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AHC - Q1 2012 A. H. Belo Corporation Earnings Conference Call

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CORPORATE PARTICIPANTS

Robert Decherd *A.H. Belo - CEO*

David Gross *A.H. Belo - VP Investor Relations*

James Moroney *A.H. Belo - EVP*

Alison Engel *A.H. Belo - CFO*

Daniel Blizzard *A.H. Belo - SVP of Operations*

CONFERENCE CALL PARTICIPANTS

Kevin Cohen *Imperial Capital - Analyst*

Barry Lucas *Gabelli & Company - Analyst*

PRESENTATION

Operator

Ladies and gentlemen, thank you for standing by. Welcome to the first quarter 2012 Financial Results Conference Call. At this time, all participants are in a listen-only mode.

(Operator Instructions)

As a reminder, this conference is being recorded. I would now like to turn the conference over to David Gross, Vice President of Investor Relations and strategic analysis. Please go ahead.

David Gross - A.H. Belo - VP Investor Relations

Thank you, Linda, and, good afternoon, everyone. Welcome to A.H. Belo Corporation's first quarter 2012 conference call. Robert Decherd, our Chief Executive Officer, will lead today's call. Jim Moroney, Executive Vice President, will give an in-depth update on the Dallas Morning News' subscriber content strategy. Ali Engel, our Chief Financial Officer, and Dan Blizzard, Senior Vice President of Operations, are available for Q&A.

This morning, we issued a press release announcing first quarter results. We posted this release along with the PowerPoint presentation that Jim will walk through today on our website under the Investor Relations Section. Unless otherwise specified, comparisons used on today's call measure first quarter 2012 performance against first quarter 2011 performance.

Our discussion today will include forward-looking statements. Forward-looking statements, including but not limited to estimates of circulation figures for the six-month period ending March 31, 2012 are subject to risks, uncertainties and other factors that could cause actual results to differ materially from those statements.

Additional information about these factors is detailed in the Company's press releases and publicly available filings with the SEC. Finally, today's discussion will include non-GAAP financial measures. We believe that non-GAAP financial measures provide useful supplemental information to assist investors in determining performance comparisons to our peers. Reconciliations to the most directly comparable financial measures presented in accordance with GAAP are provided in our press release and on our website under the Investor Relations Section.

Now, I will turn you over to Robert. Robert?



Robert Dechard - A.H. Belo - CEO

Thank you, David, and, good afternoon, everyone. All in all, the first quarter was a good one for A.H. Belo Corporation. The Company had a net loss of \$0.18 per share, which is an improvement of \$0.13 per share over 2011. Adjusted EBITDA or earnings before interest, taxes, depreciation, amortization and pension expense was \$6.1 million in the first quarter, an increase of 36%. As of March 31, 2012, cash and cash equivalents were \$55.7 million.

Total revenue in the first quarter 2012 decreased 7%. Excluding the impact of the Super Bowl in Dallas in 2011, total revenue decreased 5%, about the same percentage decrease seen in the fourth quarter of 2011. First quarter results reflect our steadfast commitment to creating proprietary local content and reducing our dependence on advertising revenues; specifically, core print and online banner revenues, by investing in and developing new products, services and businesses.

A.H. Belo's ability to create proprietary local content has been recognized often since the beginning of the year. The Dallas Morning News' Spanish language publication, *Al Dia*, received the Spanish Language Newspaper of the Year Award from the Texas Associated Press managing editors.

The Morning News' life style publication, *FD Luxe*, relaunched to rave reviews. The Riverside Press-Enterprise's series about unbreakable local high school sports records was honored by the Associated Press sports editors. And The Providence Journal received a regional Edward R. Murrow award for its hour-long documentary, *The War on Terror, Coming Home*, a story of our nation's decade-long war on terror as told through the experiences of four soldiers with connections to Rhode Island and southeastern Massachusetts.

When it comes to developing new businesses, 508 Digital, the Dallas Morning News' new digital marketing solutions business that targets small and medium businesses, is ramping up fast. 508 Digital has hired more than half of its 50-person dedicated sales team and the average order size is well above our early projections.

Turning to our commercial printing and distribution businesses, new contracts came online in Providence during the first quarter and these drove the 10% or \$900,000 increase in commercial printing and distribution revenue for the Company. During the first quarter, The Press-Enterprise reached agreement with the North County Times for The Press-Enterprise to print the North County Times beginning in June.

Now, I'll turn it over to Jim for the update on the Dallas Morning News' subscriber content strategy.

James Moroney - A.H. Belo - EVP

Thank you, Robert. If you haven't already done so, I would encourage you to visit our website's Investor Relations Section and download the subscriber content strategy update PowerPoint presentation that I'm going to refer to in a few moments.

But before we get into that preparation, I want to take a few minutes and talk to you about why and how the Dallas Morning News arrived at its subscriber content strategy. Subscriber content, in the parlance, is the pay wall strategy.

We did not get into this subscriber content strategy just by chance. We've been really working towards this over a long period of time. In fact, in 2005, we began a premium audience strategy. That's when we discontinued distribution into markets for which our advertisers were not giving us any credit, places as far away as Tulsa, Oklahoma, Oklahoma City, Little Rock, Arkansas and even cities that were hundreds of miles away from Dallas and which had their own metro newspapers and had the retail stores like they are in Dallas in their same markets.

Next, we began to discontinue distributing significant quantities of bonus day papers, third party papers and even NIE papers. We are trying to get our paid print base to reflect our core print subscriber base. Finally, we decided to get out of the deep discounting of our print circulation prices. Once we'd gotten all that accomplished, the next step was to test the elasticity of the home delivery pricing and further align our circulation with our core print subscriber base.



Knowing we would lose penetration when we raised the price of the paper, we launched our free newspaper briefing into 200,000 homes, approximately eight months ahead of the price increase. Briefing allowed us to provide advertisers with the penetration they need for their display and preprint advertising, even as the subscription price increases at the Dallas Morning News contributed to a decrease in the total paid circulation of the Morning News.

Our pricing strategy has increased the Dallas Morning News' total circulation revenue from \$70 million in 2007 to \$92 million at the end of last year, an increase of \$22 million or 32%. In addition, circulation revenue's contribution to total revenue increased from 15% in 2007 to 31% in 2011.

As we took the price of home delivery higher, we had to recognize that the incentive for paid subscribers to discontinue paying us over \$400 a year for seven-day home delivery and to go to our free website was greater than ever. We simply couldn't afford to continue to give away for free what our best customers were paying us \$400 a year to have. So the next logical step was to begin to charge for the content we distributed digitally.

So, we launched our premium subscriber content strategy in March of last year. If we look at the page 3 now in the deck, it's called our subscriber content strategy update presentation, I want to talk for a moment about what subscriber content really means.

So you can see on page 3, subscriber content is the original and proprietary content that's generated by the Dallas Morning News' award winning newsroom. It's content that is exclusive to the Dallas Morning News, and it's content that is available in our print newspaper, our e-editions on Dallasnews.com and on our tablet and smartphone applications.

If you'll turn the page to page 4, you'll see a screen shot of an iPad. You'll notice on the page that there are articles that have a blue circle with a D in the middle of it. All of those are subscriber content stories. That means that after you get past the first 40 words or so and try to click on the rest of the article, it will ask you to authenticate your subscription if you're a print subscriber.

Once you do that, you have access to all of our digitally distributed content for as long as your print subscription lasts. If you're not a print subscriber, it gives you the opportunity to have a digital-only subscription. And then from that point forward, you don't have to sign in again.

In the lower left corner of that screen shot, you'll see a story with an AP dateline. That, like other wire stories, are always free to anybody who comes to Dallasnews.com or to any content that we distribute to any digital platform. You can consume as many of those articles as you want to, which is what makes our approach slightly different from the metered approach that you read so much about.

Now, I want to turn to our five objectives that we have for this year to further our subscriber content strategy, and they begin on page 5 and then continue on to page 6. On page 5, you can see the first of these objectives for this year is to build and retain high quality print and digital audiences, and we have five specific actions we're taking in order to accomplish this.

First, we're going to completely overhaul Dallasnews.com to improve the user experience. It's still, by far and away, the way that most people access the content that we distribute digitally. We're going to redesign Guidelive.com, which is our city guide and entertainment product and one where we have some of the highest demand for display advertising.

We're going to expand Neighborsgo, which are our hyper local print publications, by adding to them companion digital microsites. We're going to launch a new tablet product in the back half of this year, and we're going to continue to develop additional niche iPhone and Android apps and e-books.

Our second objective is to increase the number of print subscribers activating their digital accounts, and we're going to do this by simplifying the process that print subscribers use to activate their digital accounts online. And we're going to initiate marketing campaign to remind print subscribers to activate their digital accounts, and make sure they understand the benefits of being able to access subscriber content across any of our digital platforms at any time and in any place.

The third objective is to improve the conversion rate of digital non-subscribers into print or digital-only subscribers. We're going to accomplish this by completing a new price elasticity study to identify the optimal home delivery and digital bundle price points and to understand the



cross-elasticities between them. And we will have this research out into the field in May. We're also going to simplify the process that digital non-subscribers use to sign up for print or digital-only subscriptions.

Fourth, we're going to improve the monetization of our digital audiences. And to achieve this, we're going to increase the availability of Dallasnews.com inventory to premium ad networks. This is on page 6. We're going to increase content and inventory in high-demand categories like entertainment, finance, and travel. We're going to continue to monetize the growth in smartphone and tablet traffic. We're going to hire dedicated sales specialists for search engine marketing, video, email and social media marketing.

And, finally, we're going to drive sales at 508 Digital, our digital marketing solutions initiative designed for small and medium businesses. And we're going to, finally, support these initiatives and others with a \$4 million investment in brand marketing and target marketing campaigns in 2012.

Now that I've outlined where we are headed this year with our subscriber content strategy, I wanted to review how our first full year turned out. If you'll turn to page 7, when we launched subscriber content across digital platforms in March of 2011, we offered consumers a wide range of individual digital subscription options and a bundled product, as you can see here on the page. And I'll give you a moment just to take a look at those.

Next, if you'll turn to page 8, I want to review key milestones from last year. First, at the beginning of the year, we increased the seven-day home delivery price from \$30 a month to \$33.95 per month. We implemented, as we said earlier, our subscriber content initiative across Dallasnews.com, our e-edition, our iPad and iPhone apps in March of 2011, and we launched an Android app later in the year.

And then in October of last year, for new subscribers, the seven-day home delivery price increased from \$33.95 to \$36.95 per month. This is a practice that we began over a year ago to start raising the price of the paper to new subscribers before we raise it for current subscribers.

In the first year of our subscriber content strategy, we had three major objectives, and the first one is on page 9. It was to determine the number of our print subscribers who want to engage with our digital products by requiring these subscribers to activate their online accounts by entering their print newspaper subscription information online, what we call authenticating.

And what we've learned is that as of March 8 of this year, we had approximately 91,000 unique, authenticated digital accounts. These 91,000 accounts equate to approximately 40% of our print subscription base for the six-month period ended March 31, 2012.

Our second objective was to determine if limiting access to our proprietary content online in our e-editions and in our apps would improve print subscription acquisition or retention rates. And what we learned is that the retention rate for subscribers who authenticate is running more than 50% higher than the retention rate for subscribers who do not authenticate.

And our third objective, it was to determine the willingness of consumers to purchase digital subscriptions and here's what we have learned. As of March 8, 2012, we had approximately 49,000 paid digital subscriptions.

On page 12, we'll talk about the impact of subscriber content on the performance of Dallasnews.com. And as you can see on that page, the subscriber content, as we expected, did reduce our unique visitors and page views. And yet these levels of decline were well within our projected ranges and, for the most part, were equivalent to the impressions we were selling at remnant rates before we put up our subscriber content strategy.

Our session lengths is up about 70% to 15 minutes, and minutes per user per month are also up about 70% to 30.5 minutes per month. These last two statistics really get to the essence of engagement, which is really what we're trying to measure and grow more than just gross page views. All in all, we are very satisfied with these results from our first year.

The five objectives that I went through earlier are repeated again for you on pages 13 and 14. I'm, of course, not going to go through them again. I just want to tell you that we've accomplished, we think, a lot with this strategy over the past year. We've got a lot more to do in 2012, and we think the five objectives that I outlined and their related activities are going to enable us to take the next steps in the evolution of our subscriber content strategy. And I'll have another update for you on this strategy at our investor day later this year in October.



Now, I'm going to hand it back over to Robert for questions.

Robert Dechard - *A.H. Belo - CEO*

Thank you, Jim. The early results from the Morning News' subscriber content strategy are certainly promising, as best illustrated by the 91,000 authenticated digital accounts that equate to approximately 40% of the paper's print subscriber base.

As Jim noted, we're going to have investor day in October. And at that meeting, Howard Sutton, publisher and CEO of The Providence Journal, and Ron Redfern, publisher and CEO of The Press-Enterprise, will update you on their implementations of subscriber content strategies tailored to their markets.

At this point, Linda, we're ready for questions.

QUESTIONS AND ANSWERS

Operator

(Operator Instructions)

Our first question comes from the line of Kevin Cohen from Imperial Capital. Please go ahead.

Kevin Cohen - *Imperial Capital - Analyst*

Good afternoon, and thanks for taking the questions, guys. I'm wondering, can you comment a little bit about ad trends, kind of what you see subsequent to quarter end and maybe what we should look for over the balance of the year, I guess trying to sort of figure out the trend at the local level versus the more national driven newspaper companies?

Robert Dechard - *A.H. Belo - CEO*

Kevin, of course, national is the category over which we have least control. We actually are finishing strong in Dallas, and Riverside and Providence are tracking to their plans for the quarter or beginning strong. Sorry, let's talk about the second quarter here. Jim can talk about the start in Dallas. But the word in the two coastal markets is it looks like we will be on track for the second quarter.

Jim?

James Moroney - *A.H. Belo - EVP*

Kevin, in April, we started off pretty much like we had seen through, I'd say, February and March. But for the last couple of weeks of April, we had a very strong two weeks, and we improved as much as 400 to 500 basis points off the run rate we had at the beginning of the month. So, we're actually going to have our best month of the year in April by a pretty good measure, compared to the first quarter.

Kevin Cohen - *Imperial Capital - Analyst*

And do you think that will continue subsequent to April, or what's your sense in terms of what's driving the improvement in April versus the first quarter average?



James Moroney - *A.H. Belo - EVP*

We've got a little bit of general advertising to come back. That's certainly been a help, a little bit of pickup in preprints. We've had a strong digital month in April. But, Kevin, and Robert may want to pick up too, but today, honestly, I mean, it is a month-to-month event.

I just -- I can't call one month based on the one before it. You almost have -- even April, I wouldn't have told you we would have finished where we did if you would have asked me on the 15th or 14th of April. And yet, here we are. So, it continues to be very uneven each month.

Kevin Cohen - *Imperial Capital - Analyst*

And then I guess in terms of the EBITDA guidance, I know the Company in the fourth quarter results had given EBITDA guidance for the year. I guess given the trends in the first quarter and what you're seeing subsequent to quarter end, are you guys reaffirming that guidance or raising it or just simply not commenting either way on EBITDA for 2012?

Alison Engel - *A.H. Belo - CFO*

I'm not commenting either way. I think that if we see some significant deviation from the guidance we've given in the fourth quarter, on the fourth quarter call, we'd update that in October when we have more of the year behind us. For the first quarter, I think we're happy with where we're trending.

Kevin Cohen - *Imperial Capital - Analyst*

And then just two other quick questions. I guess are all of the newspapers still core in your guys' view at this point?

Robert Decherd - *A.H. Belo - CEO*

Yes. Yes, definitely.

Kevin Cohen - *Imperial Capital - Analyst*

And then, lastly, what further update can you provide in terms of potential real estate dispositions over the rest of the year?

Robert Decherd - *A.H. Belo - CEO*

Kevin, that's, as you know, as hard to predict as ad revenues. But we are -- we have, as you know, closed a couple of small deals. Dan Blizzard, who is here, is working on the Providence situation, and that market seems to be improving a little bit. That doesn't mean that it's gangbusters, but certainly it's stabilized. There's capital available, and we're working that one really hard to see if there are some viable options that could be realized in the next 12 to 18 months.

We're really not doing much in Riverside at this point. That market is slower to recover. But we'll follow the same basic approach there as we have in Providence, which is let's understand what our business requirements are, what land there is that is not core, and certainly that's marketable. And if, as we analyze our business needs, it turns out that there are ways to either generate income or somehow access capital for some of those physical assets, we'll do it as promptly as possible. We're not enamored of owning real estate. That's for sure.



Kevin Cohen - *Imperial Capital - Analyst*

That's very helpful. Thanks a lot.

Operator

Thank you. Our next question goes to the line of Barry Lucas from Gabelli & Company. Please go ahead.

Barry Lucas - *Gabelli & Company - Analyst*

Thanks very much. Robert, I've got a host of questions, so I'm going to shoot you a few and I'll jump back into queue if I may and let somebody else badger you a bit. Just for reference, since they provided several years of Dallas Morning News circulation revenues only, what would that number have been in 2010, as opposed to 2007, so we know what that \$92 million compares against?

Robert Decherd - *A.H. Belo - CEO*

For circulation revenue?

Barry Lucas - *Gabelli & Company - Analyst*

I feel like that was just the Morning News that I thought it was Jim articulated -- 70 in 2007 and 92 in '11.

James Moroney - *A.H. Belo - EVP*

Yes, and then for the Dallas Morning News, it was roughly a little -- 92-ish or so in 2010. '11 was basically flat, maybe down a point or so at the Morning News over '10. It went up in '08, it went up in '09, it went up in '10, and it was mostly flat, maybe slightly down in '11. Does that your question?

Barry Lucas - *Gabelli & Company - Analyst*

Yes, that's helpful, Jim. So if you've ramped up the circulation pricing and you've added digital-only subs who, I think, were supposed to be paying about \$9.95 a month or whatever -- I look at the New York Times circ revenue trends, why weren't circulation revenues better in either '11, or what's the trend now in Dallas in '12?

James Moroney - *A.H. Belo - EVP*

Well, in '11, Barry, we had some declines in volumes in the Morning News that we're still trying to overcome, and we weren't able to overcome them with price increases. We made the price increase at the beginning of the year, but it wasn't sufficient to overcome volumes. That's why we're going back with the price elasticity study.

We've not raised prices on current subscribers this year, and we aren't sure that we will. We're going to wait until we get this elasticity study back to determine if we have any head room on the print seven-day subscription rates. Because if we raise the rates by a percent and take a decrease in volume of a greater percent, obviously we don't gain anything in total revenue. So, we're looking at that.

And our digital subscriptions, really we're just beginning to ramp up this year. I'm hoping that we'll have an even stronger experience with digital revenues. We're going to look at the pricing that we used and decide whether or not we think we may have put it up a little higher than we should have. We wanted to start high, like our print subscription rates.



And then if we determined that we had some opportunity to bring those down to derive even more volume, we could. And so that's what we're going to find out. But we need to understand the cross-elasticity with our people paying \$33 and \$36.95 a month. Because if they trade down to a digital subscription, that may or may not be the best thing for us. So, we have to sort of look at those prices also relative to one another in what kind of cross-elasticity there may be.

Barry Lucas - *Gabelli & Company - Analyst*

Okay. And just to be sure, Jim, the 49,000 digital-only subs that you enumerated earlier, they're paying that \$10 rate, or is it something less?

James Moroney - *A.H. Belo - EVP*

It's a combination of three things, Barry. I'm sorry. Good question. There are people that are paying \$16.95, which is the all digital bundle rate.

Barry Lucas - *Gabelli & Company - Analyst*

Right, okay.

James Moroney - *A.H. Belo - EVP*

There are people paying \$9.99, which is the accessing our content through any single device. So if you only iPad. And then there are people who are paying \$1.85 a month. Starting in October, if you were a new subscriber to the Morning News, you had to opt in to \$1.85 to get digital access. You were not able to get it for free any longer, which we did when we started in March. Every subscriber had access to our content automatically. It was a penny or something for some pro forma reason; but basically, it was free to them.

New subscribers, as of October 1, have to volunteer. It's not -- we give them a bundle price, but then we tell them, do you want to take the digital part of this? It's \$1.85 a month. If you don't, we'll give you print only, which complies with the ABC rules and really, then, indicates a willingness to pay for digital access.

Barry Lucas - *Gabelli & Company - Analyst*

Okay. Again, I'm sorry --

James Moroney - *A.H. Belo - EVP*

So it's a blended of all three of those rates. \$16.95 a month, \$9.99 a month and starting October the 1st for new subscribers, \$1.85 a month.

Barry Lucas - *Gabelli & Company - Analyst*

Okay. And just to be sure, even though you've got new print subs coming in at \$36 and change or whatever, they're still paying an additional \$1.85 on top of that?

James Moroney - *A.H. Belo - EVP*

No, I'm sorry. Okay. So, you call up. We say -- they want to get a seven-day subscription. We say, that's \$36.95 a month. And for that, you get print and digital. Then to comply with the ABC rules and also for us to demonstrate wantedness, both of these things are accomplished, we say in the



script to them, if you do not want a digital subscription and you want to pay print only, we will take that price from \$36.95 down to \$35.10. And today, 70% of our new subscribers are opting in to the digital. 30% are opting for print only.

Barry Lucas - *Gabelli & Company - Analyst*

Okay, Jim. Thanks very much.

James Moroney - *A.H. Belo - EVP*

What we think is a very strong and good trend.

Barry Lucas - *Gabelli & Company - Analyst*

Okay. That's very helpful, Jim. I don't want to dominate this at all, so let me jump back in. Go on to someone else.

Operator

Thank you.

(Operator Instructions)

And at this time, we have no further questions.

Robert Dechard - *A.H. Belo - CEO*

Linda, let's get Barry Lucas back in.

Operator

Certainly. He just dialed back in. One moment. And we'll go to Barry Lucas from Gabelli & Company.

Barry Lucas - *Gabelli & Company - Analyst*

Okay. Thanks very much. Robert, another subject near and dear to your heart. Pension. Just, again, for some of the clarification stuff, you made a contribution after the end of the quarter so pro forma, where would cash be post 3/31?

Alison Engel - *A.H. Belo - CFO*

It's about, 3/31 balance minus the pension contribution. So, it's in the \$41 million range.

Barry Lucas - *Gabelli & Company - Analyst*

And how much more are you going to put in this year, Ali?



Robert Decherd - *A.H. Belo - CEO*

Well --

Alison Engel - *A.H. Belo - CFO*

We have two more payments, they're about \$5 million each.

Robert Decherd - *A.H. Belo - CEO*

Right, call it ten. Ten this year. And keep in mind, by accelerating the contributions we could, plus the voluntary, it amounts to about \$1.8 million in cash savings this year.

Barry Lucas - *Gabelli & Company - Analyst*

Okay. Robert, maybe you could expand a little bit on the relationship with Hearst and what do they do for you and can that be bigger? Can it relieve you of more expenses? Maybe you can flesh that out a bit.

Robert Decherd - *A.H. Belo - CEO*

I'm going to defer to Jim. But basically, this is a business strategy around small and medium businesses. It's not an expense saving initiative, as you know. The partnership is exclusive to this particular business. It's not to say we couldn't do other things with Hearst. And certainly we're, I think, very close to that company and have been for a long time.

Let me let Jim talk about what the basic relationship is and why we're so excited about it.

James Moroney - *A.H. Belo - EVP*

Barry, we've been looking for a way to bring the small and medium businesses back into doing business with us and us doing business with them. We priced them, as you would know, basically out of the metropolitan newspapers decades ago.

The guy with one dry cleaning needs to get customers from a two-mile radius, not from the entire marketplace and hundreds of thousands of copies. So we watched what Hearst was doing in Houston and San Francisco and San Antonio with this company that they had developed and put together, and it basically is a self-service front-end for social media marketing services. It's really not advertising. It's really social media marketing services.

So if you want to do search engine optimization, if you want to do search engine marketing, if you want to have a Facebook page and use it strategically, if you want to use Twitter strategically, if you want to do reputation management, it puts it all into a single interface, built off the back of companies that Hearst actually bought the companies themselves, put them together into this single interface. It, therefore, is self-served by the small and medium business who pays a flat fee per month for the service.

And I think what the secret sauce in this is, Barry, is that no matter what you say about self-service, it's never completely self-service. They have a 200-person back office that is supporting all of these initiatives in not only their newspaper markets but in Dallas. And I think that's the real distinction between what we're doing and some of the other companies that are in this same space. And we're having very good success, as Robert said. Our average order value is higher than what we had pro forma'd it to be. We've got about half of our sales force out on the street selling.



Alison Engel - *A.H. Belo - CFO*

And we are closing deals.

James Moroney - *A.H. Belo - EVP*

And we're closing deals. And Hearst gave us basically access to all of their data from over a year of being in the market with this product in those three larger cities. And so, we pro forma'd right off the back of what they had already accomplished, and we're hitting the volume numbers and exceeding the average order value numbers so we feel very good about where we are.

Barry Lucas - *Gabelli & Company - Analyst*

So Hearst provides the back office for a fee, or --

James Moroney - *A.H. Belo - EVP*

It's a rev share. I'm sorry. It's a rev share. It's all rev share.

Barry Lucas - *Gabelli & Company - Analyst*

All rev share. Okay.

James Moroney - *A.H. Belo - EVP*

Maybe there's a little bit of up-front payment just for kind of getting it in. But after that, it's 100% rev share.

Barry Lucas - *Gabelli & Company - Analyst*

Okay. Last area for me would be expense trends. I think you did an excellent job, so maybe just sort of looking down the line items, I think, would be maybe a little unrealistic to look at those kinds of declines and extrapolate them, but where do you think expenses are going either on wages, production or news print?

James Moroney - *A.H. Belo - EVP*

One thing, Barry, and I'll let Ali pick up. For the Morning News, we did the majority of the reductions of personnel in the third -- late third quarter. And so, we're still benefiting from the sort of wrapping around a higher employee base that we had in the first, say, seven, eight months of last year.

So for the Morning News, we should be able to sustain some of the same kind of year over year expense patterns for a good part of this year until we sort of get back to late third quarter, where we took a lot of the expenses out that went out permanently.

Ali may --



Alison Engel - *A.H. Belo - CFO*

We also had a kind of a planned news print price increase for the second quarter, beginning of the second quarter that we were able to push out until the end of the second quarter, beginning of the third quarter. So just looking forward, we're benefiting from that. You know, we're just closely -- as I said to Kevin, we're not updating any of our EBITDA guidance. We're closely monitoring the revenue trends and seeing how and if we need to respond, and we'll do so accordingly. But right now, we're feeling very good about the expense side of things, and don't have any actions planned at this time.

Barry Lucas - *Gabelli & Company - Analyst*

Thanks very much. I appreciate the time.

Operator

Thank you.

(Operator Instructions)

And we have no questions. Please continue.

Robert Dechard - *A.H. Belo - CEO*

Okay. Operator, thank you very much. We are feeling good about the remainder of the year, as you can tell from this call. A lot of work to do, as Jim noted. Promising start in the 508 Digital venture. And we look forward to speaking with everyone after the second quarter. Thanks for joining us.

Operator

Thank you, ladies and gentlemen.

(Operator Instructions)

That does conclude our conscious for today. Thank you for your participation. You may now disconnect.

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