little more quickly. And any feedback you have on that please send David's or our way, and we welcome that. Otherwise, we look forward to talking to you next quarter.

**Operator**

Thank you. And ladies and gentlemen, this conference will be available for replay after 3 PM Central time today, through August 4, 2011 at midnight. You may access the AT&T Teleconference replay system at anytime by dialing 800-475-6701 and entering the access code of 207931. International participants may dial 320-365-3844. Once again, those telephone numbers are 800-475-6701 and 320-365-3844 using the access code of 207931.

That does conclude your teleconference for today. We do thank you for your participation and for using AT&T Executive Teleconference. You may now disconnect.

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