
UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549

FORM 8-K

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

Date of Report (Date of earliest event reported): July 28, 2008

A. H. BELO CORPORATION

(Exact name of registrant as specified in its charter)

Delaware
(State or other jurisdiction
of incorporation)

1-33741
(Commission File Number)

38-3765318
(I.R.S. Employer
Identification No.)

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

75222-4866
(Zip Code)

Registrant's telephone number, including area code: (214) 977-8200

Not Applicable

(Former Name or Former Address, if Changed Since Last Report)

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions:

- Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)
 - Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)
 - Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))
 - Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))
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Item 2.02. Results of Operations and Financial Condition.

On July 28, 2008, A. H. Belo Corporation announced its consolidated financial results for the quarter ended June 30, 2008. A copy of the announcement press release is furnished with this report as Exhibit 99.1.

In addition, A. H. Belo Corporation announced today that its Chief Executive Officer, Robert Decherd, has sent a letter to shareholders accompanied by a copy of the letter sent to A. H. Belo employees, both of which are posted on the Company's Web site (www.ahbelo.com) in the Investor Relations section. A copy of the shareholder letter and the accompanying employee letter are furnished with this report as Exhibits 99.2 and 99.3.

Item 9.01. Financial Statements and Exhibits.

(d) *Exhibits.*

99.1 A. H. Belo Corporation Earnings Press Release dated July 28, 2008

99.2 A. H. Belo Corporation Shareholder Letter dated July 28, 2008

99.3 A. H. Belo Corporation Employee Letter dated July 28, 2008

Signatures

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

Date: July 28, 2008

A. H. BELO CORPORATION

By: /s/ Alison K. Engel

Alison K. Engel

Senior Vice President/Chief Financial Officer

EXHIBIT INDEX

- 99.1 A. H. Belo Corporation Earnings Press Release dated July 28, 2008
- 99.2 A. H. Belo Corporation Shareholder Letter dated July 28, 2008
- 99.3 A. H. Belo Corporation Employee Letter dated July 28, 2008

FOR IMMEDIATE RELEASE

Monday, July 28, 2008

7:00 A.M. CDT

**A. H. BELO CORPORATION ANNOUNCES
SECOND QUARTER 2008 FINANCIAL RESULTS**

DALLAS - A. H. Belo Corporation (NYSE: AHC) reported second quarter revenues of \$163.3 million, a net loss of \$3.2 million or \$0.16 per share, and consolidated EBITDA of \$10 million. The Company had no long term debt in the second quarter.

Robert W. Decherd, chairman, president and Chief Executive Officer, said, "A. H. Belo continues to make notable progress in our strategy to diversify revenue and continue building strong brand equity. While these successes are transforming the Company, the weak macroeconomic environment and declines in overall advertising spending have impacted AHC significantly. Given that the declines in ad revenue are unlikely to stabilize in the near term, we're taking steps to dramatically change AHC's cost structure."

A letter to shareholders and a letter to colleagues outlining these initiatives and operating conditions were sent by Decherd today. These letters can be accessed at www.ahbelo.com/invest.

During the second quarter, AHC furthered its commitment to maximizing the use of its existing infrastructure, building new partnerships, and investing in Internet businesses related to AHC's core operations. These initiatives have the potential to develop meaningful and sustainable incremental revenue streams.

- The Company recently announced plans to launch *Briefing*, a new product published by *The Dallas Morning News* beginning August 27. *Briefing*, will leverage existing news resources and content to publish a condensed print news product, home-delivered for free Wednesdays through Saturdays. *Briefing* is targeted at 200,000 households with incomes of \$75,000 and above.

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- The Company's three newspapers have all recently secured contracts to print and/or distribute other publications. During the second quarter, *The Providence Journal* secured a contract to distribute *The Wall Street Journal*. This contract, along with other print and/or distribution contracts previously detailed in Dallas and Riverside, will contribute at least \$4.0 million of incremental revenue in 2008 and another \$1.5 million in 2009.
- AHC's investment strategy is to seek opportunities that expand the breadth of products or services provided to its advertisers. The Company's recent investment in ResponseLogix, announced on July 22, enables AHC to sell ResponseLogix's advanced technology solutions to local automotive dealers who need a tool for managing Internet leads.

Also during the second quarter, AHC's brand equity and journalistic excellence showcased the Company's Internet focus with Dallasnews.com winning the Edward R. Murrow National Award for best Non-Broadcast Affiliated Web site.

Second Quarter Highlights

Total revenue decreased 15 percent in the second quarter versus the prior year. Advertising revenue, including print and Internet revenue, was down 21 percent. Ad revenue performance was driven by declines in classified revenue at *The Dallas Morning News* and *The Press-Enterprise*.

The Press-Enterprise in Riverside, CA continues to encounter strong cyclical pressures. Advertising revenue, including print and Internet revenue, at *The Press-Enterprise* declined 25 percent in the second quarter versus the prior year, a slight improvement over a 26 percent decline in the first quarter.

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AHC's total part-run revenue increased 3.3 percent versus the prior year. Despite its challenging business environment, *The Press-Enterprise* experienced a 21 percent increase in part-run revenue.

AHC had over \$12 million in Internet revenue in the second quarter, which accounted for 7.4 percent of total revenues. Circulation revenue increased 8.5 percent and other revenue, driven by commercial printing revenue, increased 14 percent.

In the second quarter, AHC reduced total newspaper expenses by \$5.8 million or 3.9 percent over the same period last year. This decrease included a \$2.7 million decline in direct compensation and a \$1.9 million decline in newsprint expense attributable to our diligent control of newsprint volume in the increasing newsprint price environment. Total newspaper expense at all three newspapers declined in the second quarter.

The aggregate newspaper EBITDA margin was 12 percent in the second quarter, down 10 percentage points from the second quarter of 2007. All three newspapers had positive EBITDA performance. EBITDA margins were highest at *The Providence Journal*, followed by *The Dallas Morning News*.

Corporate & Non-Operating Company Results

Corporate and non-operating company expenses declined more than \$4 million versus the same period last year. The decline was due primarily to a drop in direct compensation and other operating expense. The 2007 corporate and non-operating company expenses are based on an estimate of allocated amounts since AHC did not become a separate public company until February 8, 2008 when AHC was spun off from Belo Corp. AHC's 2007 historical financial information reflects allocations for services historically provided by Belo Corp., and these allocated costs may be different from the actual costs AHC will incur for these services in the future as a separate public company, including with respect to actual services provided to AHC by Belo Corp. under a services

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agreement and other agreements. In some instances, the costs incurred for these services as a separate public company may be higher than the share of total Belo Corp. expenses allocated to AHC historically.

Non-GAAP Financial Measures

Reconciliations of consolidated and newspaper EBITDA to net loss are included as exhibits to this release.

Financial Results Conference Call

AHC will conduct a conference call today at 1:00 p.m. CDT to discuss financial and strategic results. The conference call will be available via Webcast by accessing the Company's Web site (www.ahbelo.com/invest) or by dialing 800-230-1096 (USA) or 612-326-1020 (International). A replay line will be available at 800-475-6701 (USA) or 320-365-3844 (International) from 3:00 p.m. CDT on July 28 until 11:59 p.m. CDT on August 4, 2008. The access code for the replay is 952133.

About A. H. Belo Corporation

A. H. Belo Corporation (NYSE: AHC) headquartered in Dallas, Texas, is a distinguished news and information company that owns and operates four daily newspapers and 12 associated Web sites. A. H. Belo publishes *The Dallas Morning News*, Texas' leading newspaper and winner of eight Pulitzer Prizes since 1986; *The Providence Journal*, the oldest continuously-published daily newspaper in the U.S. and winner of four Pulitzer Prizes; *The Press-Enterprise* (Riverside, CA), serving southern

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California's Inland Empire region and winner of one Pulitzer Prize; and the *Denton Record-Chronicle*. The Company publishes various specialty publications targeting niche audiences, young adults and the fast-growing Hispanic market. A. H. Belo also owns direct mail and commercial printing businesses. Additional information is available at www.ahbelo.com or by contacting Maribel Correa, director/Investor Relations, at 214-977-2702.

Statements in this communication concerning A. H. Belo Corporation's ("the Company's") business outlook or future economic performance, anticipated profitability, revenues, expenses, dividends, capital expenditures, investments, future financings, and other financial and non-financial items that are not historical facts, are "forward-looking statements" as the term is defined under applicable federal securities laws. Forward-looking statements are subject to risks, uncertainties and other factors that could cause actual results to differ materially from those statements.

Such risks, uncertainties and factors include, but are not limited to, changes in capital market conditions and prospects, and other factors such as changes in advertising demand, interest rates, and newsprint prices; newspaper circulation matters, including changes in readership patterns and demography, and audits and related actions by the Audit Bureau of Circulations; circulation trends; technological changes; development of Internet commerce; industry cycles; changes in pricing or other actions by competitors and suppliers; regulatory, tax and legal changes; adoption of new accounting standards or changes in existing accounting standards by the Financial Accounting Standards Board or other accounting standard-setting bodies or authorities; the effects of Company acquisitions, dispositions, co-owned ventures, and investments; general economic conditions; significant armed conflict; and other factors beyond our control, as well as other risks described in the Company's Annual Report on Form 10-K and other public disclosures and filings with the Securities and Exchange Commission, including the Company's information statement on Form 10 dated January 31, 2008.

A. H. Belo Corporation
Consolidated Statements of Operations

| <i>In thousands, except per share amounts (unaudited)</i> | Three months ended June 30, | | Six months ended June 30, | |
|---|--------------------------------|------------------|------------------------------|-----------------|
| | 2008 | 2007 | 2008 | 2007 |
| Net operating revenues | | | | |
| Advertising | \$ 125,341 | \$ 157,704 | \$ 249,764 | \$ 299,649 |
| Circulation | 30,275 | 27,894 | 59,380 | 55,511 |
| Other | 7,639 | 6,678 | 14,298 | 12,829 |
| Total net operating revenues | 163,255 | 192,276 | 323,442 | 367,989 |
| Operating Costs and Expenses | | | | |
| Salaries, wages and employee benefits | 68,840 | 72,492 | 143,105 | 147,791 |
| Other production, distribution and operating costs | 60,948 | 65,170 | 121,914 | 126,069 |
| Newsprint, ink and other supplies | 23,738 | 26,007 | 46,707 | 52,675 |
| Depreciation | 12,211 | 11,352 | 24,452 | 22,712 |
| Amortization | 1,625 | 1,625 | 3,250 | 3,250 |
| Total operating costs and expenses | 167,362 | 176,646 | 339,428 | 352,497 |
| Earnings (loss) from operations | (4,107) | 15,630 | (15,986) | 15,492 |
| Other income and expense | | | | |
| Interest expense | (165) | (9,035) | (3,231) | (17,779) |
| Other income (expense), net | 305 | 2,608 | 1,262 | 2,782 |
| Total other income and expense | 140 | (6,427) | (1,969) | (14,997) |
| Earnings | | | | |
| Earnings (loss) before income taxes | (3,967) | 9,203 | (17,955) | 495 |
| Income tax benefit | (770) | (3,097) | (6,040) | (2,409) |
| Net earnings (loss) | <u>\$ (3,197)</u> | <u>\$ 12,300</u> | <u>\$ (11,915)</u> | <u>\$ 2,904</u> |
| Net earnings (loss) per share | | | | |
| Basic and Diluted | \$ (.16) | \$.60 | \$ (.58) | \$.14 |
| Average shares outstanding | | | | |
| Basic and Diluted | 20,478 | 20,452 | 20,476 | 20,452 |
| Cash dividends declared per share | | | | |
| | <u>\$ —</u> | <u>\$ —</u> | <u>\$ 0.25</u> | <u>\$ —</u> |

A. H. Belo Corporation
Condensed Consolidated Balance Sheets

| <i>In thousands</i> | June 30, 2008 <i>(unaudited)</i> | December 31, 2007 |
|---|--|----------------------|
| Assets | | |
| Current assets | | |
| Cash and temporary cash investments | \$ 24,882 | \$ 6,874 |
| Accounts receivable, net | 72,408 | 90,792 |
| Other current assets | 34,524 | 24,353 |
| Total current assets | 131,814 | 122,019 |
| Property, plant and equipment, net | 275,223 | 307,788 |
| Intangible assets, net | 156,843 | 160,093 |
| Other assets | 43,237 | 29,810 |
| Total assets | <u>\$ 607,117</u> | <u>\$ 619,710</u> |
| Liabilities and Shareholders' Equity | | |
| Current liabilities | | |
| Accounts payable | \$ 30,016 | \$ 25,384 |
| Accrued expenses | 41,657 | 32,550 |
| Other current liabilities | 28,737 | 62,468 |
| Total current liabilities | 100,410 | 120,402 |
| Long-term debt | — | 378,916 |
| Deferred income taxes | 26,809 | 19,189 |
| Other liabilities | 13,916 | 14,263 |
| Total shareholders' equity | <u>465,982</u> | <u>86,940</u> |
| Total liabilities and shareholders' equity | <u>\$ 607,117</u> | <u>\$ 619,710</u> |

A. H. Belo Corporation
Consolidated EBITDA

| <i>In thousands (unaudited)</i> | Three months ended June 30, | | Six months ended June 30, | |
|---------------------------------|--------------------------------|------------------|------------------------------|-----------------|
| | 2008 | 2007 | 2008 | 2007 |
| Consolidated EBITDA (1) | \$ 10,034 | \$ 31,215 | \$ 12,978 | \$ 44,236 |
| Depreciation and Amortization | (13,836) | (12,977) | (27,702) | (25,962) |
| Interest Expense | (165) | (9,035) | (3,231) | (17,779) |
| Income Tax Benefit | 770 | 3,097 | 6,040 | 2,409 |
| Net Earnings (Loss) | <u>\$ (3,197)</u> | <u>\$ 12,300</u> | <u>\$ (11,915)</u> | <u>\$ 2,904</u> |

A. H. Belo Corporation
Newspaper EBITDA

| <i>In thousands (unaudited)</i> | Three months ended June 30, | | Six months ended June 30, | |
|--|--------------------------------|------------------|------------------------------|-----------------|
| | 2008 | 2007 | 2008 | 2007 |
| Newspaper EBITDA (1) | \$ 19,305 | \$ 42,542 | \$ 33,734 | \$ 67,208 |
| Corporate & Non-Operating Company Expenses | (9,576) | (13,935) | (22,018) | (25,754) |
| Other Income (Expense), net | 305 | 2,608 | 1,262 | 2,782 |
| Depreciation and Amortization | (13,836) | (12,977) | (27,702) | (25,962) |
| Interest Expense | (165) | (9,035) | (3,231) | (17,779) |
| Income Tax Benefit | 770 | 3,097 | 6,040 | 2,409 |
| Net Earnings (Loss) | <u>\$ (3,197)</u> | <u>\$ 12,300</u> | <u>\$ (11,915)</u> | <u>\$ 2,904</u> |

Note 1: The Company defines Consolidated EBITDA as net earnings before interest expense, income taxes, depreciation and amortization and Newspaper EBITDA as net earnings before corporate and non-operating company expenses, other income net, interest expense, income taxes, depreciation and amortization. Neither Consolidated EBITDA nor Newspaper EBITDA is a measure of financial performance under accounting principles generally accepted in the United States. Management uses both measures in internal analyses as a supplemental measure of the financial performance of the Company to assist it with determining bonus achievement, performance comparisons against its peer group of companies, as well as capital spending and other investing decisions. They are also common alternative measures of performance used by investors, financial analysts, and rating agencies to evaluate financial performance. Neither Consolidated EBITDA nor Newspaper EBITDA should be considered in isolation or as a substitute for cash flows provided by operating activities or other income or cash flow data prepared in accordance with U.S. GAAP and this non-GAAP measure may not be comparable to similarly titled measures of other companies.

A. H. Belo Corporation

July 28, 2008

Dear Fellow Shareholders:

Today we are announcing a broad restructuring of A. H. Belo Corporation's newspaper operations intended to change substantially the business model for the Company's print products while accelerating the allocation of resources to promising new products both in print and online. These initiatives address the adverse business environment facing the newspaper industry and the related, negative perception of the industry's future prospects. The Board of Directors and Management Committee believe that a number of these concerns are exaggerated with regard to certain business issues, and that the market is overreacting to a combination of secular and cyclical changes. Nevertheless, we have to be prepared for a wide range of possibilities driven by changes in the competitive structure of the industry, new technologies, and rapidly-evolving media usage habits.

Our goal on the expense side of the business is to eliminate \$50 million of ongoing costs by the end of the first quarter of 2009, exclusive of newsprint price fluctuations. But, as noted later in this letter, the key to long-term success is revenue generation.

Voluntary severance offers are being made today to many employees of A. H. Belo's newspapers. This is an important element in the overall restructuring plan. Our goal is to reduce total employment at the operating units by approximately 500 full-time equivalents (FTEs) from July 2008 levels, which is about 14% of A. H. Belo's total workforce. Already in 2008, approximately 170 FTEs have been eliminated through attrition and disciplined hiring practices, which increases the total reduction in employment Company-wide to 670 FTEs. We believe that the resultant, smaller workforce - - focused intensely on products that take full advantage of A. H. Belo's local capabilities in content creation and sales — is best suited for the business opportunities that will define future success. We expect to complete the voluntary severance process by mid-September, and have notified A. H. Belo's newspaper employees that if we are not able to achieve the goal of a 500 FTE reduction, an involuntary reduction-in-force will be necessary.

Continued . . .

A. H. Belo (AHC) will incur a charge in the third quarter related to the voluntary severance offer. The amount of this one-time expense will depend on the length of service and the salary distribution of the employees who accept the voluntary severance offer (or are part of a subsequent reduction-in-force). Approximately 25 percent of the resultant savings will be realized in the fourth quarter, and the full savings will be realized in 2009.

A. H. Belo's management team has been aggressively reducing costs across the Company and we have identified a number of additional expense savings that will be implemented immediately and throughout 2009. These range from further reductions in web width at *The Press-Enterprise* in Riverside, CA and *The Providence Journal*; overall marketing and promotion expense; and, travel and other discretionary expenses. We are also taking steps to further enhance the productivity of AHC's existing production plants.

On the revenue side, straight math tells us that mid-teens revenue declines on a sustained basis do not produce a tenable business model. We are working assiduously to equip AHC's sales forces to be even more effective local and regional selling organizations, with continued investment in sales training and an increasing emphasis on vertical categories that cut across both print and online products produced by

A. H. Belo's newspapers. We are already seeing early signs of success in these endeavors. In addition, circulation price increases instituted at all three AHC newspapers have met or exceeded our revenue targets while causing circulation declines at expected levels, or better. The net impact of these circulation pricing actions will be approximately \$5 million in incremental revenue in 2009, beyond the favorable impact of these actions in 2008. Similarly, our success in attracting significant print and distribution contracts from other newspapers operating in AHC markets this year will produce at least \$4 million of incremental revenue in 2008 and another \$1.5 million in 2009. These contracts are good additions to AHC's revenue mix and take advantage of prior capital investments in our production plants.

Of course, AHC's greatest asset remains our newspapers' content-creating capabilities and resultant revenue generation. While we are addressing current problems that are cyclical in nature, the Management Committee is devoting even more attention to secular changes in the industry. We remain convinced about the long-term viability of local news and information as a business platform, and we believe that there will be a place for print-on-paper newspapers for many years to come as an important part of the Company's multi-platform distribution effort to reach audiences through whatever medium they prefer. AHC's newspapers, like most in the industry, have actually grown readership in recent years when our circulation and Internet audiences are combined (as they should be, and as the Audit Bureau of Circulations now measures readership). Yet we also acknowledge that our printed products must change continuously over time in response to readers' priorities. This is the principal tenet supporting the decisions we are making now to change AHC's business model.

Continued . . .

AHC's Internet and mobile sites, like those of all newspapers, will continue to be a major component in the daily media habits of local audiences across America. Through AHC's Business Development activities and related initiatives at Belo Interactive Media, we are well along in understanding the size of these opportunities and how best to capitalize on them. Our goal is to double Internet revenues across the Company by the end of 2011, and further grow revenues related to future digital products including mobile offerings.

As shareholders, you are properly attentive to our thinking about AHC's non-core assets, capital spending levels, dividend policy, and uses of investment capital. All of these matters are actively discussed by the Board of Directors on a regular basis. Last week, the Board authorized management to accelerate an internal assessment undertaken as part of the spin-off from Belo Corp. to determine what real estate owned by AHC and its operating companies can be monetized without adversely affecting ongoing operations. A request for proposal is being issued to several prominent national real estate firms to help us assess this potential in all three AHC markets, and especially Dallas and Providence. Our internal estimate is that property owned outright by AHC in Providence, and property owned jointly with Belo Corp. in downtown Dallas, could produce pre-tax proceeds of about \$35 million for AHC. Because of the net operating losses AHC is currently incurring, these dispositions could be efficient from a tax standpoint. However, like all real estate transactions, it is difficult to put any time frame on this process and we do not expect to complete any sales before mid-2009.

The Management Committee is carefully reviewing capital spending plans for the remainder of 2008 and 2009, and we believe that capital expenditures can be reduced by at least 10 percent. Two essential investments are underway that will keep total spending at approximately \$20 million each year: (1) the reduction of web widths at all three AHC newspapers, which results in net savings of newsprint and has a fast ROI, and (2) the Integrated Advertising System (IAS) we are implementing as a single technology platform across the entire organization, enabling all AHC newspapers to substantially improve accounting and billing capabilities while providing important customer insights that fuel future advertising sales. We expect the IAS project to be completed by the end of 2011.

Dividends represent a significant cash outlay on an annual basis and certainly are a potential source for preserving cash. It is important to note, however, that the spin-off from Belo Corp. presumed that pre-spin shareholders would enjoy the same dividend income after the spin-off. Therefore, the Board is taking a careful approach in evaluating dividend policy, while clearly acknowledging that the current yield on AHC's stock price is unrealistically high and cannot be sustained over time. The Board will determine 2009's dividend strategy at its regular meeting in September.

Continued . . .

There are always suggestions about various transactions that A. H. Belo might take part in. The Board's present view is that the initiatives outlined in this letter are the timely and appropriate ones to take. These enable A. H. Belo to work through the complex tasks that are involved in transforming the Company's business model, and be among the strongest newspaper companies in America once the industry transition plays out and the U.S. economy stabilizes. AHC's balance sheet is a tremendous asset in this process, and we are working hard to minimize the amount of short-term borrowing necessary to provide working capital as these tasks are undertaken.

In recent months, the Management Committee has found it increasingly beneficial to apply the mind-set of a start-up company's management team because we realize how radically different today's competitive environment is for all newspaper companies. This mind-set has better enabled us to think unfettered about strategy choices, resource allocation and product focus. Like all start-up management teams, we have considered some fairly unorthodox ideas and constantly remind ourselves that we must make our own luck in this fast-changing world. As always, we appreciate the support of A. H. Belo's shareholders and employees. A copy of a letter I sent to employees this morning is attached for your information.

/s/ Robert Decherd

Statements in this communication concerning A. H. Belo Corporation's ("the Company's") business outlook or future economic performance, anticipated profitability, revenues, expenses, dividends, capital expenditures, investments, future financings, and other financial and non-financial items that are not historical facts, are "forward-looking statements" as the term is defined under applicable federal securities laws. Forward-looking statements are subject to risks, uncertainties and other factors that could cause actual results to differ materially from those statements.

Such risks, uncertainties and factors include, but are not limited to, changes in capital market conditions and prospects, and other factors such as changes in advertising demand, interest rates, and newsprint prices; newspaper circulation matters, including changes in readership patterns and demography, and audits and related actions by the Audit Bureau of Circulations; circulation trends; technological changes; development of Internet commerce; industry cycles; changes in pricing or other actions by competitors and suppliers; regulatory, tax and legal changes; adoption of new accounting standards or changes in existing accounting standards by the Financial Accounting Standards Board or other accounting standard-setting bodies or authorities; the effects of Company acquisitions, dispositions, co-owned ventures, and investments; general economic conditions; significant armed conflict; and other factors beyond our control, as well as other risks described in the Company's Annual Report on Form 10-K and other public disclosures and filings with the Securities and Exchange Commission, including the Company's information statement on Form 10 dated January 31, 2008.

A. H. Belo Corporation

July 28, 2008

Dear Colleagues:

A. H. Belo announced this morning a number of initiatives in response to the unprecedentedly adverse business environment facing the newspaper industry – and the related, negative perception of the industry’s future prospects. The Board of Directors and Management Committee continue to believe that such concerns are exaggerated with regard to certain business issues and that the market is overreacting to a combination of secular and cyclical changes. Nevertheless, we have to be prepared for a wide range of competitive changes, which means rapidly transforming A. H. Belo’s businesses to take advantage of opportunities that are available to great local newspapers like ours.

The step that most directly affects all of us as colleagues and fellow employees is a voluntary severance offer that is being made to many of the Company’s newspaper employees. The offer focuses on the operating companies because this is where we, like all newspaper publishers, are feeling the most serious impact of revenue declines that exceed what anyone within the industry would have expected. These revenue declines are occurring at the same time that A. H. Belo and every newspaper publisher are facing escalating costs of ink, supplies and distribution (all related to oil prices), record newsprint prices, and the same pressures on health care costs that all U.S. employers must deal with. The combination of these factors has caused A. H. Belo to record losses in both the first and second quarters of 2008, and we expect this situation to persist through the end of the year at least.

Fortunately, A. H. Belo has a strong balance sheet, with no debt at present, and we operate distinguished news and information businesses in markets whose long-term prospects are above average. The key now is to focus our journalism and content-creating capabilities on the specific needs of our local communities and our loyal audiences, reinforcing the importance of A. H. Belo’s daily publications while building an ever-stronger Internet presence through the Company’s Web sites. We continue to invest in A. H. Belo’s technology platform and Business Development opportunities that will extend our local market presence while capitalizing on Internet advertising and new digital revenue opportunities.

Continued . . .

Dear Colleagues

July 28, 2008

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These are unsettling times for everyone in the newspaper industry. A. H. Belo will make the necessary transitions most successfully if we concentrate on solving current problems and rally around our long-standing belief in the importance and viability of journalism. Daily newspapers play pivotal roles in great cities like the ones where A. H. Belo publishes, and there will continue to be many ways to introduce new products both in print and online that help define communities while, at the same time, creating value for the Company's shareholders.

I have sent a letter today to our shareholders (attached). I encourage you to read it carefully so that you can more fully appreciate the complexity of the tasks that lie ahead. I am very confident that our directors and senior management are thoughtfully devising solutions that will result in A. H. Belo Corporation being among the strongest newspaper companies in America as the transition of the industry plays out and the U.S. economy stabilizes.

On behalf of the Board and Management Committee, I thank each and every member of the A. H. Belo team for your spirited responses to challenges none of us would choose to have to tackle. Knowing that we must, you have stood tall. I know we can count on you to continue to do so.

/s/ Robert Decherd