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Dan Blizzard *A.H. Belo Corporation - Senior Vice President and Secretary*

Howard Sutton *The Providence Journal - Publisher, President, CEO*

Ron Redfern *The Press-Enterprise - Publisher, President, CEO*

PRESENTATION

Alison Engel - *A. H. Belo Corporation - SVP and CFO*

I know a few people are still getting settled, but we are going to go ahead and get started. So good morning, everyone. Welcome to A. H. Belo Corporation's 2012 Investor Day. My name is Ali Engel, I'm the Company's Senior Vice President, Chief Financial Officer, and Treasurer.

After the market closed yesterday, we issued a press release announcing projected third quarter revenues giving full year 2012 and 2013 adjusted EBITDA guidance, and discussing pension buyouts, all of which, we will delve into further this morning.

Before I turn you over to our CEO, Robert Decherd, I have a few housekeeping items, I want to review today's agenda. Today's discussion will include forward-looking statements and non-GAAP measures, which is why you see the statements of Safe Harbor, and non-GAAP measures in front of you.

Following Robert's opening comments, Jim Moroney, Chief Executive Officer of the Dallas Morning News, will deep dive on our current operating strategy in Dallas, including new initiatives. This discussion will include some additional insights from Howard Sutton, CEO of the Providence Journal, and Ron Redfern, CEO of the Press-Enterprise.

Robert and I will provide an update on our financial strategy, and then Dan Blizzard, Senior Vice President will review A. H. Belo's Real Estate portfolio. After a break, we will move on to the most important part of today, your questions, and Robert will wrap up the morning with a few concluding remarks.

Now, I'd like to introduce our Chairman, President and Chief Executive Officer, Robert Decherd.

Robert Decherd - *A. H. Belo Corporation - Chairman of the Board, President and CEO*

Thank you, Ali, and good morning, everyone. Welcome to Dallas. We're very glad you're here and, of course, we're joined by another substantial cohort on our webcast. So we feel very good about the turn out, the interest in the Company, and its prospects. And we hope this morning we're going to be able to amplify on a number of important themes that will give you even more reason to be investors or remain investors.

We appreciate the loyalty of all those who've stayed with us in the last 2 or 3 years, as we in the industry have sorted through what has obviously been a very challenging time.

As Ali mentioned, we have a full slate of topics to discuss today. I'm going to get started with our management committee introductions. Of course, Ali, our Chief Financial Officer, together with me, will review our financial strategy. And I'm going to ask my colleagues to stand and just give a wave, so you get everybody's face with the names.

Jim Moroney, Executive Vice President of the Company, and Publisher and Chief Executive Officer of the Dallas Morning News. Jim will present the Morning News' operating strategy which includes details on our 508 Digital and Speakeasy initiatives. Dan Blizzard, our Senior Vice President is responsible for real estate, human resources and strategic sourcing. Dan is going to present the Company's real estates strategy.

In addition to the management committee, we're pleased to have a number of our key leaders here today, both from our newspapers and from our corporate officer cohort, Guy Kerr who is over to your right, my left, is a regular participant in our management committee meetings. Guy is our counsel under an intercompany arrangement with Belo Corp., where he is Executive Vice President of Law and Government.

Howard Sutton, here at the front, is Publisher, President and CEO of the Providence Journal. Howard and his leadership team are currently instituting necessary, but promising changes at the journal. And as you know, the city of Providence and Rhode Island as a state -- these are economies who are still struggling which has put pressure on advertising, and circulation revenues and will likely continue to do so for the foreseeable future. So, Howard and his team has done an outstanding job against pretty strong headwinds.

Ron Redfern, our Publisher, in Riverside, President and CEO of the Riverside Press-Enterprise. The headwinds we think are abating in Riverside. They've been through the storm the last 3 of 4 years. And he and his team had not only overcome numerous challenges including the subprime lending crisis, which as you know disproportionately affected advertisers and consumers, in the inland California region, but they have been a big part of rebuilding that economy both from the city of Riverside and throughout Riverside County.

Bob Mong, the Editor of the Dallas Morning News is with us. Bob leads the news and editorial areas of our flagship newspaper, and has been a very strong thought partner for Jim in the initiatives at the Morning News, responsive to the challenges the industry has faced.

Keven Willey to your left, to my right -- I suppose that's good, a balance -- to your left, to my right, Vice President, Editorial, page editor of the Dallas Morning News, reports to Bob. She over sees the Morning News' forward-thinking and award winning editorial department which as you know, won the Pulitzer Prize just 2 years ago. She and her team influenced private and public sector leaders in Dallas Fort Worth, and throughout Texas on a wide range of very important issues.

Grant Moise, next to Keven, is Vice President, Digital, The Dallas Morning News. Grant is responsible for the implementation of the Company's digital strategy, as well as specifically, the 508 and Speakeasy product initiatives. Grant also leads the development of new digital business initiatives, which allow the morning news to continue to diversify and stabilize its revenue streams.

Dan Phelan, here directly in front of me, is the Chief Revenue Officer of the Dallas Morning News. He's responsible for all advertising revenue at the Morning News, including niche products. Under Dan's leadership, we have experienced strong revenue growth in August and September, which will be discussed and celebrated later in the presentation.

Mike O'Hara, our Chief Information Officer for the entire company is based here in Dallas and works very closely for Jim -- with Jim to whom he reports. Mike is responsible for all of our technology initiatives, and has led the Company's alignment of all its newspapers to a common platform for advertising, circulation and news. This is a big deal, and we will talk about that in different parts of the presentation today.

Additionally, Mike and his team have taken significant cost out of the business, meaning the IT aspect of our business, both at corporate and all of our operating units, which has contributed to A. H. Belo's strong EBITDA and cash flow performance.

Finally, David Gross our -- where is David? He's back running the show -- hello, David. Vice President, Financial planning and strategic analysis -- of course, all of you know him in his previous role as VP, Investor Relations, and a corporate planning role. Now, he's focused primarily on financial planning for the Dallas Morning News and corporate, as well as supporting business leaders throughout the Company on potential investments, or new product offerings like 508 Digital and Speakeasy.

Let's talk about our goals for the day. Number one, we want to review A. H. Belo's dynamic and forward-thinking operating strategy and performance. We want to update you on the changes to, and execution of, our financial strategy. We want to provide more detail on the Company's real estate strategy and information about assets being marketed for sale. And as Ali noted, we want to spend ample time answering your questions.

As we proceed today, I'd like to ask you to keep the following in mind. Since our investor day in 2010, or '11, A. H. Belo has made progress on all fronts, and we'll demonstrate that today through our presentations. We feel our stock price has not fully reflected this progress in the last 15 months -- that period specially -- and we are determined to close the perception gap.

We're encouraged by August and September financial results, particularly revenues, and we expect third quarter revenues to be in the range of $108 million to $109 million which is a 1% to 2% decline from the prior year quarter. This performance is the best we have seen since the spin-off in 2008.

Our strong balance sheet and the Board's confidence in the Company's cash position, and our cash generation, have allowed us to execute more fully on our financial strategy related to returning capital to shareholders. The recently announced special dividend and the share repurchase authority together with potential increases in dividends in the future reflect this priority.

Our innovative operating strategy continues to focus on diversifying and stabilizing revenue streams, running cost efficient operations, and generating cash. Our pension plans, remain under funded primarily due to stubbornly low interest rates, however, proactive actions are underway to derisk the pension plans further and make progress toward out long stated plan to terminate the pension plans.

Cash generation opportunities exist within our real estate portfolio, and the Company is committed to achieving full value for these assets in an improving commercial real estate market.

And, as I stated when we last met, the entire newspaper industry continues to be in transition to a digital operating platform. It will take time for winning business models to become apparent, although progress is being made. And we'll talk about some of that progress at A. H. Belo this morning.

With this backdrop, Jim is going to kick off the discussion of our operating strategy, then I'll be back to give a detailed review of the Company's financial strategy.

Jim?

Jim Moroney - *A. H. Belo Corporation - EVP of A. H. Belo Corporation Publisher and CEO of The Dallas Morning News*

Thank you, Robert. Ali told me that this was Robert's favorite room to meet in, and I thought it was the view of downtown, now I realize, he can see my office window right there. So, I got to start staying in longer when he's over here meeting. I thought I got to play hooky.

Okay, I'm going to cover a lot of territory today, so bear with me. I'll go to the water a few times here to get through a pretty lengthy presentation, but I think there's some really important and interesting things we're going to talk about and I look forward to discussing them with you.

Let me start by updating you on the market conditions where we operate and our core audiences. As you can see in this first slide, this is the Dallas MSA. And at the end of 2000, we had 5.2 million people in the MSA, and at the end of last year, that had grown to 6.5 million people, a 25% growth, obviously one of very fastest growing areas in the United States.

The next slide shows you that the Dallas Fort Worth MSA is actually the fourth largest MSA in the country behind only New York, LA and Chicago. So we're not only fast growing, we are one of the last largest.

For those of you who are not familiar with Dallas, and Fort Worth, there's principally 5 counties that make up 80% of the population in the MSA; Dallas, then Tarrant County where Fort Worth is, Collin County with -- Plano, you probably hear about, Denton where we actually have a newspaper and Rockwell Counties. And these 5 counties, are not only 80% of the population, they're more than 80% of the retail sales in the MSA.

Talk for a minute about our newspapers. Of course, right here in Dallas, The Dallas Morning News. We have an average circulation in the 6 month period ending March 31st of this year of 405,000. That's made up of the Dallas Morning News, the Denton Record Chronicle, Al Dia, Briefing and then our paid digital subscribers. So all together, that's a average daily circulation of 405,000.

On this next slide, it shows you the differences in sort of the economic health presently of our three principal markets. On the far left, you have Dallas at 7.4% unemployment a full 100 basis points better than the national average. But over to the right you have Providence in Riverside, as Robert mentioned, we're hard hit during the '08 and '08 subprime meltdown and basic economic decline.

Providence at 10.1%, Riverside at 12.6%, but actually these numbers are better than the numbers we showed you at our investor day last year. So the point is, these markets are improving in unemployment.

The next slide is -- talk for a moment about The Providence Journal. Obviously, it operates in Rhode Island, where the population there has actually be flat for the last decade. The Providence Journal's total average circulation, Monday through Friday for the 6-month period ending March 31, was approximately 114,000. And for the first time, that includes not only the Providence Journal, but its branded print condensed news product, Journal Express.

The Press-Enterprise operates in the Riverside, San Bernardino MSA, and its total average circulation, Monday through Friday for that same six-month period, was approximately 132,000.

So that's a little bit about our three markets, their economic health, the average daily circulation. Now, I really want to talk about our company's efforts to diversify its revenues, so that we can begin to actually stabilize revenues which has been a long time coming for the industry and for our company, and of course, hopefully, a precursor to actually growing top line revenue.

So on this first slide, if I could kind of direct you to the green and yellow pie pieces over there on the left side, you'll see that circulation and printing and distribution revenues totaled 19% -- the 15% plus 4%. That's at the end of 2007.

The end of 2011, those two same areas, circulation revenue, and printing and distribution contracts account for 38%. Now I know we have financial people in the room which will say, well, that's great you just took the denominator down, print ad revenue went down. And so, naturally, if those things stay constant, they're going to go up.

But, it's not just that they stayed constant. We engaged in a deliberate strategy starting in 2007 to raise the price of our newspapers so as to drive up circulation revenue, and we aggressively went after print and distribution contracts.

So if you take the total revenue contribution of circulation, and print and distribution commercial contracts at the end of '07, and you go forward to the end of 2011, if you add up the incremental revenue for those two areas over that four year period that time, that totals $122 million. It's $122 million we would not have had, had we not aggressively raised price of our newspapers and gone aggressively after these print and distribution contracts.

So it has been a successful strategy in that way, and if you add in the digital component in the purple, you're getting close to half of our revenue, no longer being dependent on the print ad revenue which we all in this room know has been the least dependable revenue stream for the newspaper industry over the last 5 years.

Let me talk just a moment about the revenue performance of our companies for the first 6 months of this year. On the left-hand side, is total revenue for our company and for the three newspapers. The best performers for the first 6 months was The Providence Journal followed by The Press-Enterprise and with The Dallas Morning News being slightly behind Riverside.

If you move over to the left, and you look at ad revenues for the Company and the 3 papers, you'll see that actually The Dallas Morning News had the best performance among the three papers, even though it lagged in total revenue. Its ad revenues were down 6.1% for the first 6 months, a little bit better than the 6.6% decline which was the average reported for the newspaper industry over the same period.

If you'll go then to this next slide, you'll see where it is that Riverside and Providence made it up on the total revenue line On circulation, Ron was able to keep The Press-Enterprise's circ revenue almost flat. They instituted a segmenting pricing strategy that Ron is going to talk about a little bit later, and that's been very successful for them.

And on the right-hand side, on printing and distribution, you can see that Howard has grown the print and distribution revenue at the Journal by 78.5%. So, when added in to the total mix, that allowed them to be down slightly less than 3% for the first 6 months.

So, again, the strategy is playing out at different times and different ways at our different properties, but it's going all towards trying to help stabilize total revenue and get us back to where we can begin to grow total revenue as a company.

Now I'm going to shift focus to Dallas specifically, and I'm going to talk about six areas that we are primarily focused on in terms of trying to restart revenue growth at our company, starting up in the blue, I'll talk about our proprietary, local content strategy; our focus, of course, on print and digital advertising revenue; digital marketing services, which is a new area that we've put a lot of emphasis on this year; event marketing, which we announced just recently.

Of course, we're still focused on our circulation revenue as a big component of our total revenue picture as is print and distribution commercial contracts.

So the first area I want to look at, and talk about is proprietary local content. We make investments in journalism for principally four reasons. The first one is, it's how we fund the creation of proprietary local content. And we do it on a scale that no other local news media company in this marketplace can match. That is our sustainable, competitive advantage.

We have three times the journalist at The Dallas Morning News than any other local news media company, which allows us to produce more proprietary local content, relevant, important, local content than any other news media provider in this marketplace. We have to be able to sustain that competitive advantage.

Secondly, by making this investment, we can attract and charge audiences for this content. We had done that in the newspaper, in fact we're the third highest priced newspaper in the country -- we're proud of that -- behind only the New York Times, and the Boston Globe at 36.95 a month for 7 [day] delivery.

We also are building audiences, of course, that deliver our advertisers, current and potential customers. So we're continuing to try to expand our audience reach, so that we can deliver customers to even more advertisers. And, finally, we believe that this investment in journalism actually creates a strong bond with the people who live in the communities we serve, and that makes them loyal, both to our print and to our digital products.

I can't emphasize too much the importance of our investment in journalism, and it's so important not only to our current business model, but to our emerging business models. I will acknowledge that is it expensive, it seems expensive, and yet, it is because of this investment, I am confident that we're not only able to build our brand, to differentiate what we publish, but it also provides us opportunities to develop new businesses that I'll take about later today.

When it comes to managing our investment in journalism and making trade-offs between opportunities, I rely heavily on my colleague and partner, Bob Mong, the Editor of The Dallas Morning News. Bob has been with the Morning News since 1979, he's been the editor since 2001, and during his tenure in news leadership positions at the newspaper, we've won 9 Pulitzer Prizes.

Bob has two principal lieutenants, Keven Willey, who's the Editorial Page Editor who you met just a few moment ago, and then George Rodrigue who our Managing Editor. It has been both a privilege and important to have Bob as a partner during this last 10 years. I think our product has gotten through this very difficult cost cutting that everybody is the industries had to do because of the wise decisions and input that he's given to me and to the paper over this past decade.

We're going to invest this year, about $35 million in our newsroom, $29 million of that, or 83% of it, is invested in people. There were approximately 341 employees in our newsroom at the midpoint of this year and, of course, that leaves about $6 million to be invested in non-headcount related things.

Bob and I absolutely are convinced that the publication of relevant important, differentiated journalism depends on the talent that we can attract, and the talent that we can retail in the newsroom. This next slide will show you that we have three quarters of our -- employees in the newsroom, are focused on creating content -- only a quarter in what you might call support positions. This is very important that we're creating as much content as we possibly can.

And on the right hand side, you see that most all of those resources are dedicated to producing local content. We aren't our trying to recreate national and international content. We focus on what it is that we can deliver that's differentiated from what other news organizations can deliver. That's the local content, the regional content, and to some extent state content. This is, again, how we win in our marketplace by focusing on what it is that we can differentiate and do better than anyone else.

Every year, Bob and I get to make decisions about people that we can put in the newsroom to help produce even more, and better local content, and this year is no different. Just among a few people that we've added, we hired Mitchell Schnurman who's a highly respected Business Columnist -- well awarded and recognized business columnist who was working for the Fort Worth Star-Telegram before we hired him away.

So he has a long time -- long tenure covering this marketplace. And we're confident that his column in the business section and online is going to improve our business coverage going forward.

Something that Bob initiated -- it is really quite innovative, Bob reached an agreement with the University of Texas at Arlington to hire an architecture critique who will report part time for us and teach part time for them. This is actually the second of these partnerships that Bob has created. He did another one with SMU and brought a person into our editorial department, who had a good run with us, and I think now is the managing editor in Philly, is that --? The Philadelphia Inquirer.

So this person wrote for and worked on Keven's team, and also taught at SMU. And this is a way that we can take our resources and extend them to create more original reporting for our readers both for in the paper and online, by sharing some of the cost with area universities. And Bob is out talking with universities about how we can do this in other important areas. It's very innovative and I really want to remark on what a good execution of it Bob has done, we're looking for some more of those.

The last hire I just want to talk about for a minute -- I think everybody here knows how important a video is these days to story telling on digital platforms. It's more important than ever and it's going to continue to be more and more important. and it is not something that the consumer first thinks about when they think about newspaper companies and how they report, even online.

So this year, we added to our newsroom team, a person by the name of David Duitch, he is the Editor now of dallasnews.com. He joined us in July. David is an award winning Broadcast Journalist, he has over 30 years of experience in television newsrooms around the country, including WFAA here in Dallas. He was the news director there and -- so he knows this marketplace very, very well.

Newsrooms that David has led during his tenure in the broadcast news business -- they won 2 duPont-Columbia Awards, 2 Peabody Awards, and 7 Edward R. Murrow Awards, that is an incredible record, and David a consummate journalist. I know David is going to really ramp up the video story telling that we do online and on all other digital platforms, and he's also going to improve dallasnews.com, which I'm to talk about in just a moment.

Let me shift for a minute to the second area of focus which is going to be print and digital advertising. In August, after a nationwide search that went on for 6 months -- it seemed like an eternity -- I made the decision to promote Dan Phelan who was on our staff and who you were introduced to this morning.

Dan was previously the General Manager of preprints, major retail and grocery, and he is now our Chief Revenue Officer, responsible, as Robert said, for all of our print and digital advertising revenues.

Now there's a couple of things about Dan that I want to tell you, first of all, believe it or not, since 2005, while he worked with The Dallas Morning News in the previous job, his team in every year exceeded its annual revenue goal. Those of you that follow the industry and our ad revenue challenges since 2005 know what an incredible feat that is.

Secondly -- and I'm going to say this about six times, so just stay here for a while. In August and September, Dan led The Dallas Morning News sales team to its first back to back monthly increases in total advertising revenue since early 2006.

Dan led The Dallas Morning News sales team to its first back to back monthly increases in total ad revenue since 2006, advertising revenue in August and September increased approximately 3% and 1.4% respectively. That is quite an accomplishment, and it was not only in digital advertising, actually our ROP advertising was up in the newspaper in both months.

So, congratulations, Dan. And as we're fond of saying, so what are you doing for me in October?

Dan is focused on stabilizing our core print revenue, obviously, though he keeps telling me he's going to grow it, and now he's making a believer of me. And, of course, we're going to continue to grow revenue in each of our principal niche and other products, Briefing, Al Dia, Neighbors Go and FD Luxe.

When you take these four products together, it gives us a whole another spectrum of audiences to which to sell to our advertisers, and we're estimating this year that the total revenue for these four products will be approximately $27.3 million to $28 million and that represents now, 16% of our total advertising revenue.

So, again, these are very important products and shifts some of the emphasis away from just the core product into some other things we can sell and depend on. Let me talk about each one of them just briefly, starting with Briefing. Briefing is delivered to homes of the non-subscribers in key advertiser zip codes. There are approximately 200,000 copies that are distributed free each day, Wednesday, Thursday, Friday and Saturday.

Briefing's advertising revenue increased sharply between 2008 and 2011. 2008 was a stub year; we started it in August, we generated $1.7 million. Today, at the end of last year, we were at $15.1 million. That's a 3-year increase of $13.4 million.

If you take off that stub year, and you take the projection for 2012 which we're estimating to be between $15.1 million and $15.4 million, that would represent a 3-year compounded average growth rate of approximately 21%.

So this has been a very successful new product initiative for us, and if you also think about it, we started it in 2008, probably the second worst year only to 2009 in the modern newspaper industry history. So to get this kind of growth when the industry revenues were declining, I think is even more remarkable.

Let me just take a look for a moment at Al Dia. Al Dia has a distribution of 100,000 on Wednesday, and 125,000 on Sunday. This year, I'm proud to say that the Texas Associated Press Managing Editors named it the newspaper of the year in March.

We hosted our 5th Annual Copa Al Dia Soccer Tournament. We attracted 12,000 participants and their families and friends to watch the games, and it attracted over 22 local and national sponsors, and we're projecting the 2012 revenue for Al Dia this year to be at $8 million.

Neighbors Go. People have been talking about a hyper local content for a long time, we've been producing Neighbors Go for over 5 years. We are distributing it now to 320,000 households each week. There are 11 separate additions of Neighbors Go that cover over 44 communities in our area, and it's distributed in The Dallas Morning News, and in briefing, every Friday.

That makes Neighbors Go, the most widely distributed weekly community newspaper by far, in the state of Texas. And we project this year, the full year revenue for 2012 to be approximately $3 million.

We also this year, are just now beginning to launch new microsites tied to these communities that are part of the 11 additions. And I hope this time next year to tell you about the engagement in audience growth we have with those microsites, we have 3 of them, Grant, up now? Where's Grant? 6 of them are up now, and many, many more to come.

I'm also really proud to talk about our next publication, FD Luxe. I think as you all know, it's a luxury lifestyle magazine. The average household income for Luxe is 170,000, the average age of the reader is 44 years of age. We distribute 95,000 copies, 10 times a year, through The Dallas Morning News and through some free rack distribution.

I don't know if those are out in front of you, but if not, I think we have some in the back. I'm particularly proud of our September issue, we re-launched this with a whole new focus, not just on fashion, but on travel, automobiles, real estate in April, and our September issue was a record issue of 154 pages, the revenue was $300,000, that's a 50% increase over September of last year.

And if you take the time period of April through September when we re-launched the magazine, we've generated $800,000 which is a 29% increase year over year; most all of this coming from new advertisers particularly real estate and automotive advertisers who previously, really weren't in the book because it was a fashion-centric, almost fashion exclusive luxury magazine.

Very proud of the team and the re-launch of this, Rich Alfano who works for Grant, headed that up and I think has done a wonderful job. I hope you go pick it up. I think it's a national class, publication both in content, and in the graphics and photography that you will see.

Let met turn a moment just to digital advertising. As you can see here on the slide on the left, we had $19.5 million of digital ad revenue in 2011, and we're forecasting that to be $23 million this year when you take out any one time and non-recurring items from both years, representing then an 18% year over year increase.

The biggest increases are coming from the blue bar at the bottomcars.com, we expect that to be up, 10% year over year. And then on the right side, if you look for the small purple bar, you see 508 digital, all of that revenue of course is new, because we started that initiative this year. So, those are two of the really big drivers of our increase in digital -- 18% increase we're projecting for 2012.

Just talk a moment about dallasnews.com -- if you look on the unique visitor line, you see that we've had a decrease from last year, of 4.8 million unique visitors, to 3.7 million. That's a 24% decrease -- a similar decrease on page views, from 38 million a month to 28 million a month, or a 26% decrease. This is right in line with the projections we made when we announced that we were going to go to a subscriber content or paid access strategy to our website.

The previous numbers had free access. These numbers have paid access. And so, that kind of decline given how much room that advertising we were selling had very little to no revenue impact on dallasnews.com.

I'm a little more concerned about the engagement numbers. The last two -- the session links are down from 18 minutes to 14.6 and the minutes per user down 37 to 30. But as I talked about earlier, we have hired David Duitch to be the new editor of dallasnews.com. And I am certain that when I'm talking to you next year, you will see an improvement, not only in the engagement numbers, but I believe in the uniques and page views as well.

Another digital initiative this year, we redesigned guidelive.com. Guidelive is our entertainment site that you can see here. We re-launched it just 2 days ago? Just 2 days ago, so fresh off the press, in a funny way of saying it.

We expect Guidelive to increase traffic to the site, of course, to improve audience engagement and to increase our inventory in what is a very high demand digital vertical. Entertainment is a place where we typically, can literally be sold out of inventory. The demand can be so high.

You may also have read that we acquired Pegasus News this summer which was actually the number one trafficked site, I believe, for entertainment in Dallas before we purchased it, or close to it. Okay -- so number two. So when you put those two together, Guidelive and Pegasus, there's no question now that we are the go-to source in this area for entertainment news and information.

I know everybody in this room knows how important the retail category is to the newspaper industry, and that's why we invested $2.5 million in Wanderful Media which as formerly known as ShopCo. Wanderful owns and operates the local shopping site, Find n Save, and is aggressively building a network of affiliate sites which you can see, I think, listed here. So those are all the newspaper companies that are a part of the investment group into Wanderful Media.

Find n Save is up and running on dallasnews.com, pe.com, and it will launch on providencejournal.com early next year. As our sites launch, each uses the Find n Save to digitize ads and optimize the content of those ads for search engines. Find n Save's media investors are listed here. I guess those are listed there too -- did we not get those? Okay.

By the end of the year, I expect Find n Save's affiliate network will include approximately 300 sites and cover nearly all of the top 50 markets.

In April of this year, Wanderful named a veteran Silicon Valley entrepreneur and venture capitalist Ben Smith as its Chief Executive Office. Prior to Wanderful Media, Ben co-founded and sold the local media company MerchantCircle. He also was the Founding CEO of a professional network Spoke software, and he is a venture partner in Accelerator Ventures.

Wanderful Media's goal is to ultimately provide advertisers with 50 million unique visitors who are engaged in an exciting online shopping experience, and with Ben Smith at the helm, and a rapidly expanding affiliate network, we think that Find n Save's business is poised for rapid growth.

Here's a peak at Find n Save's emerging iPad product which enables Discovery Shopping. This type of product innovation, we think, will help Find n Save drive national sales while its affiliates like us in the local markets roll-out new products and services for our local and regional advertisers. And we'll do that late next year. Down the road, Wanderful Media may also leverage the very Find n Save technology to transform other verticals.

Now, I want to talk for a moment about our digital marketing solutions initiatives, and two particular ones that we announced this year, 508 Digital and Speakeasy. Grant Moise who you were introduced to, led both -- the development of both of these initiatives and is now leading their rollout and execution.

First, 508 Digital. 508 Digital is aimed at the small and medium business market, which we estimate to be roughly 225,000 companies in the DFW market that would be classified as SMBs. I think, as most of you know, we partnered on this project with Hearst, their product called LocalEdge, and it's basically a suite of digital marketing solutions that we then resell to small and medium businesses.

A typical package would have these kinds of things in it. An online and a print directory, this is our package that we would sell, video, SEM, SEO, mobile advertising and email marketing, website development and maintenance and advertising analytics, and online reputation management services.

So we would be selling a combination of these packages ranging at the bottom, Grant, from about $275 a month -- $250? $225 a month, top at $750, on a package basis? So up to $1,300. So, we have a $1,300 package. And we can sell beyond that if we want, but we try to match that package with different combinations of these services to what the particular customer in the small or medium business might need.

A key component of each of 508 Digital's solutions, is online print and newspaper directories. The online directory which is located on dallasnew.com's homepage, gives these SMBs an immediate online presence, and more credibility with search engines when they're looking to deliver the most relevant results for local searches.

So those of you who know how the search engine algorithms work, just by being on the most trafficked local site in Dallas Fort Worth which is dallasnews.com, it sort of gives them SEO juice. And it begins to bring them up from probably being buried on page 12, to moving their way to up to finally getting up on page one.

It's a kind of one of the secret sauces of this business that you can't do without having a site that already attracts the kind of audiences that we have with dallasnews.com. So our competitors in the marketplace who try to sell some of these same things, none of them have a website with the kind of traffic that dallasnews.com delivers.

Also the SMBs are seeing results from the print directory which you see on the right, and we're publishing that every Sunday in the Dallas Morning News and Briefing. And I'm going to be talking to Grant when this thing gets to be 4 pages, so we're going to have to produce a special section. It is now a full 2 broad sheet pages, and it looks like we're going to a third.

We have over 300 customers sold since we launched 508 Digital -- 300 and -- 308, I knew you would know the exact number. 308 customers that are sold and our churn rate, Grant, has been? 11%. So, I think that's really good when you consider that every single one of this 308 customers have not been a customer of The Dallas Morning News.

These are not businesses that we have traditionally done business with since as a largely distributed newspaper company, we price most of the small and medium businesses. If you own a single store for your dry cleaning, very difficult for you to justify spending in a product that's reaching 200,000 and 300,000 homes all over the Dallas area.

We also did some customer satisfaction surveys, just to see how we were doing and the results were fantastic. Our digital marketing consultants -- that's our 40 salespeople -- scored a 3.8 -- very close to exceeds expectations. The fulfillment time -- that's how long it takes from the time we close to actually get them up and running -- also, we got a 3.6. And our quality performance was a 3.5.

Customer service manager, those are the support people behind the sales scored a 4.0, but I should let you know that they were the ones that actually called to do the survey, so people gave them a 4. Not real sure about that, but we'll take it.

Anyway, so I think what it says is -- this is a brand new business, I think Hearst has done a wonderful job in assembling the different components of this business, both buying, and licensing different companies that provide the services, putting them into a single user interface that has a great self serve component to it.

But just in case you can't quite be self serve, we have our consultants that help here, plus they have a 200-person office in Buffalo, that is available to help all of these businesses when they run into some problems in doing self service.

And I think, again, that is the real secret sauce. Any of you that have been sold something that is self service know that that's only true up to a point, and then you need to get somebody on the phone and this 200-person back office is really important.

We were the first company to sign up with Hearst beyond their own newspapers. Now The New York Daily News, I think or News Day, have joined on the Minneapolis Star Tribune, Morris Communications, and others. So, we're seeing a lot more follow on after we worked the first licensing arrangement out with them.

Let me talk about 508 Digital's financials just for a moment. We're still forecasting that our revenue this year will come in in the $1.3 million range. All these contracts, by the way, are sold as year long contracts, and they have to have a credit card upfront, so we have almost no bad debt.

So this revenue is what we're actually recognizing in the month, it doesn't recognize the fact that we have many contracts already extending into 2013. Our operating investment this year will be, as we again, said earlier, somewhere between $3.5 million and $4 million.

We're projecting revenue next year for 2013 of $8 million to $10 million. We will expect to be cash flow positive late next year, or early in '14, and we will recoup the investment that we've made late in 2015 or early 2016.

I want to talk about Speakeasy for a moment, we announced this on September 10th. As you may have read, we are the majority owner and Slingshot which is a Dallas based advertising agency is the minority owner. Owen Hannay, the Founder of Slingshot -- it's been in business for about

16 years -- he's the CEO of Speakeasy. That really provides us with a person that understands and how to run an agency -- something that we don't know. That's not our core competency; it clearly is his.

Advertising Age ranked Slingshot is one of the best places that work both in '11 and this year. And along with Grant, Owen, they hired Mike Orren who as the Founder of Pegasus News, which we've recently acquired as I mentioned, to be Speakeasy's President.

Mike was also the Publisher of the Texas Lawyer and the General Manager of D Magazine at one time. I would tell you that Mike is literally the most well respected authority on digital and social media in the southwest. He is asked to make talks all over the country. In fact, we've had to pull him in and keep him now out selling the product and off the road because he could be speaking virtually every week.

So we think we have a tremendous leader of the business, and Mike Orren. And I will be the Chairman of the Board of the company, Grant will be on the Board of Managers along with David Gross, and then with Mike Orren and Owen Hannay.

The Morning News and Slingshot, as I say, each bring something important to Speakeasy, we have our advertising relationships, we have a lot of advertisers asking us to help them with social media particularly.

We've got a dedicated sales team to sell Speakeasy's products and services, and then what we have is proprietary local content. Some of you that are deep into the social media space -- in the social media marketing spaces, may have heard people refer to this as a content war.

Now the people who have the best content on their sites are going to develop the strongest sort of social engagement with consumers. Well, there's not a single media company anywhere in the southwest that can match the depth and breath of quality of content that Speakeasy is going to be able to access from the archives of The Dallas Morning News, which as you may know go all the way back to 1885.

We have a lot of content that we can put to use for our customers. And this, again, is a competitive advantage that other companies that might be doing the same thing at Speakeasy in this market simply don't have.

Slingshot, of course, brings us agency management expertise as I mentioned, and its existing advertiser relationships to Speakeasy. So, it's going to bring its customers over and have them use Speakeasy, and some of those companies are the Corner Bakery, IHOP@Home, Joe's Crab Shack and Shell Oil. So we think this is a great combination of two companies coming together to form a new company in a space that's still rapidly evolving.

The products and services that Speakeasy might offer, there's three packages, but this still can be a very customizable business. You could have a Connector at $2,000, a Maven at $3,000, and then an Innovator at $6,000 per month. You can see that this pick up pretty much where 508 Digital leaves off. This is, again, a much more sort of white glove custom approach to this, whereas 508 Digital is more package.

I'll just read a few things here. You'll have optimization; you'll have engagement on social networks; you'll have blog set up, blog hosting, blog posting; a dedicated account manager; basic reputation management, again, all the things that 508 does, but doing this on a much more customized basis and some things that it doesn't do like, for instance, the hosting and setting up a blog post and so forth.

This is a great opportunity for us, and I'll be really excited to talk about it next year. We're obviously just a few weeks underway having a launched it in the middle of September.

Let me talk for a minute about event marketing. Again, we announced in August that we were starting a new business called CrowdSource. Alison Draper is the General Manager of CrowdSource. She recently served as the publisher of the [alt] weekly Chicago Reader, and previously worked for us managing our niche publication, Quick and working on our arts and entertainment vertical. So, we know Alison quite well.

CrowdSource is going to create new strategic partnerships and invest operating dollars in highly regarded events. CrowdSource may also potentially take equity stakes in these events. We're initially targeting four verticals; financial, then cultural arts, food and drink, education, self improvement/health care and eco-friendly. And as I said to one person, the premise of this is that the biggest -- one of, if not the biggest expansion line in an event is its marketing.

And what our proposition is that we go to the established event, and we say what's your marketing budget, and they say it's $200,000. And we say, all right, if I invest -- if I take that off of your income statement, would you give me a $200,000 investment in this particular event and we can split the net proceeds accordingly.

And if I get a, yes, what I've done is I've taken their $200,000 of advertising expense, I now can execute that at about 10% to 15% on the dollar. So I've arbitraged the, if you will, wholesale cost of my newsprint, or my virtual no cost of my digital advertising from a 15% cost into 100% dollar investment. And that arbitrage plays very well for us.

The biggest problem events have are putting people in seats, and we're very good at doing that because we have so many different ways to reach people with our own media. So, we think this is a real opportunity.

We had our first event just a couple of weeks ago, called MetroCooking. It featured food network stars, Paula Deen and Bobby Flay. If you don't know who they are, I wasn't that familiar with them, but for the people that know them, these people are rock stars. The highest price ticket for Paula Deen and Bobby Flay to watch them do a cooking demonstration sold for $450, I couldn't believe this, and we sold all of those first.

So I'm not a foodie, I guess, but those that are, really just love these people. And we attracted an estimated 8,000 people -- we're still doing the final counts -- and generated $400,000 in ticket revenue for a first year event. This is really great for first year event because if you know the event business, if you have a good first year, you usually can grow that dramatically in years 2, 3 and 4.

We have another event that we're going to do, called One Day University. We actually got this from Howard's team in Providence. One Day University -- some of you in New York may have seen these -- may have attended one of them. It brings the top professors from top universities across the country together. And it gives you a chance to have people, your subscribers, non-subscribers come in and select classes about topics that they care about and, in essence, sort of return to college for a day.

This person that heads this up, Steven -- he goes around and finds the really popular lecturers on all of the campuses, the one that the kids actually enjoy going to class because they're entertaining and engaging, and he hires them to put on these hour presentations -- these lectures and it goes usually on a Saturday for a full day.

As I mentioned, Providence is having one in October, right, Howard? It's coming up this month. And we scheduled one for the first quarter next year.

So, we're going to continue to look for more events. We're looking for ones that have a track record, haven't scaled yet, maybe haven't been in the Dallas market particularly, that we think we can bring some marketing muscle and some expertise in the marketplace to grow those businesses here, and then perhaps scale them even more around the country.

MetroCooking is only been in Washington and Houston and maybe one year in Atlanta. And, really, the -- One Day University hasn't gone beyond New York and Massachusetts at this point. Rhode Island will be a third state for that, and Dallas, it's fourth, so it has a lot of room to grow.

Pardon? No frat parties. Sorry, John. Another area of focus for us, of course, we've talked about a circulation revenue. A month ago, I named Phillip von Holtzendorff-Fehling, or Phillip, as I like to call him, as our Chief Marketing Officer at The Dallas Morning News.

When I did this search, I had two things that were absolutely critical. I was going to hire a person with extensive subscriber acquisition and retention experience and outside of the newspaper industry. And I'm going to hire a person who had extensive customer data analytics experience I think these are two absolutely critical areas, as we build out further our subscriber relationship and continue to drive revenue through our subscribers.

Let me just talk about subscriber content just for a moment. If you all remember, subscriber content is what we launched in March of 2011, it was our paid access strategy. And it meant that all of the original and proprietary content that Bob's newsroom produces would not be available for free on any of our digital platforms any longer.

That content is in a sense exclusive to The Dallas Morning News, you can't get it where else. And it would be available, of course, in our print paper for subscribers or on our e-editions on our website, dallasnews.com, tablets and smartphones applications. So, that was the basic idea on subscriber content.

If I go back just for a little bit, when we started raising the price of single copy, and the newspaper, you can see that we took the price from $0.50 daily which it had been for a long time, up to $1, and we took the Sunday price eventually up to $3 where it is today.

But perhaps, most importantly, was what we did with 7-day home delivery. At the end of '07, we were charging $18 a month, by 2011, we were at $33.95 and we're presently at $36.95 for new subscribers, a price we put in on October the 1st of last year. So if you look at that change, the seven-day price from '07 to October 1st actually of 2011, it doubled. And we are at this point about the highest price newspaper in the country, as I said, besides Boston and New York.

That drove increases in circ revenue that were important for the Dallas Morning News in '08, '09, '10. We were flat in '11. As I showed you were a little bit down this year, but we did not put a price increase in for our previous loyal subscribers. We've only put it in on October 1st for new subscribers -- 7 day subscribers. So we're now looking at what we're going to do on pricing. And I'm going to talk about that in just a moment.

Even without that pricing increase, though, our circulation revenue per copy, on this chart shows you that's grown every year from 2008. And our forecast this year is to be at about $404 per copy, which would be about a 2% increase over last year. If you go all the way back to when we started raising prices, which were -- in November of 2008, we're getting close to a double of what we're getting in circ revenue for every copy that we sell. I think a real testament to how valuable our content is to our print subscribers.

As part of our ongoing efforts to increase subscriber retention and acquire new subscribers -- you may have seen this if you live here in Dallas, and read our newspaper -- we launched our bloodhound campaign. This started in late September with advertisements in the print edition of Dallas Morning News. We did this in conjunction with The Richards Group. This is their creative.

The point behind all of this is very simple. We have got to determine whether or not we can charge people for accessing content on digital platforms. That's the next real step for the newspaper industry.

Yes, the New York Times has done it and the Wall Street Journal has done it and Financial Times has done it, but the general interest metropolitan newspaper in this country has not done that.

In order to get somebody to pay you for digital content, you're going to have to convince them that there's something you're offering them they can't get on the television, websites because those are free, they're going to remain free, and if they have the same thing that we have, then that's a problem.

We did a survey of our 3-plus years subscribers that was statistically significant. 40% of them said that WFAA are pals across the street, had the same or more reporters than The Dallas Morning News. The fact is, we have 3 times more reporters than The Dallas Morning News.

If our own subscribers don't know that we have more reporters than the television stations, why in the world would they think we could give them more, better, differentiated content than a televisions station? Why would they pay us to access our digitally distributed content when they can get it for free on any of the television station news sites?

So the most important line here that we're going to bring out more, is this one, more reporters, more reporting. We're going to establish that in the minds of the consumers in Dallas that we've got the most reporters, we can do the most reporting and the next phase of this campaign will build on that.

And when we asked this same people whether they thought we or WFAA had a larger newsroom -- we said, what does it mean to have a large newsroom? Why would you care? They tell us exactly what we expected to hear. Well, a larger newsroom means better reporting, more quality reporting, more in-depth reporting, more -- broader reporting, more subjects covered.

They understand the value of a larger newsroom. We just got to go back and remind them that we are by far and away the largest new source for local news and information in this marketplace by a factor of at least 3 times.

This campaign will continue this month and for 4 more months -- end of January. We're going to be using bus wraps, we're going to be using billboards and other similar tactics to get this message out to our subscribers. So you can see some of different executions of this. I particularly, again, like this because it really highlights the more reporters, more reporting.

And just for those of you that are dog lovers, those are all rescued bloodhounds. All those dogs are rescue dogs that we brought in and The Richards Group bought in to use and help them earn a little money. So, that's fun.

We have been looking at what we're going to do with our pricing. We hired a company called [Maps] out of Massachusetts that does a lot of price elasticity studies for consumer package goods. And we did a new study -- it's the first one we've done in several years about how much elasticity there may or may not be in our home delivery price.

And I'm going to give you a little bit of the early information that we've got back from Maps that -- we're still analyzing and digesting this, but here's a few takeaways. We don't think that there's a lot of headroom right now above $36.95. We think we've kind of hit the place where if we increase the price, the decreases in volumes are going to be greater. So on an elasticity basis, that's not a good move because we'll raise the price, lose more volume in total revenue, hence, will go down.

So, I don't think you're going to see our price go up. But, we've hired Matt Lindsay who Ron is going to talk about later with Mather Economics. We don't have everybody at $36.95. We have some people at lower rates down throughout the subscriber base. We're going to go in and segment every one of our subscribers and determine whether they are or not at the highest price that they would be willing to pay. Those who still have some headroom, were going to go out and ask them on a renewal basis for a higher price.

And we think there's a -- we know, actually, because we've stratified the entire subscriber base. We know there's enough subscribers who have some headroom at the price there at below $36.95 to actually raise a substantial amount of circulation revenue without losing volume.

So we have that work underway right now, and we'll be doing something in the first quarter of next year in terms of increasing pricing to certain segments of our subscribers. I guess I say that was some trepidation now with all this Dallas people in the room. If you get the call, that means you're paying less than $36.95, and we'd be happy for you to pay some more.

We think this is going to be able to also give us a chance to go back and selectively offer some lower price into some customers, who in the past when we offered basically one price fits all and quit the paper to bring them back in to the newspaper and, again, at the price below $36.95.

This is not going to be and across the board discounting strategy. We don't believe in that. We don't think it's good business. But selectively with direct mail, with phone calls, we're going to go out and see if we can bring some of our subscribers back at still profitable price points, but lower than the rack rate of $36.95.

We've also learned something very interesting in this. We were very concern when we started our paid access that people would trade down from this $36.95 to an all-digital bundle at a lower price. They say, gee, if you're going to make pay $425 a year -- if you're only going to charge me $10 a month for digital access, so I'll be paying $120 I'll save the 300 bucks and I'm going to trade down.

This study we looked at not only independent elasticity around digital and print subscribers, we look at across elasticity. And what we found out is that the people who had a print product simply do not consider going all digital as a viable substitute for reading the print product. Meaning, no matter what price we offer them, for full digital access down to $2 a month -- I don't want it. I'll read my newspaper. I just like reading the paper.

And so, we put our digital bundle up at $16.95 and we've had a reasonable number of people subscribe. But we are really priced too high. So I think you will see us coming out with a much lower price to bring in many more digital-only subscribers, people who will not subscribe [to] the print product -- but without any fear of seeing our print subscribers trade down to a much lower price for digital access.

So that is a very interesting finding, and in some ways stands on its head a little bit this idea that putting up paid access is protecting your print subscribers. Your print subscribers don't really want the digital experience as a substitute for the print. At least not when you have taken your subscriber base and taken it down to the hardcore people who are willing to pay you $400 and more a year to get 7-day home delivery. A very interesting finding.

The other thing that we're going to look at is whether or not we stay with the way that we're doing our paid access. We developed our own system. We are the first metropolitan -- major metropolitan newspaper in the country to have a paid access strategy.

Since then, you've seen other strategies and most popular being the metered strategy. We will take a look at that. If that's a smarter way to go, then I'm sure we'll do that, or if there's an even smarter way to go, we'll take a look at it. We have not changed our strategies since we rolled it out and we think we can improve on it. And we're willing to look at the data that's available now -- almost 2 years later -- and decide that there's a better way to approach the marketplace.

So, you'll see those changes coming in the first quarter of next year. We're still studying all of that.

Let's see, so -- between now and the end of 2012, Phillip will lead the charge on refining these key takeaways and next steps. And I will have another update, as I said, for you early next year. I just want to say this in the side bar for a moment. Phillip worked for Deutsche Telekom. He works for two other large companies with subscriber kinds of relationships. He also works for company called PreClarity which specializes in digital consumer analytics -- data consumer analytics.

And I've already seen him come in here and take information we have and start applying it to subscriber acquisition and retention in a way that I haven't seen in my years as publisher of The Dallas Morning News. So, I feel very, very good about his leadership and what he's going to be able to do not only in driving subscriber acquisition, but improving our retention, and especially in using data to better profile our customers both for advertisers and to help us understand what content is important for us to be publishing to attract the right audiences.

So now, I'm going to turn you over to Howard Sutton, who is the Publisher and President and CEO of The Providence Journal and then after Howard, Ron, the publisher and president and CEO of The Press-Enterprise. And they're going to give you their updates on their content -- subscriber content strategies in both Riverside and in Providence. And then, I'll come back and do a very quick wrap up on our operating strategy.

Howard Sutton - *The Providence Journal - Publisher, President, CEO*

Thank you, Jim. Good morning, everyone. At The Providence Journal, we are one year into the rollout and refinement of our subscriber content strategy. The Providence Journal's subscriber content strategy contains some of the same key components as The Dallas Morning News' subscriber content strategy.

For example, at the Providence Journal, subscriber content is original and proprietary content generated by The Providence Journal's award winning newsroom. Subscriber content is exclusive to The Providence Journal. Subscriber content is available in the Providence Journal's newspaper and our eEdition. However, the similarities between the subscribers content strategies in Providence and Dallas end there.

Providencejournal.com is a free website with breaking news, sports lifestyle and multimedia content and access to our eEdition. We began charging for the eEdition, the digital replica of The Providence Journal at the end of February 2012, after providing consumers with three eEdition trials and time to experiment with the new Providencejournal.com, the new eEdition and our print product.

Today, our proprietary content is only available in our newspaper and our eEdition. Here are a few screenshots of Providencejournal.com and our eEdition on the iPad. The Providence Journal offers a range of print only, print digital bundles, and digital-only subscription options. Many of which are shown here.

With these strategies and tactics in mind, here are the three primary goals with the Providence Journal's content strategy. Stabilize print circulation, increase value for subscribers by launching the eEdition and other value-added products and maintain a vibrant online community.

Now, Ron Redfern will talk about The Press-Enterprise's subscriber content strategy. Ron?

Ron Redfern - *The Press-Enterprise - Publisher, President, CEO*

Thank you, Howard. (Inaudible) it's a pleasure to be with all of you today not because it's such a friendly crowd, but because it's been about 108 degrees in Riverside, California. So, it's nice to be in the pleasant weather here in Dallas.

As you just heard from Howard, some differences with their strategy or their go-to-market strategy for Providence from Dallas because of the marketplace. But underlying all three properties are similar strategic principles.

And, again, in Riverside, those principles are straightforward; content is original and proprietary; it's exclusive to our product; and, it's available in our print newspaper, our online eEditions, pe.com, our tablets and smartphone applications. So, all three properties are building on those foundational elements. Bu, again, as with Providence and as with Dallas, there are some differences that come in to play when we go to market in Riverside. And that is a result of the Los Angeles DMA.

The differences are rooted in the competitive diversity of the marketplace. In Southern California, there are 14 daily newspapers including The Press-Enterprise. There are 14 broadcast television stations, and 77 radio stations. And the large majority of all of those news media companies are focused on moving into digital and they are doing it very aggressively.

The largest news media competitor in the region, The LA Times, has taken the lead with its subscriber strategy and is using a metered model for its digital subscriber products to complement its print circulation.

And we are looking at that closely and we've come to some conclusions that that's probably a good way for us to go. And because the Southern California market is a very price competitive market, newspaper delivery rates are heavily -- and I do mean heavily -- discounted. You heard from Jim what they've been able to do to leverage rates up in Dallas. In Southern California, it's very challenging.

And to give you a sense for the magnitude of the discounting, we've seen 7-day home delivery rates from as low as $1 a week to rock bottom $10 a year. And the headroom you have to move that up in a competitive environment is not -- there's not a lot of it. And the digital subscriptions are also seeing that same kind of competitive drive.

So, for The Press-Enterprise, our subscriber content tactics are twofold. First, we're segmenting our existing potential home deliver customers by their ability to pay. And we're utilizing a metered model on our website and our mobile apps to monetize our digital audience through print and digital bundle subscriptions and digital-only subscriptions.

As Jim mentioned earlier -- he talked about Matt Lindsey of Mather Economics. We've been working with Mather Economics over the last 18 months. Mather is an applied economics consulting firm with experience in hundreds of newspapers across the country, and they are very effective in developing and implementing segmented pricing strategies, which we've embraced in Riverside.

Mather segmentation model uses a number of metrics to develop price elasticity analysis. Those things include age, educational level, household income, the presence of children in the home, acquisition, channel, cost of acquisition and a number of others. And these metrics allow Mather to develop price elasticity models for each census block group, which is about 10 to 12 homes.

And we've done that across our entire circulation footprint and develop renewal price points for those subscribers. That allows us to be very specific than targeted on price renewal increases, and we've been very effective and been able to lift our average price using this strategy.

In this coming January, we will launch Press Plus' proven metered model on our website, pe.com, our eEditions, and we'll begin generating digital subscription. Press Plus is an over 300 -- it's been embraced by over 300 newspapers across the country.

And we'll be taking actions to enhance the presentation of our content, to enhance our user experience and also effectively driving engagement conversion and retention efforts through innovative mechanisms, such as polling, lead nurturing and a number of others subscriber value propositions.

We believe these are steps that will mitigate the downside risk of moving to a metered model. You'll note earlier Jim said there were some page view issues that took place, and we're expecting that as well. However, we believe also that these kinds of tools will allow us to optimize the upside opportunities to increase revenue and audience.

For The Press-Enterprise, our content goals are very straightforward. They are monetizing our digital audiences, increasing our average revenue per user -- a key metric, increasing print and digital subscription revenues and increasing digital advertising revenue.

And, of course, we've got some next steps to take to get to that point in January when we're moving forward on our digital plan and that is to continue to refine our segmentation analysis and renewal price point tactics and see what we might be able to pull in to this digital subscriptions as well. And then, secondly, launch the Press Plus metered model in January and build our audience beyond just the print product.

It's a pleasure to be with you today, and I'd like to turn the discussion back over to Jim. Jim?

Jim Moroney - *A. H. Belo Corporation - EVP of A. H. Belo Corporation Publisher and CEO of The Dallas Morning News*

Thanks, Ron. I'm going to wrap this up pretty quickly and turn it over to Robert. On printing and distribution, for The Dallas Morning News, it's been pretty modest. We've only picked up some small contracts in the last 18 months. But as you may know, we are in printer for the USA Today for The Wall Street Journal and The New York Times, and a few other broadsheet publications, which is most of the national broadsheet in the marketplace.

Obviously, the real printing and distribution gains in our company have come in Providence and Riverside in the last 18 months. We pretty much put our presses clothes to full capacity, and the same to be said for the number of products that are distributed in the marketplace.

So, let me just do a real quick of wrap up on our operating strategy -- sort of takeaways for The Dallas Morning News. We're fortunate to be one of the most vibrant markets in the country. Those of you that live here know that and appreciate it.

As I mentioned, we'll invest approximately $35 million in our journalism this year. And that's the point of creating original, exclusive, proprietary, local relevant content. We are very focused on diversifying and stabilizing revenues through that diversification. We will continue to drive hard on print advertising and digital advertising.

We're looking to grow digital marketing services with 508 Digital and with Speakeasy. CrowdSource is our event marketing initiative. And then we'll be announcing some circulation revenue initiatives in the first quarter. And we will continue to look for opportunistically printing and distribution contracts. But honestly, there aren't many of those left available for us in this marketplace.

We will continue to create proprietary local content, and we will continue to charge a premium for this content because we believe that it is worth it. And we will have a strong team on the field developing and launching new products and services as we have for the last 24 months.

So, that's pretty much to wrap of the Morning News. I'm now going to turn it over to Robert who is going to talk about A.H. Belo's financial strategy. Robert?

Robert Decherd - *A. H. Belo Corporation - Chairman of the Board, President and CEO*

Jim, thank you. I want to make sure I'm miked up from the webcast standpoint. We're going to take a 5-minute short as possible break just to give you a chance to have a break. And then, I'll resume as soon as everybody is back and seated. And from the webcast standpoint, hopefully 5 minutes or less. Thank you.

(Break)

Robert Decherd - *A. H. Belo Corporation - Chairman of the Board, President and CEO*

For those of you on the webcast, welcome back. We're gathering and just about to get started here.

As you can tell from Jim's comments, recent improvement and advertising revenue trends are better than we expect at coming out of the second quarter and the first half of the year. And while we're continuing to monitor ad revenue closely, business patterns remained difficult to predict. And you'll hear that theme in Ali's and my comments during the next half hour or so.

But as noted, August and September were the best months we've had in several years and we're very encouraged by those results and the ways in which we're navigating more difficult market conditions in Providence and Riverside.

The important part of what I'm going to talk about is - has to do with our financial strategy, but we're also going to touch on some of the other investments we had. You've heard Jim mentioned Wanderful and CV, and so forth.

One comment about our management team, which I'm very proud of, is not only are they great operators and very much aligned with our corporate strategy, but on a selective basis, and often, a very intense basis, they are involved either with the industry or with these companies in which we're invested, so that we have a very good sense of what is going around us, particularly for a company of our size.

Jim, as many of you know, is presently the Chairman of the Newspaper Association of America. He probably is as well-informed about what other newspapers are doing in markets of all sizes of anybody in the country. And it is not an insignificant commitment of time on his part, yet he manages that in addition to all the things you can tell he's engaged and leading here at the Company.

Howard Sutton represents -- is on the Board of Classified Ventures, where cars.com is one of the principal drivers of revenue for that company and certainly for us as an affiliate. Grant Moise, who we introduced earlier, is on the Board of Wanderful, so, that's Find n Save -- very important initiatives for the industry as well as for our company.

And then, David Gross supports them and all of those endeavors and also is on the -- has been on the Board of Digital Air Strike and Sawbuck, which are investments we'll talk about later. So, we're not just passive investors or observers. And that's been really important as it has informed our strategy and our financial strategy that I'm going to talk about in just a minute.

So, let's turn to that. A good starting point for this discussion is the financial principles which we have described and maintained consistently since the spin-off. They are to maintain or grow EBITDA during the transition underway to a digital environment -- consistently generate net income, which is a more likely possibility today, certainly, than it was two or three years ago for a variety of reasons.

Consistently generate enough cash to meet the Company's business reinvestment needs, both operating in capital and to cover the required cash contributions to the two A.H. Belo pension plans. And while achieving these goals, maintain A.H. Belo's competitive advantage, which is as Jim emphasized, local content and scale within the markets where we operate.

All of these wraps up to being able to consistently return to shareholders capital through dividends or share repurchases. We've talked about that consistently even when we're not able to do either, and now, we are able to do both.

So as you mark our progress since the spin-off in 2008, this announcement last month is a very important milestone and one that we certainly take very seriously. By following these principles, we strive to deliver the highest total shareholder returns in the industry and to beat applicable benchmarks adjusted for dividends reinvested. Total shareholder return is the internal measurement of performance we use with our management committee and with the Board of Directors.

These slides show our returns for 2010 and 2011, a tale of two cities. 2010 was obviously a great year for us. And, in 2011, we faced some challenges coming off such a good performance and also some rotation in our shareholder base, following our investor day in May of 2011 where we're very clear about the focus and intensity that we were going to maintain in these financial principles.

This year, I'm pleased with the improvements we are making. We have more room to grow. But note that these returns are pro forma adjusted to include the fourth quarter dividend and the special dividend.

Another important measurement is the total cash we've returned to shareholders through dividends. Since the spin-off, including years where were paid no dividends, that amount is about $28 million. It includes, of course, the special dividend to be paid in December as well as the anticipated regular dividend.

So, how do we translate these financial principles in our goal to increase shareholder returns in a tangible tactics? The answer is pretty basic and it hasn't changed since our last update. It's to diversify and stabilize revenue and manage expenses. This simple concept has served us very well through a very challenging period of time for the newspaper industry.

Revenue stabilization depends on a combination of effort to The Dallas Morning News, The Providence Journal and The Press-Enterprise across all revenue categories. First, we must diversify the products we sell to our advertisers to reduce reliance on core print advertising revenue, still, the largest and most profitable source of revenue for the Company.

As you heard in Jim's discussion, we're making headway in this area primarily with our 508 Digital and Speakeasy business models. And if these prove successful in Dallas, we'll consider rolling them out to Providence and Riverside.

In circulation, we continue to analyze our three markets for pricing opportunities, as well as to develop marketing campaigns directed at subscribers. For example, our marketing campaign in Dallas, which Jim just described, targets existing subscribers to reinforce our value proposition and improve subscriber retention.

Thirdly, we continue to increase revenues generated by our printing and distribution businesses by utilizing excess capacity. As you can see here, our revenue mix has changed dramatically since the spin-off on a consolidated basis.

Total revenue declines and slowed every year since 2008, and we hope to see total revenue down slightly or flat in 2013. On the advertising front, we still have a lot of work to do, but we are making tremendous progress particularly in Dallas.

Riverside feels like it may be bottoming out, and while challenges do remain in Providence, these are manageable. The best example of our opportunity to grow revenue is the previously mentioned 508 and Speakeasy business models, and we expect this to generate more than $20 million in revenue in 2014.

Niche and other products like Briefing, Al Dia, Neighbors Go, and FD Luxe remain bright spots on the core print advertising front. Combined revenues have increased each year since their respective launches and while growth has slowed somewhat, we still see opportunities here for future improvement.

In circulation, price increase opportunities are less than before and volumes remain a challenge. Some potential to grow printing and distribution remains in Riverside, but Dallas and Providence, as Jim noted, are close to capacity and have basically landed most of the material business in their respective markets.

On the expense front, we've reduced total operating expenses by $24 million or 5% in 2011, excluding the impact of pension and impairment charges. In comparison to 2008, expenses in 2011 were lower by approximately $220 million or 33%. For 2012, we feel confident we can hold the expenses in the necessary range to deliver our previous guidance of $37 million to $41 million of adjusted EBITDA.

Headcount and newsprint remain the two primary drivers of our expense base. On the headcount front, we have reduced employees by 1,231 or 37% since 2008. Can we reduce more? If it becomes necessary, yes. But our management team has a proven track record of cutting cost to meet revenue declines and deliver EBITDA and cash while maintaining our content strengths.

Over the past 5 years, newsprint consumption is down, and we expect our newsprint consumption in expense this year to be down slightly when compared to 2011. However, we need to balance expense cuts with the imperative of delivering quality products our subscriber's expect, and as particularly important in Dallas (inaudible). All expense cuts have to be viewed through this lens.

We've reduced corporate and technology expenses significantly since 2008 about 34% in total. We've properly right-sized, both of those organizations to better meet the needs of our smaller and nimbler company. By the end of this month, as I noted in my introduction, our newspapers will be operating on the same technology platforms for advertising, circulation and news.

This achievement, which we believe is singular in the industry, has allowed us to gain economies of scale in supporting those systems and reduce cost accordingly. Our focus on the financial principles I've enumerated, combined with our demonstrated ability to execute, resulted in real improvements and adjusted EBITDA and the Company's balance sheet between 2008 and 2011.

Full year adjusted EBITDA rose from $16.9 million to $47.7 million between 2008 and 2011. We anticipate 2012 adjusted EBITDA will be in the $37 million to $41 million range consistent with 2011 when investments in 508 Digital and marketing expenses are added back.

Well, the plan is not yet finalized for 2013, we're currently planning for adjusted EBITDA to be in the same $37 million to $41 million range. So, we maintain consistency year-to-year in our base run rate for adjusted EBITDA.

We're not planning to adjust 2013 adjusted EBITDA in our financial plan based on fourth quarter 2012 improvements should those incur. The difficulty, as you all know, is in forecasting revenue. And our focus is we're maintaining consistent adjusted EBITDA as well as, and as we proved last month in our board's decision, the cash needed to fund capital expenditures, pension payments and ultimately returns of capital to shareholders.

On this page or slide, I want to remind you how we reconcile net loss or income to adjusted EBITDA. It shows at a high level how we reconcile EBITDA to cash needs. Cash levels have remained high as we have funded our operating needs through adjusted EBITDA. Significant declines in cash in early 2011 and 2012 primarily correspond to voluntary pension contributions.

We continue to have real flexibility and a set of choices that many companies inside and outside the newspaper industry would like to have. We look for ways to be opportunistic as we did by declaring a special dividend in authorizing share repurchases.

Let me address three balance sheet scenarios, as I did at our last investor day in 2011; leveraging the business, reducing our operating footprint and monetizing assets. Not much has changed in our thinking about these scenarios over the last year, but they're important to underscore.

From our perspective, highly leveraged balance sheets have not worked in the newspaper industry over the last decade. In public companies and go private transactions, leverage has undermined the ability of newspapers across the country to generate proprietary local content -- our real source of differentiation.

Leverage has restricted newspaper's ability to navigate the transition taking place from a print product driven marketplace to an increasingly digital marketplace, where a smaller and more flexible cost structure is essential.

We are not an aggressive consolidator and we do not plan to level the Company to finance a large acquisition. There are other strategic and financial players in the process of trying to consolidate newspapers in certain geographies, with Southern California being a prime example. But this is not a focus for our Board or the management committee.

What we are intensely focused on doing is managing A.H. Belo's operating and non-operating assets, the most important operating assets being the newspapers we own. We're very satisfied with our geographic footprint comprising the Morning News, The Denton Record-Chronicle, The

Providence Journal and The Press-Enterprise. And we're going to make -- and will have made, and will continue to make, operating and capital decisions accordingly.

Now, what we need to do is relay all of this to our uses of cash. We know you need -- want and need an update on the pension plan. Ali is going to provide those for you, and then we're going to discuss our real estate portfolio, which Dan Blizzard will do and lead a discussion.

Ali?

Alison Engel - *A. H. Belo Corporation - SVP and CFO*

All right. Thanks, Robert. So, let's talk about our framework for evaluating potential uses of cash. It's important because deploying cash is one of the levels we use to increase our total shareholder returns.

We closed the first half of 2012 with $41 million of cash and cash equivalents and expect to end 2012 with about $42 million to $45 million. The question is, how do we balance the three potential uses of cash you see on the screen, making --

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Unidentified Speaker

(Inaudible-microphone inaccessible)

Alison Engel - *A. H. Belo Corporation - SVP and CFO*

No, the special dividend is listed in the list -- will come out of that. Yes.

Unidentified Speaker

(Inaudible-microphone inaccessible)

Alison Engel - *A. H. Belo Corporation - SVP and CFO*

Yes. I have the special dividend as a special item below that, so it'll be adjusted for that. Thank you for that clarification.

So, again, balancing the potential uses of cash, additional pension contributions, investing in our business in items like 508 Digital and Speakeasy and our marketing campaign, and then returning capital to shareholders through dividends or share repurchases.

In 2011 and 2012, we contributed about $80 million to our two pension plans. While we continue to plan -- we continue to fund the plans at appropriate levels going forward, these contributions have gone a long way to stabilizing the pension plans and allowing us to focus on other cash deployment opportunities.

Since 2008, we have invested in innovative companies like Wanderful Media, Digital Air Strike and Sawbuck that we've talked about previously. In fact, between these investments and capital expenditures, we've invested about $66 million since 2008. Future investments like these will be required to continue to diversify A.H. Belo's revenue streams. But for right now, we're focused on increasing the value of our current investments.

The Board and management committee are continuously evaluating what level of cash is needed in our balance sheet. It is fair to say that we are comfortable carrying lower amounts of cash on the balance sheet than the current level of about $41 million. Thus, we boosted the return of capital to shareholders through a special dividend of $0.24 per share to be paid in December, and authorized the repurchase of approximately -- or up to 1 million shares of our common stock.

If we should have a significant monetization of real estate, assuming EBITDA levels remain steady, opportunities for additional investments in our business or returning capital to shareholders could come into play.

Share of purchases allow the Company to offset some of the dilution from additional shares that have been issued through our long-term incentive programs since 2008. To the extent, we buy back shares it will also reduce our cash outlay for future dividends. The special dividend allows us to return capital to shareholders immediately and at favorable current tax rates.

We believe the combination of this two items, plus the consideration by our Board to increase the dividend rate modestly from time to time, is the best way to increase shareholder value.

As to the pension plans, A.H. Belo will make cash contributions totaling $32.7 million in 2012. $22.7 million is required under applicable law and the Pension Protection Act of 2006, and our 2012 financial plan contemplates funding this amount from our operating cash flow. The remaining $10 million is a voluntary contribution we made in April as planned.

We have carefully worked with our actuaries, council and investment advisors to evaluate the impact of MAP-21, the Moving Ahead for Progress in the 21st Century Act, which was signed into law by President Obama on July 6, 2012. Included in this law are certain provisions to provide pension plan sponsor spending relief, by allowing interest rates to average over longer periods of time resulting in lower liabilities being calculated for funding purposes.

It is important to keep two things in mind when discussing MAP-21. First, the changes in the law really represent pension funding deferral, not true relief. Barring and increase in interest rates in the next few years required pension payments will eventually increase for companies that are funding at lower pension relief levels.

The second point is that these interest rate changes impact funding only. For accounting, GAAP and disclosure purposes, there is no change in how the discount rates come in to play, and these discount rates have continued to drift down in 2012. So, we're going to see a big disparity between the discount rates we're using for funding and the ones that we're using for GAAP, much more so than we've ever seen in the past.

We have elected the technical election of funding relief for both of our pension plans. We've done this primarily to allow us to have a greater opportunity to derisk our plans through buyouts. A lot of buyouts cannot be done unless the plans are funded above an 80% level, and the funding relief allows the calculation of the unfunded amount to get you to that 80%.

So beginning in September 2012, we are offering or we'll automatically distribute lump sum payments to certain pension plan participants whose benefits have a present value of up to $30,000. About 1,500 plan participants or about 30% of our total participants receive this offers or distributions.

If all eligible participants received their lump sum distribution, plan assets would decrease by $20 million and plan liabilities would decrease by about $24 million. I just want to caution, though, it's too early to tell what the acceptance rates is going to be on this buyouts. We just mailed the letters in the past couple of weeks, and the participants are given a certain amount of time to make that decision, have time to consult with their financial advisors, or whatever they may feel is necessary before they take that choice.

So we don't know yet what that rate will be, and we'll give you guys an update on that, probably with the year end results in February. But we're very pleased to be taking this next step in derisking our plans in continuing to push down our path to our goal of termination down the road.

From a cash perspective, though, our intent now is to continue to fund the pension plans "pre-funding relief" levels, maintaining robust cash contributions -- it's a key part of our plan to terminate the pension plans in a 7 to 10-year timeframe. Current projections show cash funding at about $21 million in 2013, $23 million in 2014 and then starting to drop off in 2015 and beyond.

We measure the funded status of our pension plans and our projected cash contributions based on third party actuarial analysis. If we're overly aggressive in our assumptions and expected results do not materialize, required cash contributions could increase and impact future cash flows and shareholders' equity. But to the extent, the net impact of discount rates asset returns and other factors are more favorable, everyone benefits.

The accounting discount rate -- and this is on the accounting side for our pension plans -- as of December 31, 2010 and 2011 was the 5.33, the bottom of the chart, and the 4.19 respectively. The sensitivity table I'm showing I'm showing here shows what the unfunded amount would have been at other discount rates going from the 3.5% at the low end, to the 5.3% that we had in 2010.

I just want to note, there's no derisking contemplated in this analysis since we don't know what the buyouts will be and how that will change the assets and liability at the end of the day, so this is pre-buyout information. But it does show how important the discount rate is or the interest rates are to the unfunded situation.

Current discount rates projections are closer right now to the lower end of the range, which is at the top of the table. And, therefore, we expect from an accounting perspective, our plans to be more underfunded at the end of 2012. Accordingly, we will likely be required to take another large charge to accumulated other comprehensive income or loss on our statement of shareholders' equity when we report 2012 year-end results.

So moving on to the investments arena, I want to highlight four positions that we have. The first, of course, is our 3.3 ownership stake in Classified Ventures, the owner of cars.com and apartments.com.

Since Classified Ventures began paying dividends in 2010, we've received $5.3 million in dividend payouts. We expect to receive another $1 million to $2 million in dividends at the end of this year.

We continue to look favorably upon a digital company, like cars.com, that occupies a leadership position in a highly attractive market, and we're closely watching the auto trader initial public offering process as an indicator of potential market value for this asset.

Another promising investment we've talked a lot about today is our 11.4% ownership stake in Wanderful Media. It operates the newspaper-backed digital shopping site that Jim discussed earlier. The new CEO has been hired. The business model is being fine-tuned, and we're excited about the opportunities to generate revenue via this platform in the future.

We also own a 2.1% stake in Digital Air Strike, which is formally known as Response Logix. This company, which is a digital auto-lead management business continues to experience growth as well as investor interest in its business model. While we no longer sell these products directly, we support the management team's efforts to grow and diversify the company and have strong expectations for their success.

Finally, we hold 28.9% interest in Sawbuck, a real estate platform which allows buyers to improve their home purchase experience through enhanced MLS searches and referrals to qualified brokers. Sawbucks had a really exciting year. They launched a well-received iPhone app called HomeSnap, which received a lot of accolades in the marketplace. And they also received a round a funding from Revolution, which is backed by Steve Case, the Co-founder of AOL.

When it comes to our non-operating assets, there is a lot of unrealized value in these investments as well as our real estate portfolio, which Dan will discuss next.

Dan Blizzard - *A.H. Belo Corporation - Senior Vice President and Secretary*

Thank you, Ali, and good morning, everyone. This is the last presentation today, but one with a lot of upside potential if we stay the course and continue to be very disciplined and very patient.

Let's walk through the talking points. I'll start with a brief recap of our 2011 through 2012 real estate transactions, and present the estimated market value of non-core real estate assets. Next, I will discuss potential monetization strategies for non-core real estate and our philosophy for monetizing those assets. Then, I will present the potential pre-tax proceeds from the sale of our non-core assets. And, lastly, I will share a list of the non-core assets and their estimated market values with you.

Net proceeds from real estate dispositions in 2011 through June 2012 totaled nearly $4 million. These transactions included, the Hemet News Bureau located in Hemet, California, which netted approximately $1 million with a net book gain of approximately $115,000. The Lewisville News Bureau located in Dallas, suburb of Lewisville, which netted approximately $240,000 and a net book gain of $225,000.

We sold the Garland News Bureau, another suburb in Dallas property and netted approximately $225,000 with the a net book gain of the same amount. And, finally, we sold a former executive's home in California for approximately $2.4 million with a nominal gain.

Let's now look at our remaining non-core real estate assets presently under contract, on the market or being considered for possible sale. The estimated market value of these properties is approximately $73 million. We have properties in Riverside with approximately $30 million, in Providence approximately $19 million, and in Dallas and Denton approximately $24 million.

A.H. Belo owns all of its real estate outright, that is there are no mortgages on these properties, including the core real estate asset that we utilize in daily operations in Dallas, Providence and Riverside. Our monetization strategies for an onshore core real estate include, outright sales, sale-leasebacks, lease-to-purchase, and development partnerships.

Our real estate philosophy is to monetize non-core assets at appropriate prices overtime and not at fire sale prices. We are being very patient in our approach and dealing only with prospective buyers who can close on transaction and avoiding those who just want to tie up assets or re-trade transactions. We believe our track record over the last 4 years affirms this approach.

As I mentioned earlier, the estimated market value these non-core property as approximately $73 million and selling them will generate pre-tax proceeds of approximately $68 million.

Now, let's look at the specific properties we're trying to monetize. This is a photograph of the new Press-Enterprise building in Riverside that was completed in 2007. It is a 5-story class A office building with approximately 138,000 net rentable square feet. The Press-Enterprise directly occupies approximately 50,000 square feet in the building and a law firm occupies approximately 9,500 square feet.

The building in an adjacent vacant 7,800 square foot former church that The Press-Enterprise owns, our currently being marketed for sale or for sale leaseback. This is an aerial view of The Press-Enterprise campus in downtown Riverside. You can see the new building and the former church. You can also see the vacant former Press-Enterprise building and the adjoining production plant, which are not for sale. The entire campus comprises approximately 10.5 acres.

The estimated market value of the new building and former church is approximately $30 million. The Press-Enterprise also owns a very small vacant news bureau in Banning, California that is for sale and it's valued approximately $200,000.

Turning to Rhode Island, this is a photograph of The Providence Journal building that is located in the core of downtown Providence. It is a 4-story class B office building that was constructed in 1932 and has approximately 161,000 net rentable square feet.

The Providence Journal currently occupies the entire building. However, a recent space planning study confirmed that the Journal could fit on the top two floors. Thereby freeing up the lower two floors for redevelopment. The building is currently being offered for sale on a sale leaseback basis to a select group of potential buyers.

This is an aerial view of downtown Providence. In addition to the Journal building, which is labeled 75 Fountain Street in this photograph, you can see the 3 other downtown properties that Journal owns outlined in yellow. They're all surface parking lots, 2 of which are currently used by employees and they're all currently for sale.

The Journal also owns a vacant 39,000 square foot inserting facility that is located approximately 1 mile from the downtown that is being offered for sale. It is located directly across the street from our production plant, which is not for sale.

The estimated market value of The Providence Journal building is approximately $10 million, and the 3 surface parking lots are valued at approximately $4.8 million. The estimated market value of the vacant inserting facility is approximately $4 million.

Turning to Dallas, this is an aerial view of the two Dallas morning news non-core assets, which are located 10 miles south of downtown near the intersection of Interstate 20 and 45. The property at the top of the photograph is 98 acres of undeveloped land that we refer as the original South Plant land.

It is currently under contract with the developer with an extended closing period, to enable the developer to market a warehouse distribution, light industrial or similar facility to perspective buyers or tenants.

The property at the bottom of the photograph is the actual South Plant that was constructed in 2007 after we've determined the development cause on the original site were prohibitive. The South Plant is 134,000 square foot fully air-conditioned state of the art facility with a high density automated storage and retrieval system, or ASRS.

The Dallas Morning News vacated the facility in 2010 when business conditions changed and we moved (inaudible) activity into the North Plant in Plano, Texas 20 miles from downtown. We are currently in negotiations with the developer who would take a multi-pronged approach for monetizing the South Plant, including listing it for sale as is, or further developing the property and offering it for sale or lease to perspective buyers or tenants.

A.H. Belo also owns 3 public parking lots in downtown Dallas that you can see to your right, right out of this window. Two of the lots are currently for sale and the third will be marketed for sale after the first 2 are sold.

The estimate market value to South Plant is approximately $10 million and the original South Plant land is under contract for $2.3 million. The estimated market value of the 3 downtown parking lots is approximately $8.9 million.

Lastly, the headquarters building for The Denton Record-Chronicle is currently underutilized and we are considering options for monetizing it. We estimate the value of that property to be approximately $2.25 million.

This overview of our real estate strategy and portfolio illustrates the significant value opportunity that lies within our non-core real estate assets, and that we are taking a very strategic approach to unlocking value overtime. While the timing and proceeds and particular real estate disposition are hard to predict, we are hopeful that attractive disposition opportunities will continue to materialize.

Now, let's take a short break. After the break, we'll come back for Q&A.

QUESTIONS AND ANSWERS

Unidentified Audience Member

Can I ask you a question?

Dan Blizzard - *A.H. Belo Corporation - Senior Vice President and Secretary*

Yes.

Unidentified Audience Member

I don't understand what you mean by estimated market value. (Inaudible-microphone inaccessible).

Dan Blizzard - *A.H. Belo Corporation - Senior Vice President and Secretary*

That's the market value that -- talking to all of our real estate advisors and brokers that's what we view the market value of the asset to be today. Yes, sir.

Unidentified Audience Member

(Inaudible-microphone inaccessible)

Dan Blizzard - *A.H. Belo Corporation - Senior Vice President and Secretary*

In certain markets, but not here in Dallas. You're seeing return of the real estate market in Southern California and in Providence. It's a unique setting. But you continue to see the class A vacancy rate in downtown Providence run I think, Howard, from almost 15% last year maybe 11% range this year as a comparison.

Unidentified Audience Member

(Inaudible-microphone inaccessible)

Dan Blizzard - *A.H. Belo Corporation - Senior Vice President and Secretary*

No, we actually asked our brokers to give their opinion of value on these assets, that if we want to market, obviously, we [would] offer them at first at a higher price. This is what they felt we could actually sell those assets for and that take any less would be by selling them below market.

Unidentified Audience Member

Okay. Thank you very much.

Dan Blizzard - *A.H. Belo Corporation - Senior Vice President and Secretary*

Sure.

Robert Decherd - *A. H. Belo Corporation - Chairman of the Board, President and CEO*

John, that's an important point, and we are not going to take a break since we just took one, in the interest of getting to your questions -- which is next.

I think the best way to build it into a model is we've been very patient during the down cycle in commercial real estate. We've said consistently -- and a number of current and previous shareholders have been very aggressive about us monetizing these assets -- we're not giving them away.

So these are values, which as Dan noted, our advisors have been with us for 2 and 3 years now monitoring these markets, are telling us is the base that we should go out to market. We're not going to sell these assets for less than the numbers on the page. We'll get it eventually. Real estate is a patience game.

And, thankfully, we were patient because we would have given up millions of dollars, maybe tons and million dollars of value if we have dumped this stuff in 2008 or 2009. This is serious money in our overall capitalization scheme. So we're going to work it, be patient, no fire sales, and as Dan said, in real estate, you can tie up an asset without knowing it. We're not going to do that either. So, we want to manage it and have it under our control.

Unidentified Audience Member

[Core space is] much, much lower than the 72?

Robert Decherd - *A. H. Belo Corporation - Chairman of the Board, President and CEO*

No. They're not big capital gains in all this. It's a manageable delta. Let's put it that way.

Ali, Howard, are we ready to go Q&A?

Alison Engel - *A. H. Belo Corporation - SVP and CFO*

Sure.

Robert Decherd - *A. H. Belo Corporation - Chairman of the Board, President and CEO*

Okay. Let's do it. David has a mic, which is for the benefit for our webcast participants or listeners. David?

Unidentified Audience Member

Yes. I guess it's really for Jim. You put up in the slide with some numbers about dallasnews.com engagement levels, and you made a comment about how this was something that needed some work. I'm wondering to what extent you think tablet consumption maybe cannibalizing those numbers and that, in fact, the engagement isn't going down?

Jim Moroney - *A. H. Belo Corporation - EVP of A. H. Belo Corporation Publisher and CEO of The Dallas Morning News*

It's a great question. And we don't have any way to presently to sort of measure that necessarily. We do know that we have a significant downloads of our apps on tablets both iPad and Android, as well as downloads of apps on iPhones and Android smartphones.

We also just re-launched a new website for smartphones that we think is particularly good. So, it's very possible that all those things could be contributing to it. However, when you go back and look at the page views and uniques and you see that the minute we put up the paid access, the thing dropped off, and dropped off for 2 or 3 months and then kind of leveled out.

You're pretty much saying that that drop off was probably due to this. Now, the opportunity to grow that backup maybe as greater and greater in tablets going forward as it may be on desktops.

Robert Decherd - *A. H. Belo Corporation - Chairman of the Board, President and CEO*

Okay. We'll turn over here. Okay. Dennis, that's fine.

Unidentified Audience Member

I have a couple of questions. If you look at your chart on page 92 of the cash ad EBITDA reconciliations, does this imply that you may or will do another special dividend in 2013 because that figures into what your ending cash balance is?

And then, on the pensions and PTS, I guess the latter is the difference between the $27 million and the $21 million required?

Alison Engel - *A. H. Belo Corporation - SVP and CFO*

Yes. The PTS -- the difference between the $27 million and $21 million pension contribution is the PTS plan. And that's the full year 2012, plus the 2013 stub period which is the final payment into the PTS plan.

Robert Decherd - *A. H. Belo Corporation - Chairman of the Board, President and CEO*

Just as a reminder. The pension transition supplement was a plan we put in place at the time of the spin out to bridge those pension plan participants from the previous plans into this environment and it had a 5-year life. So it has run its course and that payment, which was part of our total pension for the 5 years, ends in the first quarter of next year and goes away permanently. So, there's a benefit there in terms of our total pension expense.

Alison Engel - *A. H. Belo Corporation - SVP and CFO*

And just to clarify on page 93, the 2012 projected ending cash balance is before the special dividend. So the chart is not intended to imply any special dividend in 2013. We just highlighted it as a special item. So, it's coming off of that ending balance and then showing you at a very high level big cash items against the EBITDA for 2013.

Unidentified Audience Member

The second question I had is on the 508 and marketing programs you've given before what your expected investment is and I guess your revenue expectations on the 508, can you talk about what the investment in those areas will be in 2013?

Jim Moroney - *A. H. Belo Corporation - EVP of A. H. Belo Corporation Publisher and CEO of The Dallas Morning News*

The net investment projection for 2013 for 508 is probably between about $1.2 million and $1.6 million. And the net investment in Speakeasy will be between $0.5 million and $750,000 in 2013.

Unidentified Audience Member

And by that you're talking about net of the revenue --?

Alison Engel - *A. H. Belo Corporation - SVP and CFO*

Right. EBITDA.

Jim Moroney - *A. H. Belo Corporation - EVP of A. H. Belo Corporation Publisher and CEO of The Dallas Morning News*

Exactly. Yes, EBITDA.

Unidentified Audience Member

Okay. If I can ask one more -- in view of the improvements you've had lately and I realized the risks, they don't sustain but the expectations that revenue declines will be less, if any, next year, why wouldn't you have higher EBITDA?

Robert Decherd - *A. H. Belo Corporation - Chairman of the Board, President and CEO*

The theme here is managing the business as flexibly as possible. Our view is we need to be committed -- totally committed to a level of EBITDA generation that accomplishes the requirements or addresses the requirements laid out in the financial principles I enumerated. And if we are able to generate cash beyond that level, maintain the flexibility to invest it or to allocate it in the ways we've discussed this morning.

Said another way, we don't think we're in an environment yet in the newspaper industry where you can expect or predict revenue patterns to sustain an incremental approach in EBITDA. In other words, if we have a big fourth quarter which we hope we'll have, we're not going to take that incremental gain and increase the 2013 budget and set that bar for us and for you knowing how unpredictable revenues are -- core revenues particularly -- in this environment or in the economy we may see in 2013.

We want to be able to deliver to you and for the Company to provide internally a level set of EBITDA or cash generation that ensures we continue to make progress with our overall strategy. And when we exceed that, at least for the next couple of years, we'll work the choices in the same priority, in the same context that we've described today. And this year, through the special dividend and the announcement of share repurchase, we've been able to give some specific legs to.

It's a choice, Dennis. I mean, that's really what it comes down to.

Unidentified Audience Member

So I just want to understand on the $37 million to $41million in EBITDA. That would be before the -- I guess it would be about $1.7 million to $2.4 million of losses -- EBITDA losses for 508 and Speakeasy.

Alison Engel - *A. H. Belo Corporation - SVP and CFO*

No. That includes those losses.

Unidentified Audience Member

So, that's net of that. Net of those losses or number.

Alison Engel - *A. H. Belo Corporation - SVP and CFO*

That's right.

Unidentified Audience Member

And then on the $72.5 million of market value, what percentage of that is sale leaseback the most likely outcome?

Jim Moroney - *A. H. Belo Corporation - EVP of A. H. Belo Corporation Publisher and CEO of The Dallas Morning News*

Okay, 72 is the real estate piece, and I'll defer to Dan if you want to get into the specifics. The RFP on the streets and the street in Providence is a sale leaseback. So we would hope to realize most of the stated value of the building, and have the same or slightly less operating expense for our leasehold within that building.

In Riverside, we're taking an approach which is, I'd say, earlier stage. So we have conversations underway with several prospective purchasers. Those scenarios vary all over the place. One could be a sale leaseback, one could be a relocation and we just don't know yet. And that's one reason we want to keep control of those conversations.

Unidentified Audience Member

Sorry to keep on the same subject just to make sure I understand the numbers on slide 90, the EBITDA numbers. 2012 of $37 million to $41 million compares to 2011 $47.7 million. As you mentioned, it's almost flat if you take out $6 million to $7 million net investment and some of the marketing. Next year, that $6 million some-odd goes to about $1.1 million.

And so, while this year is flat net of investment, next year is slightly down net of investment and even though revenue is decreasing less (inaudible) because just to be conservative, because these numbers aren't finalized, because vagaries -- or am I understanding those comps of how to compare 2011, '12 and the '13 numbers with this investment?

Robert Decherd - *A. H. Belo Corporation - Chairman of the Board, President and CEO*

It's the factors you noted, but let me give you a specific example. This year, at the beginning of the year, we said we're going to invest $4 million in the marketing efforts of The Dallas Morning News. Net-net, we're probably going to spend half of that or less because of timing differences, and so we didn't get that in place and so forth or [creative] wanted finished.

Next year, Jim's plan has all $4 million [of that]. So there are things that are moving in and out, I'll say, around or apart from the advertising revenue patterns we talked about which are very encouraging. But net of everything, we're going to be in this range -- we're going to be in this [man].

Is that helpful?

Unidentified Audience Member

Yes. And as a follow-up, as you think -- particularly framing this as investment costs, as a Board when you look at devoting excess capital to further investing in the business versus investing in the business another way, buying back your shares, are there return thresholds you're looking for pay back?

You kind of outlined the 508 investment payback model you're expecting. How you compare that to the aggregate model, or is it try to balance one of each? Are there hurdles? What's the framework you're using for deploying your capital?

Robert Decherd - *A. H. Belo Corporation - Chairman of the Board, President and CEO*

Right. We don't have a single, financial model that we apply to all of these. We put it in context and situation-specific kind of analysis. The most important thing that our company -- to remember is, we're here to operate the business indefinitely.

So while this presentation, I think, gives you a sense that we also have become pretty adept at portfolio management, this is an operating strategy. And these other things all have to reflect the Board's commitment to that operating strategy.

Therefore, when we look at the choices; do we invest in the business -- the core business; do we invest in new businesses or bolt-ons ; do we return capital to shareholders? That's a pretty dynamic situation-specific or year-to-year dependent consideration.

One thing we have, at least for the time being, resolved is we don't want to get too far ahead of ourselves on product development investments. In other words, we can only handle a certain number of these with a management structure like ours. We flatten this out. When we talked about the number of people out of the business, that includes a lot of senior level executives.

So we want to invest in product development initiatives that we're confident about, but we also want to go through 12 to 18 months of experience with them to know they're going to be successful to decide whether or not they're extendable to Providence and Riverside or some inbound, frankly, from Providence and Riverside and not become so distracted by those in the rush to do this in a shorter period of time that we lose sight either of our focus on the core business, which is where the majority of our revenues still come from, as I call 100 [cent] dollars.

But also, to keep that in context with making sure we're returning to you and to all of our shareholders a more than reasonable amount of the free cash that we generate. And that distinguishes our company against any other newspaper company, any other pure play newspaper.

That's the problem with leverage. It's choked our peers and it's hard to watch. This one isn't easy for us the last 5 years. But we're here talking about real cash and real shareholder benefit and choices that many others don't have. So it is the balancing act, and that's the way the Board talks about and thinks about it. And a position on any one of these choices in October of 2012 could be substantially different in September of 2013 based on circumstances and opportunities.

Unidentified Audience Member

Have you done an analysis of the real estate value of the operating assets that you're using today -- the core operating assets to sort of establish a value floor, if you will?

Jim Moroney - *A. H. Belo Corporation - EVP of A. H. Belo Corporation Publisher and CEO of The Dallas Morning News*

It probably ranges in the value from $40 million to $50 million. Some of these assets like the big building behind you, there's a Dallas Morning News building that's connected to the Texas Cable News building. Those would be very assets to monetize.

The front part of The Dallas Morning News building is a designated historic building, so you're limit on adaptive reuse on that property. We share a lot of the same MEP systems between the new building and the old building as well as the TXCN, Texas -- former Texas Cable News building. That's going to take a larger or full scale redevelopment that would become further along in their recovery of downtown Dallas.

You have the North Plant in Plano, a large production plant. That's not an asset that you could easily sell. The land has value given the location where it is, but there aren't typically -- a buyer going to come along and say, I want to 442,000 square foot printing press with 7 presses inside it that can produce all the products that we produce.

And, likewise, in Providence, the production plant that they have and the production plant in Riverside -- same thing. Those are assets that we need to run in our business to continue that -- the profitability that we produce from the core print on paper product.

Robert Decherd - *A. H. Belo Corporation - Chairman of the Board, President and CEO*

There's one other aspect to that, and then we want to give the folks on the other side of the room an opportunity here. Given that we have real opportunities with non-core assets and real estate, it's a sequencing proposition. And the distraction of doing something in an operating company when you don't have to -- you don't want to touch that. So we got $70 million of opportunity, it is going to take time. We're mindful of the value of the operating facilities and so forth. But, if we can make progress under Dan's leadership against this other opportunity, that's significant.

Unidentified Audience Member

Robert, this is more philosophical question for you in terms of performance -- at A.H. is definitely best of class in terms of valuation. There are few companies that could be purchased with A.H.'s characteristics either privately or publicly.

And I guess the guess the question is, how do you differentiate yourself from the other newspaper companies such as the companies headquartered in New York who shall remain nameless who blew up the Times-Picayune and have repeatedly shot themselves in the foot and are causing people to say -- newspapers don't have a future? So, what are your strategies to get the word out that the newspapers are viable?

Robert Decherd - *A. H. Belo Corporation - Chairman of the Board, President and CEO*

Well, let me divide that into a two-part answer because the last thing you said is very different than the core question that is, how do you get the word out? If we could control that, the newspaper industry would be a happy place. And I'm talking about we as a company or the industry. That has been a huge problem for a decade and particularly the last 5 years.

But as to what differentiates our company, it is our balance sheet. There are other publishers who have said for a long time, they have the same commitment to quality, community, innovation that we have declared; their ability to act on that is not the same as ours.

So as I look back to the spin-off that was the single most important asset we had coming in. And it's remained so because it has enabled Jim and his team on the operating side, and Howard and Ron, who've had to sustain pretty difficult market conditions, to keep operating against a strategy or implementing a strategy that has the prospect of maintaining and creating value in a digital world. Our peer companies, for different reasons have not had that set of choices.

So, that's the foundation. Then beyond it, is everything Jim talked about in the operating presentation and he can certainly elaborate further on that. The perception issue is a combination of being realistic about changes that have affected the newspaper business, And they have been cataclysmic in a sense. I mean, you remember us saying in the mid-2000s that we are very proud of the fact that we had sustained the loss of more than $100 million of classified advertising revenue at The Dallas Morning News alone and had flat revenues.

Well, you take $100 million out of a revenue base and then you start compounding that with other things, the perception of that inherently is pretty negative. And then as -- first a modest recession, and then the very significant recession of '08, '09 occurred, and the equal and rapid emergence of digital businesses, the perception result has been very damaging and, frankly, it's a lot self-inflicted.

Our own companies have reported on this with a self-interested zeal that has made us, I think, much visible as an industry than others that have gone through somewhat similar kinds of changes in technology challenges.

That -- get that done?

Unidentified Audience Member

Yes.

Unidentified Audience Member

This is for Jim and The Dallas Morning News. You gave, I think, at the beginning a combined circulation number, I think of about 400,000. And the Dallas MSA, I think is 6.5 million, I think was your number. So less than 10% penetration, which I think in relative terms is probably on par with a major metro paper but an absolute -- it's just surprising how low that number is given the reporting strength and all that.

It seems like you have more comfort now that a lower-priced digital-only subscription, doesn't necessarily cannibalize your core print subscribers. So with that kind of a as context, what's the opportunity to really push and get aggressive in growing that 6% to 20% via adding far lower cost digital subscribers?

Jim Moroney - *A. H. Belo Corporation - EVP of A. H. Belo Corporation Publisher and CEO of The Dallas Morning News*

Two things; first, just when you think about this MSA, remember, it is Dallas Forth Worth and there is another product that covers one-third of the market. So when you think about penetration, I think, you have to kind of segment that into two-thirds the market and not the whole market.

Secondly, I think you have to look at our audiences on our digital platforms. I mean, frankly, we have larger audiences than we may probably have ever had in the history of the newspaper; it's just not in the print business. When you go to dallasnews.com, you go to our native apps; you go to our mobile websites, and so forth. So, we have actually very large audiences.

What I said in the presentation and I think is the number one opportunity and challenge for general interest metropolitan newspaper companies in the United States is to find out can we create relationships -- paid digital relationships as subscribers to what we distribute digitally.

We're going to go very hard at that now that I'm convinced that we have very little concern for the people that would trade down from a $36 print price to a lower, much lower single digit, probably -- digital price and see what we can do to grow that audience.

We know as we have asked new subscribers since October the 1st, if you're a new subscriber of the Morning News and you call up and you say you want to subscribe, we tell you it's $36.95. We didn't tell you that that's the Morning News and for the print product 7 days a week and for all digital access.

And then we have to say according to the ABC rules, in order to count this as a digital subscriber, if you don't want digital access, we will sell you the paper only at $35.10, a $1.85 off a month or 5% of the print price marked up.

70% of the new subscribers have opted in to pay the $1.85 a month, 30% have opted out. It gives us a good sense of there is value for the print customer in the digital. It's just not a substitute. We go back to, though, is there value for a digital-only subscriber, and that's what we're going to work very hard on finding out with a much, I think, more attractive price than we've gone out with before.

So, again, this time next year, I hope we'll have 6 months at least -- if we're here this time next year -- 6 months of data about how we have done. We've not gone out and try to acquire digital-only subscribers. We spend millions of dollars a year trying to acquire print subscribers and retain print subscribers. We have not done anything close to that on the digital-only side.

Phillip, our new CMO has tremendous experience with acquiring subscribers for telecom, and he's going to put all of that to use for us to try to figure out how we're going to go and get these digital subscribers out there. I think there's a real opportunity, and I look forward to see what we can do with it next year.

Unidentified Audience Member

Just a follow-on -- do you also have the ability to -- for a digital-only subscriber, you can segment that further such that you'd have maybe a Dallas Sports only and that's -- different ways to even be more targeted?

Jim Moroney - *A. H. Belo Corporation - EVP of A. H. Belo Corporation Publisher and CEO of The Dallas Morning News*

You could. We have some apps. We have a high school sports app out there right now that's not actually -- we don't charge for it, but it's segmented to that. We have some restaurant-type apps. You want the best hamburger in Dallas, the best Mexican food or something, you can download those.

We haven't really gone into the paid vertical business yet. I think it's something we might experiment with. But right now, for 2013, we need to establish what our segmented pricing for the paper is -- the print product; what our digital bundle price will be; how we're going to go out to market, and then devote resources to that. The opportunity you're talking about may come in behind that somewhere, but it will be, if it is at all, later in year a 2014 exercise.

Robert Decherd - *A. H. Belo Corporation - Chairman of the Board, President and CEO*

I think it's also important to keep in mind, as we evolve our digital strategy and all newspapers do. or I'll say, traditional legacy media, this is a very crowded space. Our goal is to be on the screen of your handheld device, whether it's an iPad, mobile or whatever. People aren't going to use, they may have them loaded, but they're not going to use 65 apps. They're going to have habits just as in the legacy era.

This is something we said for a long time. People may have 100 choices -- cable now 500, whatever it is -- but they only are going to use or go to a certain number of content providing sites, whether it's cable channel or an app. And so, yes, we could monetize these things, just slice them into the narrowest kinds of pieces, but are people going to pay for an app that they're not using? Unlikely. Particularly, when not all apps are priced.

Unidentified Audience Member

Robert, two unrelated questions. You've had some growth in the ancillary products and I just wonder, how is the advertising priced in those products and you run the risk of cannibalization as you move, auto or real estate and travel advertising into Luxe or some of the other products?

Robert Decherd - *A. H. Belo Corporation - Chairman of the Board, President and CEO*

I want to ask Jim to tackle that. There's not much cannibalization really.

Jim Moroney - *A. H. Belo Corporation - EVP of A. H. Belo Corporation Publisher and CEO of The Dallas Morning News*

Were you asking for --

Robert Decherd - *A. H. Belo Corporation - Chairman of the Board, President and CEO*

Pricing. Where we move from the main product to FD Luxe or one of these --

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Jim Moroney - *A. H. Belo Corporation - EVP of A. H. Belo Corporation Publisher and CEO of The Dallas Morning News*

Well, with FD -- I'll tackle FD Luxe. Again, a lot of the advertisers we have in FD Luxe, we don't have in the newspaper or online because they only want to advertise in high-end environment with high -- if you've seen the publication, I mean, it's a high-gloss product. In fact, what's interesting is some of them even when you have these beautiful ads around some of our well known print advertisers, they don't think they're quite high-brow enough for them.

Some very good name -- department stores, for instance, they sort of think, gee, could you get those guys out? They don't fit our profile. So we're actually attracting advertising we wouldn't get in a newspaper. Real estate companies, advertising very high-end homes, they put that on newsprint. They want this kind of environment, high-gloss, high finish kind of advertising.

So, I think we're seeing a lot of the digital shift for the typical classified categories -- employment and automotive and real estate. I think there are some opportunities to build back a little value in the newspaper frankly in those categories.

Dan has got an initiative that we just started called Scan and Dry, where you can go out to the automobile dealerships on Sunday, which they're not open in Dallas. And you can take out your phone and there's a QR code and you can scan it off your phone and then you can learn a whole lot about that automobile. And we have been selling ads in the paper to drive people to what is a digital experience. And we've had very results and pick-up by our advertisers.

And so, one of the really good stories we had in September was a lot of -- a double digit increase in actual newspaper automobile advertising, but based mostly, I think, Dan, on that. That was a big driver of that increase in September.

So, I think there's actually some ways that you can actually bring some growth back to those sections in the newspaper. It's not going to any -- go nowhere near back to what Robert was talking about back in the early 2000, but I think there's opportunities in both.

Robert Decherd - *A. H. Belo Corporation - Chairman of the Board, President and CEO*

Barry, the one concern we had about cannibalization was Briefing and that turned out not to be the case. Actually, it was incremental. There were ROP advertisers who ended putting the same or greater amount of total space between the core product and Briefing, and it was not knocking down their spend in The Dallas Morning News. So, I think we've had minimal cannibalization.

Jim Moroney - *A. H. Belo Corporation - EVP of A. H. Belo Corporation Publisher and CEO of The Dallas Morning News*

I should've added to your question earlier about penetration, when you add 200,000 of Briefing and 100,000 copies of Al Dia, you have a much higher penetration on certain days of print products in this marketplace, than maybe, again, we had 10 years ago.

Robert Decherd - *A. H. Belo Corporation - Chairman of the Board, President and CEO*

Yes. And your follow-up, Barry? Go ahead.

Unidentified Audience Member

Yes. Totally separate. How much did potential changes in the tax code affect your thinking on dividend -- the special dividend and/or the share repurchase and those that changed further as I think about New York and the prospect of marginal tax rates on dividends going up north of 40%.

Robert Decherd - *A. H. Belo Corporation - Chairman of the Board, President and CEO*

You think they're going up next year? It was a factor, but it wasn't the motivating factor. We have been very in tuned with all of you as to distributing capital to shareholders, returning it to shareholders. It is only this year that we felt we're in a position to do that and maintain the operating momentum that we talked this morning.

We probably would have done this in any event, meaning declared the special dividend, authorize the share repurchase. Is the timing affected by it? Of course. Once we reach that decision with the Board or the Board reach that decision, we're not going to risk that kind of an uptick in the dividend rate.

So if you then follow on and say, well, does that mean you won't consider special dividends if the tax rate is 10, 15, 40 percentage points higher? No. But we're going to look at then existing conditions and try to be very efficient about how we return capital as we generate this excess cash.

Let's do this. Let's take John's question, and then David, I think we need to wrap the webcast. So I'll make a couple of concluding remarks for that, and then we'll keep going and we have lunch for those --

Unidentified Audience Member

Two. One for Ali, one for Jim. Ali, on this page -- going back to page 92 where you had this exercise where you go from one cash balance to the next one through CapEx and dividends and pension contributions and so on. Aren't you cash tax payer? Shouldn't that be in there?

Alison Engel - *A. H. Belo Corporation - SVP and CFO*

It's a high level. There's non-cash adjustments to EBITDA. There's cash taxes. We are a cash-tax payer in certain states. We're not a federal cash-tax payer.

Unidentified Audience Member

You're not. You're still not.

Alison Engel - *A. H. Belo Corporation - SVP and CFO*

No. We have a $60 million NOL. It doesn't start expiring until 2030. So this is a high level, but it's just to show you conceptually what the $37 million to $41 million EBITDA range can --

Unidentified Audience Member

When could you use up that 60?

Alison Engel - *A. H. Belo Corporation - SVP and CFO*

Well, it doesn't start expiring until 2030, so we have lots of time.

Robert Decherd - *A. H. Belo Corporation - Chairman of the Board, President and CEO*

When we start generating the offsetting income. That's where it comes down to.

Unidentified Audience Member

Okay. So, Jim, it's kind of a small question but maybe it's a little bit relevant. I would imagine last year in October the Rangers sold a lot of circulation copies and advertising. If they get bounced out -- was it today, or tomorrow?

Robert Decherd - *A. H. Belo Corporation - Chairman of the Board, President and CEO*

Tomorrow is the playoff .

Unidentified Audience Member

Okay. If they get bounced and you don't have anything, does that have any real impact, or could there be $500,000 impact on EBITDA?

Jim Moroney - *A. H. Belo Corporation - EVP of A. H. Belo Corporation Publisher and CEO of The Dallas Morning News*

I think that that's not -- I think the (inaudible) is probably a little bit lower than that, John. We drove a lot of advertising in 2010, which was the first time the Rangers ever went to the playoffs and ultimately the World Series. Last year, we did pretty well with it but it wasn't nearly the kind of event it was in 2010.

I would say just estimate -- I might look at, Dan, but I'm going to guess that number is probably in the $250,000 to $300,000 range depending if they were like last year to go all the way to the series.

Is that pretty good, Dan?

Alison Engel - *A. H. Belo Corporation - SVP and CFO*

It's upside potential if they win. I don't know if it's really a downside if they don't win.

Jim Moroney - *A. H. Belo Corporation - EVP of A. H. Belo Corporation Publisher and CEO of The Dallas Morning News*

Well, but on a year-over-year basis, it would be an effect that way.

Robert Decherd - *A. H. Belo Corporation - Chairman of the Board, President and CEO*

So when we adjourn, we're all going to huddle up here and send some positive vibes to whichever 9 they put on the field and hope they wake up from this nightmare.

Let me, for the webcast purposes, just conclude and then --
