
SECURITIES AND EXCHANGE COMMISSION

WASHINGTON, D.C. 20549

AMENDMENT NO. 3

TO

FORM 10

GENERAL FORM FOR REGISTRATION OF SECURITIES
PURSUANT TO SECTION 12(b) OR 12(g) OF
THE SECURITIES EXCHANGE ACT OF 1934

A. H. BELO CORPORATION

(Exact Name of Registrant as Specified in its Charter)

DELAWARE

(State or Other Jurisdiction of
Incorporation or Organization)

38-3765318

(I.R.S. Employer
Identification No.)

P.O. Box 224866

Dallas, Texas

(Address of Principal Executive Offices)

75222-4866

(Zip Code)

(214) 977-8200

(Registrant's Telephone Number, Including Area Code)

Russell F. Coleman

A. H. Belo Corporation

P.O. Box 224866, Dallas, Texas 75222-4866

(214) 977-8200

(Name, Address, Including Zip Code, and Telephone Number,
Including Area Code, of Agent for Service)

Securities to be registered pursuant to section 12(b) of the Act:

**TITLE OF EACH CLASS
TO BE SO REGISTERED**

**NAME OF EACH EXCHANGE ON WHICH
EACH CLASS IS TO BE REGISTERED**

Series A Common Stock, par value \$.01 per share
Preferred Share Purchase Rights

New York Stock Exchange
New York Stock Exchange

Securities registered pursuant to Section 12(g) of the Act:

**TITLE OF EACH CLASS
TO BE SO REGISTERED**

Series B Common Stock, par value \$.01 per share

EXPLANATORY NOTE

THIS REGISTRATION STATEMENT HAS BEEN PREPARED ON A PROSPECTIVE BASIS ON THE ASSUMPTION THAT, AMONG OTHER THINGS, THE DISTRIBUTION (AS DEFINED IN THE INFORMATION STATEMENT WHICH IS A PART OF THIS REGISTRATION STATEMENT) AND THE RELATED TRANSACTIONS CONTEMPLATED TO OCCUR PRIOR TO OR CONTEMPORANEOUSLY WITH THE DISTRIBUTION WILL BE CONSUMMATED AS CONTEMPLATED BY THE INFORMATION STATEMENT. THERE CAN BE NO ASSURANCE, HOWEVER, THAT ANY OR ALL OF SUCH TRANSACTIONS WILL OCCUR OR WILL OCCUR AS SO CONTEMPLATED. ANY SIGNIFICANT MODIFICATIONS TO OR VARIATIONS IN THE TRANSACTIONS CONTEMPLATED WILL BE REFLECTED IN AN AMENDMENT OR SUPPLEMENT TO THIS REGISTRATION STATEMENT.

CROSS-REFERENCE SHEET BETWEEN INFORMATION STATEMENT AND ITEMS OF FORM 10

This registration statement on Form 10 incorporates by reference information contained in the information statement filed as exhibit 99.1 hereto. The cross-reference table below identifies where the items required by Form 10 can be found in the information statement.

ITEM NO.	ITEM CAPTION	LOCATION IN INFORMATION STATEMENT
1	Business	“SUMMARY;” “MANAGEMENT’S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS;” and “BUSINESS.”
1A	Risk Factors	“RISK FACTORS.”
2	Financial Information	“SUMMARY;” “FINANCING ARRANGEMENTS;” “UNAUDITED PRO FORMA FINANCIAL STATEMENTS;” “SELECTED FINANCIAL DATA;” and “MANAGEMENT’S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS.”
3	Properties	“BUSINESS—PROPERTIES.”
4	Security Ownership of Certain Beneficial Owners and Management	“PRINCIPAL SHAREHOLDERS;” “EXECUTIVE COMPENSATION—TERMINATION OF EMPLOYMENT AND CHANGE IN CONTROL ARRANGEMENTS;” and “CERTAIN ANTI-TAKEOVER PROVISIONS—CHANGE IN CONTROL SEVERANCE PLAN.”
5	Directors and Executive Officers	“MANAGEMENT.”
6	Executive Compensation	“MANAGEMENT;” “EXECUTIVE COMPENSATION;” and “DIRECTOR COMPENSATION.”
7	Certain Relationships and Related Transactions, and Director Independence	“SUMMARY;” “RELATIONSHIPS BETWEEN BELO AND A. H. BELO FOLLOWING THE DISTRIBUTION;” “MANAGEMENT;” and “CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS.”
8	Legal Proceedings	“BUSINESS—LEGAL PROCEEDINGS.”
9	Market Price of and Dividends on the Registrant’s Common Equity and Related Stockholder Matters	“SUMMARY;” “THE DISTRIBUTION—LISTING AND TRADING OF SHARES OF A. H. BELO COMMON STOCK;” “DIVIDEND POLICY;” and “DESCRIPTION OF CAPITAL STOCK—CONVERSION OF SERIES B COMMON STOCK AT THE ELECTION OF A HOLDER.”
10	Recent Sales of Unregistered Securities	“DESCRIPTION OF CAPITAL STOCK—SALES OF UNREGISTERED SECURITIES.”
11	Description of Registrant’s Securities to be Registered	“DESCRIPTION OF CAPITAL STOCK;” and “CERTAIN ANTI-TAKEOVER PROVISIONS.”

ITEM NO.	ITEM CAPTION	LOCATION IN INFORMATION STATEMENT
12	Indemnification of Directors and Officers	"CERTAIN ANTI-TAKEOVER PROVISIONS—LIMITATION OF LIABILITY OF DIRECTORS;" and "—INDEMNIFICATION OF OFFICERS, DIRECTORS, AND EMPLOYEES."
13	Financial Statements and Supplementary Data	"SUMMARY;" "UNAUDITED PRO FORMA FINANCIAL STATEMENTS;" "SELECTED FINANCIAL DATA;" "MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS;" and "INDEX TO FINANCIAL STATEMENTS."
14	Changes in and Disagreements with Accountants on Accounting and Financial Disclosure	NOT APPLICABLE.

ITEM 15. Financial Statements and Exhibits

(a) Financial Statements.

The information required by this item is contained under the section "Index to Financial Statements" beginning on page F-1 of the information statement. That section is incorporated herein by reference.

(b) Exhibits. The following documents are filed as exhibits hereto:

**EXHIBIT
NUMBER**

- 2.1 – Form of Separation and Distribution Agreement.
- 3.1 – Form of Amended and Restated Certificate of Incorporation of A. H. Belo Corporation.
- 3.2 – Form of Certificate of Designation of Series A Junior Participating Preferred Stock.
- 3.3 – Form of Amended and Restated Bylaws of A. H. Belo Corporation.
- 4.1 – Certain rights of the holders of A. H. Belo Corporation's common stock are set forth in Exhibits 3.1-3.3 above.
- 4.2 – Form of certificate representing Series A common stock of A. H. Belo Corporation.
- 4.3 – Form of certificate representing Series B common stock of A. H. Belo Corporation.
- 4.4 – Form of Rights Agreement.
- 10.1 – Form of Tax Matters Agreement.
- 10.2 – Form of Services Agreement.
- 10.3 – Form of Separation and Distribution Agreement (see Exhibit 2.1).
- 10.4 – Form of Employee Matters Agreement.
- 10.5 – Form of A. H. Belo Corporation 2008 Incentive Compensation Plan.
- 10.6 – Form of A. H. Belo Corporation Savings Plan.
- 10.7 – Form of A. H. Belo Corporation Change in Control Severance Plan.
- 21.1 – List of Subsidiaries.
- 99.1 – Information Statement.

SIGNATURES

Pursuant to the requirements of Section 12 of the Securities Exchange Act of 1934, the registrant has duly caused this Amendment No. 3 to registration statement to be signed on its behalf by the undersigned, thereunto duly authorized.

A. H. BELO CORPORATION

Date: January 18, 2008

By: _____ /S/ ROBERT W. DECHERD
Name: Robert W. Decherd
Title: Chairman of the Board, President and
Chief Executive Officer

EXHIBIT INDEX

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SEPARATION AND DISTRIBUTION AGREEMENT

by and between

BELO CORP.

and

A. H. BELO CORPORATION

Dated as of February , 2008

TABLE OF CONTENTS

	<u>Page</u>
ARTICLE I DEFINITIONS	2
Section 1.01. Definitions	2
Section 1.02. General Interpretive Principles	10
ARTICLE II THE RECAPITALIZATION AND SEPARATION	10
Section 2.01. Recapitalization and Other Transactions	10
Section 2.02. The Separation and Related Transactions	11
Section 2.03. Conditions Precedent to Consummation of the Recapitalization and the Separation	16
ARTICLE III THE DISTRIBUTION	16
Section 3.01. Actions Prior to the Distribution	16
Section 3.02. The Distribution	18
Section 3.03. Conditions to Distribution	19
ARTICLE IV SURVIVAL AND INDEMNIFICATION	20
Section 4.01. Survival of Agreements	20
Section 4.02. Indemnification by Newspaper Holdco	20
Section 4.03. Indemnification by Belo	21
Section 4.04. Insurance	22
Section 4.05. Procedures for Indemnification of Third-Party Claims	23
Section 4.06. Additional Matters	24
Section 4.07. Contribution	24
Section 4.08. Survival of Indemnities	25
Section 4.09. Remedies Cumulative	25
Section 4.10. Ancillary Agreements	25
ARTICLE V CERTAIN ADDITIONAL COVENANTS	25
Section 5.01. Consents for Business	25
Section 5.02. Additional Consents	25
Section 5.03. Further Assurances	26
Section 5.04. Certain Business Matters	27
Section 5.05. Settlement of Certain Insurance Claims; Business Interruption Release	27
Section 5.06. Circulation Litigation	28
ARTICLE VI ACCESS TO INFORMATION	28
Section 6.01. Agreement for Exchange of Information	28
Section 6.02. Ownership of Information	29
Section 6.03. Compensation for Providing Information	29
Section 6.04. Record Retention	29
Section 6.05. Limitation of Liability	30
Section 6.06. Other Agreements Providing for Exchange of Information	30
Section 6.07. Production of Witnesses; Records; Cooperation	30

Section 6.08. Confidentiality	31
ARTICLE VII NO REPRESENTATION OR WARRANTY	33
Section 7.01. NO REPRESENTATIONS OR WARRANTIES	33
ARTICLE VIII TERMINATION	34
Section 8.01. Termination	34
Section 8.02. Effect of Termination	34
ARTICLE IX MISCELLANEOUS	34
Section 9.01. Complete Agreement; Representations	34
Section 9.02. Costs and Expenses	34
Section 9.03. Governing Law	35
Section 9.04. Notices	35
Section 9.05. Amendment, Modification or Waiver	36
Section 9.06. No Assignment; Binding Effect; No Third-Party Beneficiaries	36
Section 9.07. Counterparts	36
Section 9.08. Negotiation	36
Section 9.09. Specific Performance	37
Section 9.10. Texas Forum	37
Section 9.11. Interpretation; Conflict With Ancillary Agreements	37
Section 9.12. Severability	38

SEPARATION AND DISTRIBUTION AGREEMENT

This SEPARATION AND DISTRIBUTION AGREEMENT (this “**Agreement**”), dated as of February , 2008, by and between Belo Corp., a Delaware corporation (“**Belo**”), and A. H. Belo Corporation, a Delaware corporation and a wholly owned subsidiary of Belo (“**Newspaper Holdco**,” and together with Belo, each, a “**Party**” and collectively, the “**Parties**”).

RECITALS

WHEREAS, the Board of Directors of Belo has determined that it is in the best interests of Belo and its shareholders to separate the Newspaper Holdco Business (as defined below) and the Belo Business (as defined below) into two separate public companies (the “**Separation**”), on the terms and subject to the conditions set forth in this Agreement, in order to, among other things, (i) create more focused organizations better able to respond to different industry dynamics and therefore better able to tailor strategic initiatives and priorities; (ii) allow the investment community to evaluate Belo and Newspaper Holdco separately relative to the performance of their peers; (iii) allow Newspaper Holdco greater flexibility to create a capital structure and deploy capital more closely aligned with its strategic priorities; and (iv) allow Newspaper Holdco to provide its management and employees incentive compensation more directly linked to its individual financial performance;

WHEREAS, to further effect the Separation, Newspaper Holdco intends to obtain and retain ownership and possession of all Newspaper Holdco Assets (as defined below) and Belo intends to retain ownership and possession of all Belo Assets (as defined below);

WHEREAS, except as specifically otherwise set forth herein, to further effect the Separation, Newspaper Holdco intends to remain solely liable for all Newspaper Holdco Liabilities (as defined below) and Belo intends to remain solely liable for all Belo Liabilities (as defined below);

WHEREAS, Belo intends to distribute to the holders of issued and outstanding shares of (i) Series A common stock, par value \$1.67 per share, of Belo (the “**Series A Belo Common Stock**”), and (ii) Series B common stock, par value \$1.67 per share of Belo (the “**Series B Belo Common Stock**” and, together with the Series A Belo Stock, the “**Belo Common Stock**”), as of the Record Date (as defined below), by means of a *pro rata* dividend, 100% of the issued and outstanding shares of (x) Series A common stock, par value \$0.01 per share, of Newspaper Holdco (the “**Series A Newspaper Holdco Common Stock**”), including the Preferred Share Purchase Rights attached thereto, and (y) Series B common stock, par value \$0.01 per share, of Newspaper Holdco (the “**Series B Newspaper Holdco Common Stock**” and, together with the Series A Newspaper Holdco Common Stock, the “**Newspaper Holdco Common Stock**”), including the Preferred Share Purchase Rights attached thereto, on the basis of .20 share of Series A Newspaper Holdco Common Stock for every then issued and outstanding share of Series A Belo Common Stock and .20 share of Series B Newspaper Holdco Common Stock for every then issued and outstanding shares of Series B Belo Common Stock (the “**Distribution**”) on the terms and subject to the conditions set forth in this Agreement;

WHEREAS, the treatment, in connection with the Distribution, of any outstanding Belo stock option or restricted share unit will be as specified in the Employee Matters Agreement;

WHEREAS, it is the intention of the Parties that, for United States federal income tax purposes, the Separation and Distribution and the other transactions contemplated herein shall qualify as transactions that are generally tax-free within the meaning of Sections 355 and 368 (and other related provisions) of the U.S. Internal Revenue Code of 1986, as amended (the “**Code**”);

WHEREAS, the Board of Directors of Belo has (i) determined that the Separation, the Distribution and the other transactions contemplated by this Agreement and the Ancillary Agreements (as defined below) have a valid business purpose, are in furtherance of and consistent with its business strategy and are in the best interests of Belo and its shareholders and (ii) approved this Agreement and each of the Ancillary Agreements; and

WHEREAS, it is appropriate and desirable to set forth the principal corporate transactions required to effect the Separation and the Distribution and certain other agreements that will govern certain matters relating to these transactions and the relationship of Belo and Newspaper Holdco and their respective Subsidiaries following the Distribution.

NOW, THEREFORE, in consideration of the premises, and of the representations, warranties, covenants and agreements set forth herein and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, and intending to be legally bound hereby, the Parties hereby agree as follows:

ARTICLE I

DEFINITIONS

Section 1.01. Definitions. As used in this Agreement, the following terms shall have the meanings set forth below:

“**Action**” means any claim, demand, action, cause of action, suit, countersuit, arbitration, litigation, inquiry, proceeding or investigation by or before any Governmental Authority or any arbitration or mediation tribunal or authority.

“**Affiliate**” means, with respect to any specified Person, any other Person that directly, or indirectly through one or more intermediaries, controls, is controlled by or is under common control with, such specified Person; provided, however, that for purposes of this Agreement, no member of either Group shall be deemed to be an Affiliate of any member of the other Group. As used herein, “control” means the possession, directly or indirectly, of the power to direct or cause the direction of the management and policies of such entity, whether through ownership of voting securities or other interests, by contract or otherwise.

“**Agreement**” has the meaning assigned to such term in the Preamble hereto.

“**Ancillary Agreements**” means the Employee Matters Agreement, the Tax Matters Agreements, the Services Agreement and any other agreement to be entered into by and between

Belo (or any Subsidiary of Belo) and Newspaper Holdco (or any Subsidiary of Newspaper Holdco) at or prior to the Effective Time.

“**Asset**” means any right, property or asset, whether real, personal or mixed, tangible or intangible, of any kind, nature and description, whether accrued, contingent or otherwise, and wheresoever situated and whether or not carried or reflected, or required to be carried or reflected, on the books of any Person.

“**Balance Sheet**” has the meaning assigned to such term in the definition of Newspaper Holdco Assets.

“**Belo**” has the meaning assigned to such term in the Preamble hereto.

“**Belo Assets**” means all Assets of the Belo Group, other than the Newspaper Holdco Assets.

“**Belo Business**” means all businesses and operations of the Belo Group, other than the Newspaper Holdco Business.

“**Belo Common Stock**” has the meaning assigned to such term in the Recitals hereto.

“**Belo Group**” means Belo and each of its Subsidiaries and Affiliates, and any corporation or entity that may become part of such Group from time to time, other than the Newspaper Holdco Group.

“**Belo Indemnified Parties**” has the meaning assigned to such term in Section 4.02.

“**Belo Liabilities**” means those Liabilities of Belo, other than the Newspaper Holdco Liabilities.

“**Business**” means the Newspaper Holdco Business and/or the Belo Business, as the context requires.

“**Bylaws**” means the Amended and Restated Bylaws of Newspaper Holdco substantially in the form filed as an exhibit to the Registration Statement, with such changes as may be agreed to by the Parties.

“**Certificate of Incorporation**” means the Amended and Restated Certificate of Incorporation of Newspaper Holdco substantially in the form filed as an exhibit to the Registration Statement, with such changes as may be agreed to by the Parties.

“**Circulation Litigation**” means (i) the consolidated lawsuits filed by purported shareholders of Belo in the United States District Court for the Northern District of Texas against Belo and certain Affiliates and (ii) a shareholder derivative lawsuit filed by a purported individual shareholder of Belo in the 191st District Court of Dallas County, Texas against certain Affiliates of Belo, in each case relating to the circulation overstatement of *The Dallas Morning News* announced in 2004 and as more fully described in the first two full paragraphs under “Legal Proceedings” in the Information Statement; *provided, however*, that the unlawful

discrimination lawsuit filed by 18 former employees of *The Dallas Morning News* against Newspaper Holdco and certain of its Affiliates in the United States District Court for the Northern District of Texas, as more fully described in the fourth full paragraph under “Legal Proceeding” in the Information Statement, is specifically excluded from inclusion as part of the Circulation Litigation and shall be retained solely by Newspaper Holdco as a Newspaper Holdco Liability.

“**Code**” has the meaning assigned to such term in the Recitals hereto.

“**Consents**” means any consents, waivers, notices, reports or other filings to be made, including with respect to any contract, or any registrations, licenses, permits, authorizations to be obtained from, or approvals from, or notification requirements to, any third parties, including any third party to a contract and to any Governmental Authority.

“**Delayed Transfer Asset and/or Liability**” has the meaning assigned to such term in Section 2.02(b).

“**Dispute Notice**” has the meaning assigned to such term in Section 9.08.

“**Distribution**” has the meaning assigned to such term in the Recitals hereto.

“**Distribution Agent**” means The Bank of New York Mellon.

“**Distribution Agent Agreement**” has the meaning assigned to such term in Section 3.01(c).

“**Distribution Date**” means February 8, 2008, which is the date on which the Distribution shall be effected, as determined by the Board of Directors of Belo.

“**Effective Time**” means 11:59 p.m., Eastern Time, on the Distribution Date.

“**Employee Matters Agreement**” means the employee matters agreement to be entered into by and between Belo and Newspaper Holdco, substantially in the form filed as an exhibit to the Registration Statement, with such changes as may be agreed to by the Parties.

“**Exchange Act**” means the United States Securities Exchange Act of 1934, as amended, together with the rules and regulations promulgated thereunder.

“**FIFO Basis**” means, with respect to the payment of Unrelated Claims pursuant to the same Belo insurance policy, the payment in full of each successful claim (regardless of whether Belo or Newspaper Holdco is the claimant) in the order in which such successful claim is approved by the insurance carrier, until the limit of the applicable Belo insurance policy is met, except with respect to the Circulation Litigation, which shall be governed by Section 5.06.

“**Governmental Authority**” means any federal, state, local, foreign or international court, government, department, commission, board, bureau or agency, or any other regulatory, self-regulatory, administrative or governmental organization or authority, including the NYSE.

“**Group**” means the Belo Group and/or the Newspaper Holdco Group, as the context requires.

“**Indemnified Party**” has the meaning assigned to such term in Section 4.03.

“**Indemnifying Party**” means Newspaper Holdco, for any indemnification obligation arising under Section 4.02, and Belo, for any indemnification obligation arising under Section 4.03.

“**Information**” means all information, whether or not patentable or copyrightable, in written, oral, electronic or other tangible or intangible forms, stored in any medium, including non-public financial information, studies, reports, records, books, accountants’ work papers, contracts, instruments, surveys, discoveries, ideas, concepts, know-how, techniques, designs, specifications, drawings, blueprints, diagrams, models, prototypes, samples, flow charts, data, computer data, disks, diskettes, tapes, computer programs or other Software, marketing plans, customer data, communications by or to attorneys, memos and other materials prepared by attorneys and accountants or under their direction (including attorney work product), and other technical, financial, legal, employee or business information or data.

“**Information Statement**” means the information statement of Newspaper Holdco, included as Exhibit 99.1 to the Registration Statement, to be distributed to holders of Belo Common Stock in connection with the Distribution, including any amendments or supplements thereto.

“**Initial Newspaper Holdco Capital Stock**” has the meaning assigned to such term in Section 2.01.

“**Intellectual Property**” means all intellectual property and other similar proprietary rights in any jurisdiction, whether owned or held for use under license, whether registered or unregistered, including such rights in and to: (i) trademarks, trade dress, service marks, certification marks, logos, and trade names, and the goodwill associated with the foregoing (collectively, “**Trademarks**”); (ii) patents and patent applications, and any and all divisions, continuations, continuations-in-part, reissues, continuing patent applications, reexaminations, and extensions thereof, any counterparts claiming priority therefrom, utility models, patents of importation/confirmation, certificates of invention, certificates of registration, design registrations or patents and like rights (collectively, “**Patents**”); (iii) writings and other works of authorship (“**Copyrights**”); (iv) trade secrets (including, those trade secrets defined in the Uniform Trade Secrets Act and under corresponding foreign statutory Law and common law), Information, business, technical and know-how information, business processes, non-public information, proprietary information and confidential information and rights to limit the use or disclosure thereof by any Person (collectively, “**Trade Secrets**”); (v) software, including data files, source code, object code, application programming interfaces, databases and other software-related specifications and documentation (collectively, “**Software**”); (vi) domain names and uniform resource locators; (vii) moral rights; (viii) privacy and publicity rights; (ix) any and all technical information, Software, specifications, drawings, records, documentation, works of authorship or other creative works, ideas, knowledge, invention disclosures or other data, not

including works subject to Copyright, Patent or Trademark protection (“**Technology**”); (x) advertising and promotional materials, whether or not copyrightable; and (xi) claims, causes of action and defenses relating to the enforcement of any of the foregoing; in each case, including any registrations of, applications to register, and renewals and extensions of, any of the foregoing with or by any Governmental Authority in any jurisdiction.

“**Inter-Group Indebtedness**” means any intercompany receivables, payables, accounts, advances, loans, guarantees, commitments and indebtedness for borrowed funds between a member of the Belo Group and a member of the Newspaper Holdco Group; provided, that “Inter-Group Indebtedness” shall not include any contingent Liabilities and accounts payable arising pursuant to the Ancillary Agreements, any agreements with respect to continuing transactions between Belo and Newspaper Holdco and any other agreements entered into in the ordinary course of business at or following the Distribution.

“**Law**” means any applicable foreign, federal, national, state, provincial or local law (including common law), statute, ordinance, rule, regulation, code or other requirement enacted, promulgated, issued or entered into, or act taken, by a Governmental Authority.

“**Liabilities**” means all debts, liabilities, obligations, responsibilities, response actions, Losses, damages (whether compensatory, punitive, consequential, treble or other), fines, penalties and sanctions, absolute or contingent, matured or unmatured, liquidated or unliquidated, foreseen or unforeseen, on- or off-balance sheet, joint, several or individual, asserted or unasserted, accrued or unaccrued, known or unknown, whenever arising, including those arising under or in connection with any Law, or other pronouncements of Governmental Authorities constituting an Action, order or consent decree of any Governmental Authority or any award of any arbitration tribunal, and those arising under any contract, guarantee, commitment or undertaking, whether sought to be imposed by a Governmental Authority, private party, or a Party, whether based in contract, tort, implied or express warranty, strict liability, criminal or civil statute, or otherwise, and including any costs, expenses, interest, attorneys’ fees, disbursements and expense of counsel, expert and consulting fees, fees of third party administrators, and costs related thereto or to the investigation or defense thereof.

“**Loss**” means any claim, demand, complaint, damages, loss, liability, cost or expense, including fees and expenses of counsel, arising out of, relating to or in connection with any Action.

“**Mixed Accounts**” has the meaning assigned to such term in Section 2.02(g)(ii).

“**Mixed Contract**” has the meaning assigned to such term in Section 2.02(g)(i).

“**Newspaper Holdco**” has the meaning assigned to such term in the Preamble hereto.

“**Newspaper Holdco Assets**” means, without duplication:

(i) all of the outstanding shares of all classes of capital stock of Newspaper Holdco Subsidiaries owned (either of record or beneficially) by Newspaper Holdco, as of the Effective Time;

(ii) all of the Assets included on the unaudited interim consolidated balance sheet of Newspaper Holdco, including the notes thereto, as of September 30, 2007, as set forth in the Information Statement (the “**Balance Sheet**”), to the extent such Assets would have been included as Assets on a consolidated balance sheet of Newspaper Holdco, and the notes thereto, as of the Effective Time (were such balance sheet and notes to be prepared) on a basis consistent with the determination of Assets included on the Balance Sheet;

(iii) all other Assets that are of a nature or type that would have resulted in such Assets being included as Assets on a consolidated balance sheet of Newspaper Holdco, and the notes thereto, as of the Effective Time (were such balance sheet and notes to be prepared) on a basis consistent with the determination of Assets included on the Balance Sheet;

(iv) the Assets expressly contributed, assigned, transferred, conveyed or delivered to Newspaper Holdco Group pursuant to the Ancillary Agreements;

(v) the contract rights, licenses, Trade Secrets, know-how, and any other rights and Intellectual Property, and any other rights, claims or properties (including any and all rights as an insured party under any Belo insurance policy), in each case of Newspaper Holdco Group and as of the Effective Time;

(vi) the assets, operations, personnel and related activities connected with the “Belo Interactive Media” and “Belo Technology” organizations;

(vii) all other Assets that are held by Newspaper Holdco Group and that are used or held primarily for use in or necessary to the operation of the Newspaper Holdco Business.

“**Newspaper Holdco Business**” means the business and operations conducted by the Newspaper Holdco Group from time to time, whether prior to, at or after the Effective Time, including the business and operations conducted by the Newspaper Holdco Group as more fully described in the Information Statement.

“**Newspaper Holdco Common Stock**” has the meaning assigned to such term in the Recitals hereto.

“**Newspaper Holdco Group**” means Newspaper Holdco and each of its Subsidiaries and Affiliates, and any corporation or entity that may become part of such Group from time to time, other than the Belo Group.

“**Newspaper Holdco Indemnified Parties**” has the meaning assigned to such term in Section 4.03.

“**Newspaper Holdco Liabilities**” means, without duplication:

(i) all outstanding Liabilities included on the Balance Sheet, to the extent such Liabilities would have been included on a consolidated balance sheet of Newspaper Holdco, and the notes thereto, as of the Effective Time (were such balance sheet and notes to be prepared) on a basis consistent with the determination of Liabilities included on the Balance Sheet;

(ii) all other Liabilities that are of a nature or type that would have resulted in such Liabilities being included as Liabilities on a consolidated balance sheet of Newspaper Holdco, and the notes thereto, as of the Effective Time (were such balance sheet and notes to be prepared) on a basis consistent with the determination of Liabilities included on the Balance Sheet;

(iii) all Liabilities expressly assumed by Newspaper Holdco Group pursuant to the Ancillary Agreements; and

(iv) all Liabilities to the extent relating to, arising out of or resulting from actions, inactions, events, omissions, conditions, facts or circumstances occurring or existing prior to, at or after the Effective Time, in each case to the extent such Liabilities relate to, arise out of or result from any Newspaper Holdco Asset or the Newspaper Holdco Business, except for any Liability relating to the Circulation Litigation, which Belo and Newspaper Holdco shall share equally in accordance with the provisions of Section 5.06;

provided, however, that such term shall not include Belo's 8% Senior Notes Due November 1, 2008, 6-3/4% Senior Notes Due May 30, 2013, 7-3/4% Senior Debentures Due June 1, 2027, 7-1/4% Senior Debentures Due September 15, 2027, or the Amended and Restated Five-Year Competitive Advance and Revolving Credit Facility Agreement with JPMorgan Chase Bank, N.A., J.P. Morgan Securities Inc., Banc of America Securities LLC, Bank of America, N.A. and other lenders, all of which shall remain Liabilities of Belo.

"**NYSE**" means the New York Stock Exchange, Inc.

"**Parties**" has the meaning assigned to such term in the Preamble hereto.

"**Person**" means any natural person, corporation, general or limited partnership, limited liability company or partnership, joint stock company, joint venture, association, trust, bank, trust company, land trust, business trust or other organization, whether or not a legal entity, and any Governmental Authority.

"**Preferred Share Purchase Rights**" means the Series A Junior Participating Preferred Stock Purchase Rights entitling the registered holder thereof to purchase from Newspaper Holdco one two-hundredth of a share of Newspaper Holdco Series A Junior Participating Preferred Stock, \$.01 par value, at an exercise price of \$80 per one two-hundredth of a share, subject to adjustment.

"**Recapitalization**" has the meaning assigned to such term in Section 2.01(a).

"**Record Date**" means the close of business on January 25, 2008, which is the date determined by the Board of Directors of Belo as the record date for determining shareholders of Belo entitled to receive shares of Newspaper Holdco Common Stock pursuant to the Distribution.

"**Registration Statement**" means the Registration Statement on Form 10 of Newspaper Holdco (which includes the Information Statement) relating to the registration under the

Exchange Act of Newspaper Holdco Common Stock, including all amendments or supplements thereto.

“**Reimbursable Expenses**” means the costs and expenses incurred by Belo or Newspaper Holdco, as the case may be, that are set forth in Section 9.02 of the Separation Agreement Schedule.

“**Reimbursing Party**” has the meaning assigned to such term in Section 9.02.

“**Related Claims**” means a claim or claims against a Belo insurance policy or reserve made by each of Belo and/or its insured parties, on the one hand, or Newspaper Holdco and/or its insured parties, on the other hand, filed in connection with Losses suffered by each of Belo (and/or its insured parties) and Newspaper Holdco (and/or its insured parties) arising out of the same underlying transaction, transactions, event or events.

“**SEC**” means the United States Securities and Exchange Commission.

“**Separation**” has the meaning assigned to such term in the Recitals hereto.

“**Separation Agreement Schedule**” means the schedule agreed to and delivered by Belo and Newspaper Holdco on the date hereof pursuant to the terms hereof.

“**Series A Belo Common Stock**” has the meaning assigned to such term in the Recitals hereto.

“**Series A Newspaper Holdco Common Stock**” has the meaning assigned to such term in the Recitals hereto.

“**Series B Belo Common Stock**” has the meaning assigned to such term in the Recitals hereto.

“**Series B Newspaper Holdco Common Stock**” has the meaning assigned to such term in the Recitals hereto.

“**Services Agreement**” means the services agreement to be entered into by and between Belo and Newspaper Holdco, substantially in the form filed as an exhibit to the Registration Statement, with such changes as may be agreed to by the Parties.

“**Shared Director, Officer or Employee**” has the meaning assigned to such term in Section 2.02(h).

“**Software**” has the meaning assigned to such term in the definition of Intellectual Property.

“**SOX**” means the Sarbanes-Oxley Act of 2002, as amended from time to time.

“**Subsidiary**” means, with respect to any Person, any other Person of which a Person (either alone or through or together with any other Subsidiary of such Person) owns, directly or

indirectly, a majority of the stock or other equity interests the holders of which are generally entitled to vote for the election of the board of directors or other governing body of such corporation or other legal entity.

“**Tax Matters Agreement**” means the tax matters agreement to be entered into by and between Belo and Newspaper Holdco, substantially in the form filed as an exhibit to the Registration Statement, with such changes as may be agreed to by the Parties.

“**Third-Party Claim**” has the meaning assigned to such term in Section 4.05(a).

“**Unrelated Claims**” means a claim or claims against a Belo insurance policy or reserve made by each of Belo and/or its insured parties, on the one hand, or Newspaper Holdco and/or its insured parties, on the other hand, filed in connection with Losses suffered by each of Belo (or such insured parties) and Newspaper Holdco (or such insured parties) arising out of unrelated and separate transactions or events.

Section 1.02. General Interpretive Principles. (a) Words in the singular shall include the plural and vice versa, and words of one gender shall include the other gender, in each case, as the context requires, (b) the words “hereof,” “herein,” “hereunder,” and “herewith” and words of similar import shall, unless otherwise stated, be construed to refer to this Agreement and not to any particular provision of this Agreement, and references to Article, Section, paragraph, exhibit and schedule are references to the Articles, Sections, paragraphs, exhibits and schedules to this Agreement unless otherwise specified, (c) the word “including” and words of similar import when used in this Agreement shall mean “including, without limitation,” unless otherwise specified, and (d) any reference to any federal, state, local or non-U.S. statute or Law shall be deemed to also refer to all rules and regulations promulgated thereunder, unless the context otherwise requires. Unless the context requires otherwise, references in this Agreement to “Belo” shall be deemed to refer to the applicable member of the Belo Group and to “Newspaper Holdco” shall be deemed to refer to the applicable member of the Newspaper Holdco Group.

ARTICLE II

THE RECAPITALIZATION AND SEPARATION

Section 2.01. Recapitalization and Other Transactions. As of the Record Date, the outstanding capital stock of Newspaper Holdco consists of 1,000 shares of common stock (the “**Initial Newspaper Holdco Capital Stock**”), all of which are held by Belo Holdings, Inc. On or prior to the Distribution Date, and subject to satisfaction or waiver of the conditions set forth in Section 2.03, the Initial Newspaper Holdco Capital Stock shall be recapitalized, through a number of transactions among Belo, Belo Holdings, Inc. and Newspaper Holdco (the “**Recapitalization**”), such that the number of shares of Series A and Series B Newspaper Holdco Common Stock issued and outstanding immediately prior to the Effective Time shall be in an amount calculated on the basis of the following: .20 share of Series A Newspaper Holdco Common Stock, including the Preferred Share Purchase Rights attached thereto, for each share of Series A Belo Common Stock issued and outstanding immediately prior to the Distribution and .20 share of Series B Newspaper Holdco Common Stock, including the Preferred Share Purchase Rights attached thereto, for each share of Series B Belo Common Stock issued and

outstanding immediately prior to the Distribution. Immediately prior to the Distribution, such shares of Newspaper Holdco Common Stock, including the Preferred Share Purchase Rights attached thereto, will be owned by Belo and will constitute all of the issued and outstanding capital stock, and Preferred Share Purchase Rights, of Newspaper Holdco.

Section 2.02. The Separation and Related Transactions. (a) (i) The Parties acknowledge that the Separation, subject to the terms and conditions hereof and of the Ancillary Agreements, will result in (A) Newspaper Holdco directly or indirectly operating the Newspaper Holdco Group and the Newspaper Holdco Business, continuing to own the Newspaper Holdco Assets and retaining and continuing to be liable for the Newspaper Holdco Liabilities and (B) Belo directly or indirectly operating the Belo Group and the Belo Business, continuing to own the Belo Assets and retaining and continuing to be liable for the Belo Liabilities.

(ii) Pursuant to the Separation, Newspaper Holdco, or a member of the Newspaper Holdco Group, shall remain and be the sole owner, and shall have exclusive right, title and interest in and to, all Newspaper Holdco Assets. Concurrently therewith, Newspaper Holdco shall remain and be solely liable for and shall faithfully perform, fulfill and discharge fully in due course all of the Newspaper Holdco Liabilities in accordance with their respective terms. Pursuant to the Separation, Belo, or a member of the Belo Group, shall remain and be the sole owner, and shall have exclusive right, title and interest in and to, all Belo Assets. Concurrently therewith, Belo shall remain and be solely liable for and shall faithfully perform, fulfill and discharge fully in due course all of the Belo Liabilities in accordance with their respective terms. From and after the Effective Time, Newspaper Holdco or a member of the Newspaper Holdco Group shall be solely responsible for all Newspaper Holdco Liabilities and Belo or a member of the Belo Group shall be solely responsible for all Belo Liabilities, regardless of when or where such Liabilities arose or arise, or whether the facts on which they are based occurred prior to, on or subsequent to the Distribution Date, regardless of where or against whom such Liabilities are asserted or determined (including any Liabilities arising out of claims made by Belo's or Newspaper Holdco's respective directors, officers, employees, agents, Subsidiaries or Affiliates against any member of the Belo Group or the Newspaper Holdco Group, as the case may be) or whether asserted or determined prior to the date hereof, and regardless of whether arising from or alleged to arise from negligence, recklessness, violation of Law, fraud or misrepresentation by any member of the Belo Group or the Newspaper Holdco Group or any of their respective directors, officers, employees, agents, Subsidiaries or Affiliates, as the case may be. Notwithstanding anything herein to the contrary, this Section 2.02(a)(ii) shall not apply to any Assets or Liabilities contributed, assigned, transferred, conveyed, delivered and/or assumed under any Ancillary Agreement, which Assets and Liabilities shall be governed by the terms thereof, nor the Circulation Litigation, which shall be governed by Section 5.06.

(iii) Subject to any Ancillary Agreement and to the extent that prior to the Effective Time, (A) Belo owns or is in possession of any Newspaper Holdco Asset or Newspaper Holdco owns or is in possession of any Belo Asset or (B) Belo is liable to any third party for any Newspaper Holdco Liability or Newspaper Holdco is liable to any third party for any Belo Liability, Belo and Newspaper Holdco shall, and shall cause the respective members of their Groups to, cooperate and use their respective commercially reasonable efforts to obtain the necessary Consents to, and shall, contribute, assign, transfer, convey and/or deliver any Belo Asset or Newspaper Holdco Asset, as the case may be, and/or assume any Belo Liability or

Newspaper Holdco Liability, as the case may be, such that, on or prior to the Effective Time, Newspaper Holdco or a member of the Newspaper Holdco Group owns and is in possession of the Newspaper Holdco Assets and is solely liable for the Newspaper Holdco Liabilities and Belo or a member of the Belo Group owns and is in possession of the Belo Assets and is solely liable for the Belo Liabilities.

(b) *Delayed Transfer of Assets and/or Liabilities.* To the extent that any contribution, assignment, transfer, conveyance, delivery or assumption required pursuant to this Section 2.02 shall not have been consummated as of the Effective Time, whether by its terms or by operation of Law (any such Asset and/or Liability, a “**Delayed Transfer Asset and/or Liability**”) and subject to any Ancillary Agreement: (i) Belo and Newspaper Holdco thereafter shall, and shall cause the members of their respective Groups to, use commercially reasonable efforts and cooperate to effect such contribution, assignment, transfer, conveyance, delivery or assumption as promptly following the Effective Time as shall be practicable; (ii) Belo shall thereafter, with respect to any such Newspaper Holdco Asset, use commercially reasonable efforts, with the costs of Belo related thereto to be promptly reimbursed by Newspaper Holdco, to hold such Newspaper Holdco Asset in trust for the use and benefit of Newspaper Holdco and, with respect to any such Newspaper Holdco Liability, retain such Newspaper Holdco Liability for the account of Newspaper Holdco; and (iii) Newspaper Holdco shall thereafter, with respect to any such Belo Asset, use commercially reasonable efforts, with the costs of Newspaper Holdco related thereto to be promptly reimbursed by Belo, to hold such Belo Asset in trust for the use and benefit of Belo and, with respect to any such Belo Liability, to retain such Belo Liability for the account of Belo, in each case in order to place each Party, insofar as is reasonably possible, in the same position as would have existed had such Delayed Transfer Asset and/or Liability been contributed, assigned, transferred, conveyed, delivered or assumed as contemplated hereby (it being understood that neither Belo (with respect to any Newspaper Holdco Asset or Newspaper Holdco Liability) nor Newspaper Holdco (with respect to any Belo Asset or Belo Liability) shall be required to take any action pursuant to this clause that would, or could reasonably be expected to, result in any financial obligation to it or any restriction on its business or operations, except as may be required in any Ancillary Agreement). To the extent that Newspaper Holdco is provided the use or benefit of any Newspaper Holdco Asset or has any Newspaper Holdco Liability held for its account pursuant to this Section 2.02(b), Newspaper Holdco shall perform, for the benefit of Belo and any third Person, the obligations of Belo thereunder or in connection therewith, or as may be directed by Belo and if Newspaper Holdco shall fail to perform to the extent required herein, Newspaper Holdco shall hold Belo harmless and indemnify Belo therefor. To the extent that Belo is provided the use or benefit of any Belo Asset or has any Belo Liability held for its account pursuant to this Section 2.02(b), Belo shall perform, for the benefit of Newspaper Holdco and any third Person, the obligations of Newspaper Holdco thereunder or in connection therewith, or as may be directed by Newspaper Holdco and if Belo shall fail to perform to the extent required herein, Belo shall hold Newspaper Holdco harmless and indemnify Newspaper Holdco therefor. Each Party shall, and/or shall cause members of its Group to, as and when any such Delayed Transfer Asset and/or Liability becomes contributable, assignable, transferable, conveyable, deliverable or assumable by such Party, effect such contribution, assignment, transfer, conveyance, delivery or assumption, as applicable, as promptly as practicable thereafter.

(c) *Assignment of Certain Agreements.* Subject to the Ancillary Agreements and to Section 2.02(g) hereof, (i) Belo shall assign to Newspaper Holdco (or its Subsidiaries) all of its

right, title and interest under the agreements comprising Newspaper Holdco Assets, including those agreements set forth in Section 2.02(c)(i) of the Separation Agreement Schedule, and (ii) Newspaper Holdco shall assign to Belo (or its Subsidiaries) all of its right, title and interest under the agreements comprising Belo Assets, including those agreements set forth in Section 2.02(c)(ii) of the Separation Agreement Schedule, and each Party shall execute and deliver any and all instruments of substitution and such other instruments or agreements as shall be necessary in connection with the discharge of the other Party from its respective obligations with respect to such agreements; provided, however, that no Party shall be required to assign any contract or any claim, right or benefit arising thereunder or resulting therefrom if an attempted assignment thereof, without the consent of a third party thereto, would constitute a breach or other contravention thereof or in any way adversely affect the rights of Belo or Newspaper Holdco thereunder. With respect to any contract or any claim, right or benefit arising thereunder or resulting therefrom, Belo or Newspaper Holdco, as the case may be, will use its commercially reasonable efforts to obtain the Consent of the other parties to any such contract for the assignment thereof to Newspaper Holdco or Belo, as the case may be. If such Consent is not obtained, or if an attempted assignment thereof would be ineffective or would materially adversely affect the rights of Belo or Newspaper Holdco, as the case may be, thereunder so that Newspaper Holdco or Belo, as the case may be, would not in fact receive all such rights, Belo and Newspaper Holdco will cooperate in a mutually agreeable arrangement under which Newspaper Holdco or Belo, as the case may be, would obtain substantially the same economic benefits that would be obtained under an assignment thereof and assume the obligations thereunder in accordance with this Agreement, including subcontracting, sublicensing or subleasing to Newspaper Holdco or Belo, as the case may be, or under which Belo or Newspaper Holdco, as the case may be, would enforce for the benefit of Newspaper Holdco or Belo, as the case may be, with Newspaper Holdco or Belo, as the case may be, assuming Belo's or Newspaper Holdco's, as the case may be, obligations, and any and all rights of Belo, or Newspaper Holdco, as the case may be, against a third party thereto.

(d) *Termination of Certain Agreements.* Subject to Section 2.02(e), all contracts, licenses, agreements, commitments or other arrangements, formal or informal, between any member of the Belo Group, on the one hand, and any member of the Newspaper Holdco Group, on the other hand, in existence on or prior to the Distribution Date, shall be automatically settled, cancelled or terminated by the Parties at the Effective Time, except (i) for (A) such agreements specifically set forth in Section 2.02(d) of the Separation Agreement Schedule, (B) this Agreement and (C) each Ancillary Agreement (including each other agreement or instrument expressly contemplated by this Agreement or any Ancillary Agreement to be entered into by any of the Parties or any of the members of their respective Groups), (ii) for any contracts, licenses, agreements, commitments or other arrangements to which any Person is a party in addition to either Party or any member of either Group, or (iii) as otherwise agreed to in good faith by the Parties in writing on or after the date hereof. Except as expressly provided in Section 2.02(e), from and after the Distribution Date, no member of either Group shall have any rights or obligations under any such settled, cancelled or terminated contract, license, agreement, commitment or arrangement with any member of the other Group.

(e) *Settlement of Inter-Group Indebtedness.* Except with respect to the agreements specifically set forth in Section 2.02(d) of the Separation Agreement Schedule, each of Belo and/or any member of the Belo Group, on the one hand, and Newspaper Holdco and/or any

member of the Newspaper Holdco Group, on the other hand, will contribute to the capital of the other Party, as the case may be, all inter-group indebtedness, including any accounts receivable or promissory notes, owned by the contributing Party, or assign the same in lieu of such contribution, on or prior to the Distribution Date.

(f) *Guarantee Obligations*. (i) Belo and Newspaper Holdco shall cooperate, and shall cause their respective Groups to cooperate, to terminate, or to cause a member of the Belo Group to be substituted in all respects for any member of the Newspaper Holdco Group in respect of, all obligations of such member of the Newspaper Holdco Group under any Belo Liability for which such member of the Newspaper Holdco Group may be liable, as guarantor, original tenant, primary obligor or otherwise. If such termination or substitution is not effected by the Distribution Date, (A) Belo shall indemnify and hold harmless the Newspaper Holdco Indemnified Party for any Liability arising from or relating thereto and (B) without the prior written consent of Newspaper Holdco, from and after the Distribution Date, Belo shall not, and shall not permit any member of the Belo Group or any of its Affiliates to, amend, renew or extend the term of, increase its obligations under, or transfer to a third Person, any loan, lease, contract or other obligation for which any member of the Newspaper Holdco Group is or may be liable, unless all obligations of the Newspaper Holdco Group with respect thereto are thereupon terminated by documentation reasonably satisfactory in form and substance to Newspaper Holdco; provided, that the limitations in clause (B) shall not apply in the event that a member of the Belo Group obtains a letter of credit from a financial institution reasonably acceptable to Newspaper Holdco and for the benefit of any member of the Newspaper Holdco Group with respect to such obligation of the Newspaper Holdco Group.

(ii) Belo and Newspaper Holdco shall cooperate, and shall cause their respective Groups to cooperate, to terminate, or to cause a member of the Newspaper Holdco Group to be substituted in all respects for any member of the Belo Group in respect of, all obligations of such member of the Belo Group under any Newspaper Holdco Liability for which such member of the Belo Group may be liable, as guarantor, original tenant, primary obligor or otherwise. If such termination or substitution is not effected by the Distribution Date, (A) Newspaper Holdco shall indemnify and hold harmless the Belo Indemnified Party for any Liability arising from or relating thereto and (B) without the prior written consent of Belo, from and after the Distribution Date, Newspaper Holdco shall not, and shall not permit any member of the Newspaper Holdco Group to, amend, renew or extend the term of, increase its obligations under, or transfer to a third Person, any loan, lease, contract or other obligation for which any member of the Belo Group is or may be liable, unless all obligations of the Belo Group with respect thereto are thereupon terminated by documentation reasonably satisfactory in form and substance to Belo; provided, that the limitations in clause (B) shall not apply in the event that a member of the Newspaper Holdco Group obtains a letter of credit from a financial institution reasonably acceptable to Belo and for the benefit of any member of the Belo Group with respect to such obligation of the Belo Group.

(g) *Mixed Contracts; Mixed Accounts*. (i) Unless the Parties agree otherwise, any agreement to which any member of the Belo Group or the Newspaper Holdco Group is a party prior to the Effective Time that inures to the benefit or burden of both of the Belo Business and the Newspaper Holdco Business (a “**Mixed Contract**”) shall be assigned in part to Newspaper Holdco or one of its Subsidiaries, and/or to Belo or one of its Subsidiaries, as the case may be, if

so assignable, prior to or as of the Effective Time, such that each Party or its respective Subsidiaries shall be entitled to the rights and benefits thereof and shall assume the related portion of any obligations thereunder and any Liabilities inuring to their respective Businesses; provided, however, that in no event shall either Party be required to assign any Mixed Contract in its entirety. If any Mixed Contract cannot be so partially assigned, Belo and Newspaper Holdco shall, and shall cause each of their respective Subsidiaries to, take such other reasonable and permissible actions to cause: (A) the Assets associated with that portion of each Mixed Contract that relates to the Newspaper Holdco Business to be enjoyed by Newspaper Holdco or a Newspaper Holdco Subsidiary; (B) the Liabilities associated with that portion of each Mixed Contract that relates to the Newspaper Holdco Business to be borne by Newspaper Holdco or a Newspaper Holdco Subsidiary; (C) the Assets associated with that portion of each Mixed Contract that relates to the Belo Business to be enjoyed by Belo or a Belo Subsidiary; and (D) the Liabilities associated with that portion of each Mixed Contract that relates to the Belo Business to be borne by Belo or a Belo Subsidiary; provided, however, that the arrangements described in clauses (A), (B), (C) and (D) shall terminate on the earlier to occur of (1) the termination of the applicable Mixed Contract and (2) the second anniversary of the Distribution Date.

(ii) Except as may otherwise be agreed by the Parties, neither Party shall seek to assign any accounts receivable or accounts payable relating to both the Belo Business and the Newspaper Holdco Business (“**Mixed Accounts**”). Belo and Newspaper Holdco shall, and shall cause each of their respective Subsidiaries to, take such other reasonable and permissible actions to cause: (A) the Assets associated with that portion of each Mixed Account that relates to the Belo Business to be enjoyed solely by Belo or a Belo Subsidiary; (B) the Liabilities associated with that portion of each Mixed Account that relates to the Belo Business to be borne solely by Belo or a Belo Subsidiary; (C) the Assets associated with that portion of each Mixed Account that relates to the Newspaper Holdco Business to be enjoyed solely by Newspaper Holdco or a Newspaper Holdco Subsidiary; and (D) the Liabilities associated with that portion of each Mixed Account that relates to the Newspaper Holdco Business to be borne solely by Newspaper Holdco or a Newspaper Holdco Subsidiary; provided, however, that the arrangements described in clauses (A), (B), (C) and (D) shall terminate no later than the second anniversary of the Distribution Date.

(iii) Nothing in this Section 2.02(g) shall require any member of either Group to make any payment, incur any obligation or grant any concession, in any case, to any third party in order to effect any transaction contemplated by this Section 2.02(g).

(h) *Shared Directors, Officers or Employees*. Immediately prior to the Distribution Date, (i) each Person who is an officer, director or employee of any member of the Newspaper Holdco Group and an officer, director or employee of any member of the Belo Group (a “**Shared Director, Officer or Employee**”) and who is to continue as an officer, director or employee of any member of the Newspaper Holdco Group after the Distribution Date shall resign, effective at or prior to the Effective Time, from each of such Person’s positions with each member of the Belo Group; except for Robert W. Decherd, Dealey D. Herndon, and James M. Moroney III, who will continue as a director, officer or employee, as the case may be, of Belo; and (ii) each such Shared Director, Officer or Employee who is to continue as a director, officer or employee of any member of the Belo Group after the Distribution Date shall resign, effective at or prior to

the Effective Time, from each of such Person's positions with each member of the Newspaper Holdco Group; except for Robert W. Decherd, Dealey D. Herndon, and James M. Moroney III, who will continue as a director, officer or employee, as the case may be, of Newspaper Holdco.

Section 2.03. Conditions Precedent to Consummation of the Recapitalization and the Separation. The obligations of the Parties to consummate each of the Recapitalization and the Separation is subject to the prior or simultaneous satisfaction, or waiver by Belo in its sole and absolute discretion, of each of the following conditions:

(a) final approval of the Recapitalization and the Separation shall have been given by the Board of Directors of Belo in its sole and absolute discretion; and

(b) each of the conditions precedent to the consummation of the Distribution set forth in Section 3.03 hereof shall have been satisfied or (other than Section 3.03(j) (as to any material Consent from a Governmental Authority)) waived by Belo in its sole and absolute discretion.

Each of the foregoing conditions is for the benefit of Belo and Belo may, in its sole and absolute discretion, determine whether to waive any such condition. Any determination made by Belo prior to the Separation concerning the satisfaction or waiver of any or all of the conditions set forth in this Section 2.03 shall be conclusive and binding on the Parties.

ARTICLE III

THE DISTRIBUTION

Section 3.01. Actions Prior to the Distribution. Subject to the satisfaction or waiver of the conditions set forth in Section 3.03, the actions set forth in this Section 3.01 have been or shall be taken prior to the Distribution Date.

(a) The Board of Directors of Belo has established the Distribution Date and shall establish any appropriate procedures in connection with the Distribution. Belo and Newspaper Holdco have used and shall continue to use commercially reasonable efforts to (i) cooperate with each other with respect to the preparation of the Registration Statement and the Information Statement, (ii) cause the Registration Statement to become effective under the Exchange Act and to keep the Registration Statement effective until the such time as its effectiveness is no longer required under the Exchange Act, and (iii) mail the Information Statement, including by electronic delivery where not prohibited by Law, promptly after effectiveness of the Registration Statement and on or promptly after the Record Date, and in any event prior to the Distribution Date, to the holders of Belo Common Stock as of the Record Date.

(b) Belo shall enter into a distribution agreement with the Distribution Agent (the "**Distribution Agent Agreement**") providing for, among other things, the payment of the Distribution to the holders of Belo Common Stock in accordance with this Article III and the Distribution Agent Agreement.

(c) Belo and Newspaper Holdco shall deliver to the Distribution Agent (i) book-entry transfer authorizations for (or, upon request from a Belo shareholder, with respect to Series A Newspaper Holdco Common Stock, share certificates representing) outstanding shares of

Newspaper Holdco Common Stock, including the Preferred Share Purchase Rights attached thereto, to be distributed in connection with the payment of the Distribution and (ii) all information required to complete the Distribution on the basis set forth herein and under the Distribution Agent Agreement. Following the Distribution Date, upon the request of the Distribution Agent, Newspaper Holdco shall provide to the Distribution Agent all book-entry transfer authorizations for (or, if applicable, certificates for shares representing) outstanding shares of Newspaper Holdco Common Stock, including the Preferred Share Purchase Rights attached thereto, that the Distribution Agent shall require in order to further effect the Distribution.

(d) Each of Belo and Newspaper Holdco shall execute and deliver to the other Party, or cause the appropriate members of its Group to execute and deliver to the other Party, each of the Ancillary Agreements and any other document necessary to effect the transactions contemplated by this Agreement.

(e) Belo has established the Record Date and given the NYSE not less than ten days' advance notice of the Record Date in compliance with Rule 10b-17 under the Exchange Act.

(f) Each Party shall cooperate with the other Party to accomplish the Distribution and shall take any and all actions necessary or desirable to effect the Distribution.

(g) The Parties will take all actions and make all filings, as Belo, in consultation with Newspaper Holdco but ultimately in Belo's sole and absolute discretion, determines is necessary or appropriate, to cause the issuance of all material Consents in order for Belo and Newspaper Holdco to operate their respective Businesses independently of each other in the manner contemplated hereunder and under the Ancillary Agreements.

(h) Newspaper Holdco will prepare, file and use commercially reasonable efforts to make effective an application for listing of the Series A Newspaper Holdco Common Stock, including the Preferred Share Purchase Rights attached thereto, on the NYSE, subject to official notice of issuance.

(i) Belo shall, in its sole discretion, determine (i) whether to proceed with all or part of the Distribution on the Distribution Date, (ii) the timing and conditions to the Distribution and (iii) the terms thereof. Belo may, at any time and from time to time, change the terms of the Distribution, including by delaying or accelerating the timing of the Distribution. Belo shall use commercially reasonable efforts to provide reasonable notice to Newspaper Holdco of any such change. Belo shall select the outside financial advisors, outside legal counsel, accountants, agents and the financial printer employed in connection with the transactions hereunder in its sole and absolute discretion, and the Parties understand and acknowledge that such third parties, together with officers and employees, including internal legal counsel, of Belo, have performed services for, rendered legal, accounting or similar advice to, made decisions on behalf of, and/or otherwise taken or not taken actions in respect of both Parties at the direction of Belo personnel and with the consent of the respective directors and officers of Belo and Newspaper Holdco. Accordingly, the Parties agree not to assert any conflict of interest or breach of duty as a result thereof, absent fraud or intentional misconduct.

(j) Belo and Newspaper Holdco shall take all actions necessary so that the Certificate of Incorporation and the Bylaws shall be in effect at or prior to the Effective Time.

(k) Belo and Newspaper Holdco shall take all such actions as Belo, in consultation with Newspaper Holdco but ultimately in Belo's sole and absolute discretion, determines is necessary or appropriate under applicable federal or state securities or blue sky laws of the United States (and any comparable laws under any foreign jurisdiction) in connection with the Distribution.

Section 3.02. The Distribution. Subject to the satisfaction or waiver of the conditions set forth in Section 3.03, the actions set forth in this Section 3.02 shall be taken on the Distribution Date.

(a) Belo shall effect the Distribution by causing all of the issued and outstanding shares of Newspaper Holdco Common Stock, including the Preferred Share Purchase Rights attached thereto, beneficially owned by Belo to be distributed to record holders of shares of Belo Common Stock as of the Record Date, other than with respect to shares of Belo Common Stock held in the treasury of Belo, by means of a *pro rata* dividend of such Newspaper Holdco Common Stock, including such rights, to holders of shares of Belo Common Stock, on the terms and subject to the conditions set forth in this Agreement.

(b) Each record holder of (i) Series A Belo Common Stock on the Record Date (or such holder's designated transferee or transferees), other than in respect of shares of Series A Belo Common Stock held in the treasury of Belo, will be entitled to receive in the Distribution, .20 share of Series A Newspaper Holdco Common Stock, including the Preferred Share Purchase Rights, with respect to every share of Series A Belo Common Stock held by such record holder on the Record Date, and (ii) each record holder of Series B Belo Common Stock on the Record Date (or such holder's designated transferee or transferees), other than in respect of shares Series B Belo Common Stock held in the treasury of Belo, will be entitled to receive in the Distribution, .20 share of Series B Newspaper Holdco Common Stock, including the Preferred Share Purchase Rights attached thereto, with respect to every share of Series B Belo Common Stock held by such record holder on the Record Date. The treatment, in connection with the Distribution, of any outstanding Belo stock option or restricted share unit will be as specified in the Employee Matters Agreement. Belo shall direct the Distribution Agent to distribute on the Distribution Date or as soon as reasonably practicable thereafter the appropriate number of shares of Newspaper Holdco Common Stock, including the Preferred Share Purchase Rights attached thereto, to each such record holder or designated transferee(s) of such holder of record.

(c) Belo shall direct the Distribution Agent, to determine, as soon as is practicable after the Distribution Date, the number of fractional shares, if any, of Newspaper Holdco Common Stock allocable to each holder of record of Belo Common Stock entitled to receive Newspaper Holdco Common Stock in the Distribution and to promptly thereafter aggregate all such fractional shares and sell the whole shares obtained thereby, in open market transactions at the then-prevailing trading prices, and to cause to be distributed to each such holder, in lieu of any fractional share, such holder's ratable share of the proceeds of such sale, after making appropriate deductions of the amounts required to be withheld for federal income tax purposes.

(d) Any Newspaper Holdco Common Stock, including Preferred Share Purchase Rights attached thereto, or cash, in lieu of fractional shares, with respect to Newspaper Holdco Common Stock that remains unclaimed by any holder of record 180 days after the Distribution Date shall be delivered to Newspaper Holdco. Newspaper Holdco shall hold such Newspaper Holdco Common Stock, including Preferred Share Purchase Rights attached thereto, and/or cash for the account of such holder of record and any such holder of record shall look only to Newspaper Holdco for such Newspaper Holdco Common Stock, including Preferred Share Purchase Rights attached thereto, and/or cash, if any, in lieu of fractional share interests, subject in each case to applicable escheat or other abandoned property laws.

Section 3.03. Conditions to Distribution. The obligation of Belo to consummate the Distribution is subject to the prior or simultaneous satisfaction, or waiver by Belo, in its sole and absolute discretion, of each of the following conditions:

(a) final approval of the Distribution shall have been given by the Board of Directors of Belo, and the Board of Directors of Belo shall have declared the dividend of Newspaper Holdco Common Stock, each such action in its sole and absolute discretion;

(b) the Registration Statement shall have been filed with, and declared effective by, the SEC, and there shall be no suspension, withdrawal or stop-order in effect with respect thereto and no proceeding for that purpose shall have been instituted by the SEC;

(c) the Information Statement shall have been mailed to Belo shareholders, which for purposes of this Section 3.03(c) includes electronic delivery where not prohibited by Law;

(d) the actions and filings necessary or appropriate under applicable federal and state securities laws and state blue sky laws of the United States (and any comparable laws under any foreign jurisdictions) in connection with the Distribution (including, if applicable, any actions and filings relating to the Registration Statement) and any other necessary and applicable Consents shall have been taken, obtained and, where applicable, have become effective or been accepted, each as the case may be;

(e) the NYSE shall have approved the Series A Newspaper Holdco Common Stock, including the Preferred Share Purchase Rights attached thereto, to be delivered in the Distribution for listing, subject to official notice of issuance;

(f) no order, injunction or decree issued by any Governmental Authority or other legal restraint or prohibition, which remains in effect, preventing the consummation of the Separation or the Distribution or any of the other transactions contemplated by this Agreement or any Ancillary Agreement shall have been threatened or be in effect;

(g) Belo shall have received a tax opinion from Locke Lord Bissell Liddell LLP, in form and substance satisfactory to Belo, to the effect that the distribution of Newspaper Holdco's Common Stock will qualify as a distribution that is tax free under Section 355 of the Code, and the private letter ruling issued to Belo by the Internal Revenue Service regarding the tax free status of the transactions contemplated hereunder shall be in form and substance satisfactory to Belo and shall not have been revoked or materially amended;

(h) Belo shall have established the Record Date and shall have given the NYSE not less than ten days' advance notice of the Record Date in compliance with Rule 10b-17 under the Exchange Act;

(i) Belo's Board of Directors shall have concluded, based on advice from internal and external legal counsel, in its sole and absolute discretion, that the Distribution will not violate or result in a breach of Law or any material agreement;

(j) all material Consents and approvals of Governmental Authorities required in connection with the transactions contemplated hereby shall have been received and be in full force and effect;

(k) the Separation and Recapitalization shall have been consummated in accordance with this Agreement;

(l) the Ancillary Agreements shall have been duly executed and delivered and such agreements shall be in full force and effect and the parties thereto shall have performed or complied with all of their respective covenants, obligations and agreements contained herein and therein and as required to be performed or complied with prior to the Effective Time;

(m) the Certificate of Incorporation shall have been filed with the Secretary of State of Delaware and be in full force and effect and the Bylaws of Newspaper Holdco shall be in full force and effect; and

(n) no other events or developments have occurred subsequent to the date of this Agreement that, in the judgment of the Board of Directors of Belo, would result in the consummation of the transactions contemplated by this Agreement having an adverse effect on Belo or its shareholders.

Each of the foregoing conditions is for the sole benefit of Belo and Belo may, in its sole and absolute discretion, determine whether to waive any such condition (other than Section 3.03(j) (as to any material Consent from a Governmental Authority)). Any determination made by Belo, in its sole and absolute discretion, prior to the Distribution concerning the satisfaction or waiver of any or all of the conditions set forth in this Section 3.03 shall be conclusive and binding on the Parties. Each Party will use commercially reasonable efforts to keep the other Party apprised of its efforts with respect to, and the status of, each of the foregoing conditions.

ARTICLE IV

SURVIVAL AND INDEMNIFICATION

Section 4.01. Survival of Agreements. All covenants and agreements of the Parties contained in this Agreement shall survive each of the Separation and the Distribution.

Section 4.02. Indemnification by Newspaper Holdco. Newspaper Holdco shall indemnify, defend, release, discharge and hold harmless Belo, each member of the Belo Group and each of their respective directors, officers and employees, and each of the heirs, executors, successors and assigns of any of the foregoing (collectively, the "**Belo Indemnified Parties**"),

from and against any and all Losses or Liabilities of the Belo Indemnified Parties relating to, arising out of or resulting from any of the following items regardless of whether arising from or alleged to arise from negligence, recklessness, violation of Law, fraud, misrepresentation or otherwise (without duplication):

(a) the failure of Newspaper Holdco or any other member of the Newspaper Holdco Group or any other Person to pay, perform or otherwise promptly discharge any Newspaper Holdco Liability or any contract, agreement or arrangement included in the Newspaper Holdco Assets in accordance with their respective terms, whether arising prior to, on or after the Distribution Date;

(b) any Newspaper Holdco Liability, any Newspaper Holdco Asset or the Newspaper Holdco Business, whether arising prior to, on or after the Distribution Date;

(c) any material breach by Newspaper Holdco or any member of the Newspaper Holdco Group of this Agreement or any of the Ancillary Agreements;

(d) any untrue statement or alleged untrue statement of a material fact or omission or alleged omission to state a material fact required to be stated therein or necessary to make the statements therein not misleading, contained in the Registration Statement or the Information Statement;

(e) the failure by Newspaper Holdco to substitute a member of the Newspaper Holdco Group for any member of the Belo Group as guarantor or primary obligor for any Newspaper Holdco Liability) according to the terms and conditions of Section 2.02(f)(ii); and

(f) the failure by Newspaper Holdco to perform in connection with any Delayed Transfer Asset and/or Liability held by Belo for Newspaper Holdco's benefit pursuant to Section 2.02(b).

Section 4.03. Indemnification by Belo. Belo shall indemnify, defend, release, discharge and hold harmless Newspaper Holdco, each member of the Newspaper Holdco Group and each of their respective directors, officers and employees, and each of the heirs, executors, successors and assigns of any of the foregoing (collectively, the "**Newspaper Holdco Indemnified Parties**," and, together with Belo Indemnified Parties, the "**Indemnified Parties**"), from and against any and all Losses or Liabilities of the Newspaper Holdco Indemnified Parties relating to, arising out of or resulting from any of the following items regardless of whether arising from or alleged to arise from negligence, recklessness, violation of Law, fraud, misrepresentation or otherwise (without duplication):

(a) the failure of Belo or any other member of the Belo Group or any other Person to pay, perform or otherwise promptly discharge any Belo Liability or any contract, agreement or arrangement included in the Belo Assets in accordance with their respective terms, whether arising prior to, on or after the Distribution Date;

(b) any Belo Liability, Belo Asset or the Belo Business, whether arising prior to, on or after the Distribution Date;

(c) any material breach by Belo or any member of the Belo Group of this Agreement or any of the Ancillary Agreements;

(d) any untrue statement or alleged untrue statement of a material fact or omission or alleged omission to state a material fact required to be stated therein or necessary to make the statements therein not misleading contained in the Registration Statement or the Information Statement;

(e) the failure by Belo to substitute a member of the Belo Group for any member of the Newspaper Holdco Group as guarantor or primary obligor for any Belo agreement or Belo Liability, according to the terms and conditions of Section 2.02(f)(i); and

(f) the failure by Belo to perform in connection with any Delayed Transfer Asset and/or Liability held by Newspaper Holdco for Belo's benefit pursuant to Section 2.02(b).

Section 4.04. Insurance. (a) Each of Belo and Newspaper Holdco shall use its respective commercially reasonable efforts to collect any proceeds under its respective available and applicable third party insurance policies to which it or any of its Subsidiaries is entitled prior to seeking indemnification or contribution under this Agreement, where allowed; provided, however, that any such actions by an Indemnified Party will not relieve the Indemnifying Party of any of its obligations under this Agreement, including the Indemnifying Party's obligation to pay directly or reimburse the Indemnified Party for costs and expenses actually incurred by the Indemnified Party.

(b) The amount of any Loss subject to indemnification or contribution pursuant to this Agreement will be reduced by any amounts actually recovered (including insurance proceeds or other amounts actually recovered under insurance policies, net of any out-of-pocket costs or expenses incurred in the collection thereof), whether retroactively or prospectively, by the Indemnified Party from any third Person with respect to such Loss. If any Indemnified Party recovers an amount from a third Person in respect of any Loss for which indemnification is provided in this Agreement after the full amount of such indemnifiable Loss has been paid by an Indemnifying Party or after an Indemnifying Party has made a payment of a portion, but not all of, such indemnifiable Loss and the amount received from the third Person exceeds the remaining unpaid balance of such indemnifiable Loss, then the Indemnified Party will promptly remit to the Indemnifying Party the positive excess (if any) of (i) the sum of the amount previously paid by such Indemnifying Party in respect of such indemnifiable Loss plus the amount received by such Indemnified Party from such third Person in respect of such indemnifiable Loss (after deducting any costs and expenses that have not yet been paid or reimbursed by the Indemnifying Party), minus (ii) the full amount of such indemnifiable Loss. An insurer or other third Person who would otherwise be obligated to pay any Loss shall not be relieved of the responsibility with respect thereto or, solely by virtue of the indemnification and contribution provisions hereof, have any subrogation rights with respect thereto, it being understood and agreed that no insurer or any third Person shall be entitled to a "windfall" (i.e., a benefit it would not be entitled to receive in the absence of the indemnification and contribution provisions) by virtue of the indemnification and contribution provisions hereof.

Section 4.05. Procedures for Indemnification of Third-Party Claims. (a) If an Indemnified Party shall receive notice or otherwise learn of the assertion by any Person who is not a member of the Belo Group or the Newspaper Holdco Group of any claim, or of the commencement by any such Person of any Action, with respect to which an Indemnifying Party may be obligated to provide indemnification to such Indemnified Party pursuant to Section 4.02 or Section 4.03, or any other Section of this Agreement or any Ancillary Agreement (collectively, a “**Third-Party Claim**”), such Indemnified Party shall give such Indemnifying Party written notice thereof within 30 days after such Indemnified Party received notice of such Third-Party Claim. Any such notice shall describe the Third-Party Claim in reasonable detail, including, if known, the amount of the Liability for which indemnification may be available. Notwithstanding the foregoing, the failure of any Indemnified Party or other Person to give notice as provided in this Section 4.05(a) shall not relieve the related Indemnifying Party of its obligations under this Article IV, except to the extent that such Indemnifying Party is actually prejudiced by such failure to give notice.

(b) An Indemnifying Party may elect (but is not required) to assume the defense of and defend, at such Indemnifying Party’s own expense and by such Indemnifying Party’s own counsel, any Third-Party Claim. Within 30 days after the receipt of notice from an Indemnified Party in accordance with Section 4.05(a) (or sooner, if the nature of such Third-Party Claim so requires), the Indemnifying Party shall notify the Indemnified Party of its election whether the Indemnifying Party will assume responsibility for defending such Third-Party Claim, which election shall specify any reservations or exceptions. If, in such notice, the Indemnifying Party elects to assume the defense of a Third-Party Claim, the Indemnified Party shall have the right to employ separate counsel and to participate in (but not control) the defense, compromise, or settlement thereof, but the fees and expenses of such counsel shall be the expense solely of such Indemnified Party.

(c) If, in such notice, an Indemnifying Party elects not to assume responsibility for defending a Third-Party Claim, or fails to notify an Indemnified Party of its election as provided in Section 4.05(b), such Indemnified Party may defend such Third-Party Claim at the cost and expense of the Indemnifying Party; provided, that in the event of any such failure to notify, the Indemnifying Party may thereafter assume the defense of such Third-Party Claim upon notice to the Indemnified Party (but the cost and expense of such Indemnified Party in defending such Third-Party Claim incurred from the last day of the notice period under Section 4.05(b) until such date as the Indemnifying Party shall assume the defense of such Third-Party Claim shall be paid by the Indemnifying Party).

(d) Unless the Indemnifying Party has failed to assume the defense of the Third-Party Claim in accordance with the terms of this Agreement, no Indemnified Party may settle or compromise any Third-Party Claim without the consent of the Indemnifying Party (not to be unreasonably withheld or delayed).

(e) The Indemnifying Party shall have the right to compromise or settle a Third-Party Claim the defense of which it shall have assumed pursuant to Section 4.05(b) or Section 4.05(c) and any such settlement or compromise made or caused to be made of a Third-Party Claim in accordance with this Article IV shall be binding on the Indemnified Party, in the same manner as if a final judgment or decree had been entered by a court of competent jurisdiction in the amount

of such settlement or compromise. Notwithstanding the foregoing sentence, the Indemnifying Party shall not have the right to admit culpability on behalf of the Indemnified Party and shall not compromise or settle a Third-Party Claim unless the compromise or settlement includes, as a part thereof, an unconditional release of the Indemnified Party from Liability with respect to such Third-Party Claim and does not require the Indemnified Party to make any payment that is not fully indemnified under this Agreement or to be subject to any non-monetary remedy, in each case without the express prior written consent of the Indemnified Party (not to be unreasonably withheld or delayed).

Section 4.06. Additional Matters. (a) Any claim with respect to a Liability that does not result from a Third-Party Claim shall be asserted by written notice given by the Indemnified Party to the related Indemnifying Party. Such Indemnifying Party shall have a period of 30 days after the receipt of such notice within which to respond thereto. If such Indemnifying Party does not respond in writing within such 30-day period, such Indemnifying Party shall be deemed to have agreed to accept responsibility to make payment. If such Indemnifying Party does not respond within such 30-day period or rejects such claim in whole or in part, such Indemnified Party shall be free to pursue such remedies as may be available to such Party by law or in equity as contemplated by this Agreement.

(b) In the event of payment by or on behalf of any Indemnifying Party to any Indemnified Party in connection with any Third-Party Claim, such Indemnifying Party shall be subrogated to and shall stand in the place of such Indemnified Party as to any events or circumstances in respect of which such Indemnified Party may have any right, defense or claim relating to such Third-Party Claim against any claimant or plaintiff asserting such Third-Party Claim or against any other Person. Such Indemnified Party shall cooperate with such Indemnifying Party in a reasonable manner, and at the cost and expense of such Indemnifying Party, in prosecuting any subrogated right, defense or claim.

(c) In the event of an Action in which the Indemnifying Party is not a named defendant, if either the Indemnified Party or Indemnifying Party shall so request, the Parties shall endeavor to substitute the Indemnifying Party for the named defendant, if at all practicable and advisable under the circumstances. If such substitution or addition cannot be achieved for any reason or is not requested, the named defendant shall allow the Indemnifying Party to manage the Action as set forth in this Article IV.

Section 4.07. Contribution. If the foregoing indemnity is unavailable to either Party for any reason, the Party from whom such indemnity is sought agrees to contribute, in accordance with this Section 4.07, to any Losses incurred in connection with the transaction or transactions for which such indemnity is sought. For such Losses referred to in Section 4.02 or Section 4.03, as the case may be, the Party from which indemnity is sought shall contribute in such proportion as is appropriate to reflect the relative benefits received (or anticipated to be received) by the respective Parties. For any other Losses, and if the allocation provided by the immediately preceding sentence is unavailable for any reason, the Party from whom indemnity is sought shall contribute in such proportion as is appropriate to reflect not only such relative benefit but also the relative fault of the Party from which indemnity is sought in connection with the statements, omissions or other conduct which resulted in such Losses, as well as any other relevant equitable considerations. The Parties agree that it would not be just and equitable if contribution were

determined by *pro rata* allocation or by any other method of allocation which does not take account of the equitable considerations referred to above.

Section 4.08. Survival of Indemnities. The rights and obligations of each of Belo and Newspaper Holdco and their respective Indemnified Parties under this Article IV shall survive the sale or other transfer by any Party of any of its Assets or Businesses or the assignment by it of any Liabilities.

Section 4.09. Remedies Cumulative. The remedies provided in this Article IV shall be cumulative and shall not preclude assertion by any Indemnified Party of any other rights or the seeking of any and all other remedies against any Indemnifying Party; provided, that the procedures set forth in this Article IV shall be the exclusive procedures governing any indemnity action brought under this Agreement.

Section 4.10. Ancillary Agreements. Notwithstanding anything in this Agreement to the contrary, to the extent any Ancillary Agreement contains any specific, express indemnification obligation or contribution obligation relating to any Belo Liability, Belo Asset, Newspaper Holdco Liability or Newspaper Holdco Asset contributed, assumed, retained, transferred, delivered or conveyed pursuant to such Ancillary Agreement, or relating to any other specific matter, the indemnification obligations and contribution obligations contained herein shall not apply to such Belo Liability, Belo Asset, Newspaper Holdco Liability or Newspaper Holdco Asset, or such other specific matter, and instead the indemnification obligations and/or contribution obligations set forth in such Ancillary Agreement shall govern with regard to such Belo Asset, Belo Liability, Newspaper Holdco Asset or Newspaper Holdco Liability.

ARTICLE V

CERTAIN ADDITIONAL COVENANTS

Section 5.01. Consents for Business. After the Effective Time, each Party shall cause the appropriate members of its respective Group to prepare and file with the appropriate Governmental Authorities applications for the transfer or issuance, as each of the Parties determines is necessary or advisable, to its Group of all material Consents required for the members of its Group to operate its Business. The members of the Newspaper Holdco Group and the members of the Belo Group shall cooperate and use all commercially reasonable efforts to secure the transfer or issuance of such Consents.

Section 5.02. Additional Consents. In addition to the actions described in Section 5.01, the members of the Belo Group and the members of the Newspaper Holdco Group shall cooperate to make all other filings and to give notice to and obtain any Consent required or advisable to consummate the transactions that are contemplated to occur from and after the Effective Time by this Agreement and the Ancillary Agreements.

Section 5.03. Further Assurances. (a) Each of the Parties shall use its commercially reasonable efforts, on and after the Distribution Date, to take, or cause to be taken, all actions, and to do, or cause to be done, all things, reasonably necessary, proper or advisable under

applicable Laws, regulations and agreements to consummate and make effective the transactions contemplated by this Agreement and the Ancillary Agreements.

(b) Without limiting the foregoing, on and after the Distribution Date, each Party shall cooperate with the other Party, and without any further consideration, but at the expense of the requesting Party, to cause to be executed and delivered, all instruments, including instruments of conveyance, assignment and transfer, and to make all filings with, and to obtain all Consents under, any permit, license, agreement, indenture or other instrument, and to take all such other actions as either Party may request to take by any other Party from time to time, consistent with the terms of this Agreement and the Ancillary Agreements, in order to effectuate the provisions and purposes of this Agreement and the Ancillary Agreements and, to the extent necessary, (i) the transfer of any Newspaper Holdco Asset from any member of the Belo Group to any member of the Newspaper Holdco Group and the assignment and assumption of any Newspaper Holdco Liability by any member of the Newspaper Holdco Group and (ii) the transfer of any Belo Asset from any member of the Newspaper Holdco Group to any member of the Belo Group and the assignment and assumption of any Belo Liability by any member of the Belo Group, and the other transactions contemplated hereby and thereby; provided that, except to the extent otherwise expressly provided herein, neither Party shall be obligated to make any payment, incur any obligation or grant any concession, other than the payment of ordinary and customary fees to Governmental Authorities.

(c) Belo and Newspaper Holdco, in their respective capacities as direct and indirect shareholders of their respective Subsidiaries, shall each properly ratify any actions that are reasonably necessary or desirable to be taken by Belo and Newspaper Holdco, or any of their respective Subsidiaries, as the case may be, to effectuate the transactions contemplated by this Agreement and any Ancillary Agreements.

(d) Each of the Parties shall, and shall cause each of the members of their respective Groups to, at the request of the other, use its commercially reasonable best efforts to obtain, or cause to be obtained, any Consent, substitution or amendment required to novate (including with respect to any federal government contract) or assign all obligations under agreements, leases, licenses and other obligations or Liabilities of any nature whatsoever that constitute Newspaper Holdco Liabilities or Belo Liabilities, as the case may be, or to obtain in writing the unconditional release of all parties to such arrangements other than any member of either the Newspaper Holdco Group or the Belo Group, as the case may be, so that, in any such case, such Group will be solely responsible for all such Liabilities.

(e) If at any time and from time to time (whether prior to, at or after the Effective Time), any member of the Belo Group shall receive or otherwise possess or control any Newspaper Holdco Asset, Belo shall or shall cause such member of the Belo Group to promptly transfer such Newspaper Holdco Asset to Newspaper Holdco or its Affiliate or designee.

(f) In the event that at any time and from time to time (whether prior to, at or after the Effective Time), any member of the Newspaper Holdco Group shall receive or otherwise possess or control any Belo Asset, Newspaper Holdco shall or shall cause such member of the Newspaper Holdco Group to promptly transfer such Belo Asset to Belo or its Affiliate or designee.

Section 5.04. Certain Business Matters. (a) Following the Effective Time and except as set forth in any Ancillary Agreement, no member of either Group shall have any duty to refrain from (i) engaging in the same or similar activities or lines of business as any member of the other Group, (ii) conducting its business with any potential or actual supplier or customer of any member of the other Group or (iii) engaging in any other activities whatsoever relating to any of the potential or actual suppliers or customers of any member of the Group.

(b) Each of Belo and Newspaper Holdco is aware that from time to time certain business opportunities may arise that more than one Group may be financially able to undertake, and that are, from their nature, in the line of more than one Group's Business and are of practical advantage to more than one Group. In connection therewith, the Parties agree that, following the Effective Time, if either Belo or Newspaper Holdco acquires knowledge of an opportunity that meets the foregoing standard with respect to more than one Group, neither Belo nor Newspaper Holdco shall have any duty to communicate or offer such opportunity to the other and each may pursue or acquire such opportunity for itself, or direct such opportunity to any other Person.

(c) Prior to January 1, 2009, neither Party shall, nor shall they permit any of their respective Affiliates to, solicit to employ or employ any of the employees of the other Party so long as those employees remain employed by the other Party, without obtaining the prior written consent of the other Party. The Parties agree that the restrictions set forth in the immediately preceding sentence shall not apply to any solicitation of any employee or employment of any employee of one Party who (i) initially contacted the other Party, its Affiliates or their representatives on his or her own initiative without any solicitation by such Party, its Affiliates or their representatives, (ii) responded to a solicitation directed at the public in general through advertisement or similar means not targeted specifically at such employee or the Business or (iii) was referred to such Party, its Affiliates or their representatives, as applicable, by search firms, employment agencies or other similar entities provided that such entities have not been specifically instructed by such Party, its Affiliates or their representatives to solicit the employee.

Section 5.05. Settlement of Certain Insurance Claims; Business Interruption Release.

(a) The Parties acknowledge and agree that following the Distribution Date, Newspaper Holdco or Belo, as the case may be, may make claims arising out of occurrences or events that occurred prior to the Distribution Date against insurance policies of the other Party, in accordance with the terms and subject to the conditions of such policies. Neither Party shall be responsible to negotiate, investigate, defend, settle or otherwise handle such claims on behalf of the other Party. In connection with any such claim made by a Party under the other Party's insurance policy after the Distribution Date, such other Party shall instruct the applicable insurance carrier to negotiate with and accept proof of Loss directly from the Party asserting the claim, and to pay such claim directly to the Party asserting the claim. Belo and Newspaper Holdco each agree to provide necessary reasonable releases to resolve claim settlements. Each Party agrees to cooperate with the other Party as reasonably requested by the other Party in order to pursue such claim.

(b) To the extent that the limits of any Belo or Newspaper Holdco, as the case may be, insurance policy preclude payment in full of Unrelated Claims filed by Belo and Newspaper

Holdco, the insurance proceeds available under such policies shall be paid to Belo and/or Newspaper Holdco on a FIFO Basis, except as otherwise provided in Section 5.06.

(c) If Belo and Newspaper Holdco file Related Claims under any Belo or Newspaper Holdco, as the case may be, insurance policy arising out of occurrences or events that occurred prior to the Distribution Date, each of Newspaper Holdco and Belo shall receive a *pro rata* amount of the available insurance proceeds, based on the relationship the Loss incurred by each such Party bears to the total Loss to both such Parties from the occurrence or event underlying the Related Claims, except as otherwise provided in Section 5.06.

Section 5.06. Circulation Litigation. The Parties acknowledge and agree that Belo and certain of its Affiliates are parties to the Circulation Litigation and, as such, may incur Losses related thereto. Notwithstanding anything to the contrary contained herein, the Parties further acknowledge and agree that Belo and Newspaper Holdco shall share any such Losses equally, subject to reduction in amount as a result of amounts actually recovered (including insurance proceeds or other amounts actually recovered under insurance policies, net of any out-of-pocket costs or expenses incurred in the collection thereof) pursuant to Section 4.04, and that Belo's one-half share of any such Loss shall constitute a Belo Liability and Newspaper Holdco's one-half share of any such Loss shall constitute a Newspaper Holdco Liability. Upon written notice from a Party, the other Party agrees to pay and/or reimburse the requesting Party promptly for, in accordance with this Section 5.06, one-half of any Losses incurred in connection with the Circulation Litigation.

ARTICLE VI

ACCESS TO INFORMATION

Section 6.01. Agreement for Exchange of Information. (a) Each of Belo and Newspaper Holdco, on behalf of its respective Group, agrees to provide, or cause to be provided, to the other Party and its auditors, at any time before, on or after the Distribution Date, as soon as reasonably practicable after written request therefor from such other Party, any Information in the possession or under the control of such respective Group (including access to such Group's accountants, personnel and facilities) that the requesting Party reasonably needs (i) to comply with reporting, disclosure, filing or other requirements imposed on the requesting Party (including under applicable securities laws) by a Governmental Authority having jurisdiction over the requesting Party (including pursuant to Section 6.01(d)), (ii) for use in any other judicial, regulatory, administrative or other proceeding or in order to satisfy audit, accounting, claims, regulatory, litigation, Action or other similar requirements, or (iii) to comply with its obligations under this Agreement or any Ancillary Agreement; provided, however, that in the event that any Party reasonably determines that any such provision of Information could be commercially detrimental to such Party or any member of its Group, violate any Law or agreement to which such Party or member of its Group is a party, or waive any attorney-client or attorney work product privileges applicable to such Party or member of its Group, the Parties shall provide any such Information and the Parties shall take all reasonable measures to comply with the obligations pursuant to this Section 6.01(a) in a manner that mitigates any such harm or consequence and prevents waiver of any privilege to the extent practicable. Belo and Newspaper Holdco intend that any transfer of Information that would otherwise be within the attorney-client

or attorney work product privileges shall not operate as a waiver of any potentially applicable privilege.

(b) Following the Effective Time, each Party shall make its employees and facilities reasonably available and accessible during normal business hours and on reasonable prior notice to provide an examination of any Information provided hereunder.

(c) Until the end of the first full Belo fiscal year occurring after the Distribution Date (and for a reasonable period of time afterwards as required for each Party to prepare consolidated financial statements or complete a financial statement audit for the fiscal year during which the Distribution Date occurs), each Party shall use its commercially reasonable efforts, consistent with past practice, to enable the other Party to meet its timetable for dissemination of its financial statements and enable such other Party's auditors to timely complete their annual audit and review of quarterly financial statements.

(d) In order to enable the principal executive officer or officers, principal financial officer or officers and controller or controllers of the other Party to make the certifications required of them under SOX § 302, within 30 days following the end of any fiscal quarter during which Newspaper Holdco is a Subsidiary of Belo, each Party shall cause its officers or employees to provide the other Party with the certification statements of such officers and employees with respect to such quarter or portion thereof to those officers and employees of the other Party, in substantially the same form and manner as such officers or employees provided such certification statements prior to the Distribution Date, or as otherwise agreed upon between the Parties. Such certification statements shall also reflect any changes in certification statements necessitated by the Separation, Distribution and any other transactions related thereto.

Section 6.02. Ownership of Information. Any Information owned by one Group that is provided to a requesting Party pursuant to Section 6.01 shall be deemed to remain the property of the providing Party. Unless specifically set forth herein or in any Ancillary Agreement, nothing contained in this Agreement shall be construed as granting or conferring rights of license or otherwise in any such Information.

Section 6.03. Compensation for Providing Information. The Party requesting such Information agrees to reimburse the other Party for the reasonable out-of-pocket costs, if any, and personnel costs of creating, gathering and copying such Information or for providing explanations of Information provided, to the extent that such costs are incurred for the benefit of the requesting Party by or on behalf of such other Party's Group. Except as may be specifically provided elsewhere in this Agreement or in any other Ancillary Agreement, such costs shall be computed in accordance with the providing Party's reasonable standard methodology and procedures.

Section 6.04. Record Retention. Except as otherwise required or agreed in writing, or as otherwise provided in the Tax Matters Agreement, each Party shall use its commercially reasonable efforts to retain, in accordance with such Party's record retention policies in effect from time to time, applicable to such Information, all significant Information in such Party's possession or under its control relating to the Business, Assets or Liabilities of the other Party, and, for a period of seven years following the Distribution Date, prior to destroying or disposing

of any such Information, (a) the Party proposing to dispose of or destroy any such Information shall use its commercially reasonable efforts to provide no less than 30 days' prior written notice to the other Party, specifying the Information proposed to be destroyed or disposed of and (b) if, prior to the scheduled date for such destruction or disposal, the other Party requests in writing that any of the Information proposed to be destroyed or disposed of be delivered to such other Party, the Party proposing to dispose of or destroy such Information shall promptly arrange for the delivery of the requested Information to a location specified by, and at the expense of, the requesting Party; provided, however, that in the event that any Party reasonably determines that any such provision of Information could be commercially detrimental to such Party or any member of its Group, violate any Law or agreement to which such Party or member of its Group is a party, or waive any attorney-client or attorney work product privileges applicable to such Party or member of its Group, the Parties shall take all reasonable measures to permit the compliance with the obligations pursuant to this Section 6.04 in a manner that avoids any such harm or consequence. Belo and Newspaper Holdco intend that any transfer of Information that would otherwise be within the attorney-client or attorney work product privileges shall not operate as a waiver of any potentially applicable privilege.

Section 6.05. Limitation of Liability. Notwithstanding Article IV, no Party shall have any Liability to the other Party if any Information exchanged or provided pursuant to this Agreement that is an estimate or forecast, or which is based on an estimate or forecast, is found to be inaccurate, in the absence of willful misconduct or fraud by the Party providing such Information. No Party shall have any Liability to the other Party in connection with Information disposed of or destroyed after using its commercially reasonable efforts in accordance with the provisions of Section 6.04.

Section 6.06. Other Agreements Providing for Exchange of Information. The rights and obligations granted under this Article VI are subject to any specific limitations, qualifications or additional provisions on the sharing, exchange or confidential treatment of Information set forth in any Ancillary Agreement. The provisions of Section 6.01 through Section 6.07 shall not apply to matters that are specifically governed by the Tax Matters Agreement, the Employee Matters Agreement, the Services Agreement or any other Ancillary Agreement.

Section 6.07. Production of Witnesses; Records; Cooperation. (a) Except in the case of an Action by one Party against another Party (which shall be governed by such discovery rules as may be applicable thereto), each Party shall use its commercially reasonable efforts to make available to the other Party, upon written request, the former, current and future directors, officers, employees, other personnel and agents of the members of its respective Group as witnesses and any books, records or other documents within its control or which it otherwise has the ability to make available, to the extent that any such Person (giving consideration to business demands of such directors, officers, employees, other personnel and agents) or books, records or other documents may reasonably be required in connection with any Action in which the requesting Party may from time to time be involved, regardless of whether such Action is a matter with respect to which indemnification may be sought hereunder. The requesting Party shall bear all reasonable out-of-pocket costs and expenses, including, without limitation, reasonable legal fees and expenses, in connection therewith.

(b) If an Indemnifying Party chooses to defend or to seek to compromise or settle any Third-Party Claim, the Indemnified Party shall use its commercially reasonable efforts to make available to the Indemnifying Party, upon written request, the former, current and future directors, officers, employees, other personnel and agents of the members of its respective Group as witnesses and any books, records or other documents within its control or which it otherwise has the ability to make available, to the extent that any such Person (giving consideration to business demands of such directors, officers, employees, other personnel and agents) or books, records or other documents may reasonably be required in connection with such defense, settlement or compromise, or such prosecution, evaluation or pursuit, as the case may be, and shall otherwise cooperate in such defense, settlement or compromise, or such prosecution, evaluation or pursuit, as the case may be. The Indemnifying Party shall bear all reasonable out-of-pocket expenses, including, without limitation, reasonable legal fees and expenses, in connection therewith.

(c) Without limiting the foregoing, the Parties shall cooperate and consult, and shall cause each member of its respective Group to cooperate and consult, to the extent reasonably necessary with respect to any Actions and any Related Claims with respect thereto.

(d) Without limiting any provision of this Section 6.07, each of the Parties agrees to cooperate, and to cause each member of its respective Group to cooperate, at the other Party's sole cost and expense, with the other Party and each member of its respective Group in the defense of any claim that the Business of the other Party or its Group members infringes upon or misappropriates third Person Intellectual Property and shall not acknowledge or concede, or permit any member of its respective Group to acknowledge or concede (i) that the Business of the other Party or its Group members infringes upon such third Person Intellectual Property (ii) or that such third Person Intellectual Property is valid or enforceable, in a manner that would hamper or undermine the defense of such infringement or misappropriation claim.

(e) The obligation of the Parties to provide witnesses pursuant to this Section 6.07 is intended to be interpreted in a manner so as to facilitate cooperation and shall include the obligation to provide as witnesses, former, current and future directors, officers, employees, other personnel and agents (subject to the exception set forth in the first sentence of Section 6.07(a)).

(f) In connection with any matter contemplated by this Section 6.07, the Parties will enter into a mutually acceptable joint defense agreement so as to maintain to the extent practicable any applicable attorney-client privilege or work product immunity of any member of any Group.

Section 6.08. Confidentiality. (a) *General*. Each Party acknowledges (i) that such Party has in its possession and in connection with this Agreement and the Ancillary Agreements, such Party will receive Information of the other Party that is not available to the general public, and (ii) that such Information may constitute, contain or include material non-public Information of the other Party. Subject to Section 6.08(c), as of the Distribution Date, Belo, on behalf of itself and each of its Affiliates, and Newspaper Holdco, on behalf of itself and each of its Affiliates, agrees to hold, and to cause its respective directors, officers, employees, agents, third-party contractors, vendors, accountants, counsel and other advisors and representatives to hold, in strict

confidence, with at least the same degree of care that such Party applies to its own confidential and proprietary Information pursuant to its applicable policies and procedures in effect as of the Distribution Date, all Information (including Information received and/or obtained pursuant to Section 6.01) concerning the other Party (or its Business) and such other Party's Affiliates (or their respective Business) that is either in its possession (including Information in its possession prior to the Distribution Date) or furnished by the other Party or the other Party's Affiliates or their respective directors, officers, employees, agents, third-party contractors, vendors, accountants, counsel and other advisors and representatives at any time pursuant to this Agreement and the Ancillary Agreements, and will not use such Information other than for such purposes as may be expressly permitted hereunder, except, in each case, to the extent that such Information: (i) is or becomes available to the general public, other than as a result of a disclosure by such Party or its Affiliates or any of their respective directors, officers, employees, agents, third-party contractors, vendors, accountants, counsel and other advisors and representatives in breach of this Agreement; (ii) was available to such Party or its Affiliates or becomes available to such Party or its Affiliates, on a non-confidential basis from a source other than the other Party hereto, provided, that, the source of such Information was not bound by a confidentiality obligation with respect to such Information, or otherwise prohibited from transmitting the Information to such Party or its Affiliates by a contractual, legal or fiduciary obligation; or (iii) is independently generated by such Party without use of or reference to any proprietary or confidential Information of the other Party.

(b) *No Release, Compliance with Law, Return or Destruction*. Following the Effective Time, each Party agrees not to release or disclose, or permit to be released or disclosed, any Information described in Section 6.08(a)(i) and (ii) to any other Person, except its directors, officers, employees, agents, third-party contractors, vendors, accountants, counsel, lenders, investors and other advisors and representatives who need to know such Information pursuant to this Agreement or the Ancillary Agreements, and except in compliance with Section 6.08(c). Each Party shall advise its directors, officers, employees, agents, third-party contractors, vendors, accountants, counsel, lenders, investors and other advisors and representatives who have been provided with such Information of such Party's confidentiality obligations hereunder and that such Information may constitute, contain or include material non-public Information of the other Party. Following the Effective Time, each Party shall, and shall cause, its directors, officers, employees, agents, third-party contractors, vendors, accountants, counsel, lenders, investors and other advisors and representatives who have been provided with such Information to use such Information only in accordance with (i) the terms of this Agreement or the Ancillary Agreements and (ii) applicable Law (including federal and state securities Laws). Following the Effective Time, each Party shall promptly, after receiving a written request of the other Party, return to the other Party all such Information in a tangible form (including all copies thereof and all notes, extracts or summaries based thereon) or certify to the other Party that it has destroyed such Information (and such copies thereof and such notes, extracts or summaries based thereon), as directed by the other Party.

(c) *Protective Arrangements*. Notwithstanding anything herein to the contrary, in the event that, following the Effective Time, either Party or any of its directors, officers, employees, agents, third-party contractors, vendors, accountants, counsel, lenders, investors and other advisors and representatives either determines on the advice of its counsel that it is required to disclose any Information pursuant to applicable Law or the rules or regulations of a

Governmental Authority or receives any demand under lawful process or from any Governmental Authority to disclose or provide Information of the other Party that is subject to the confidentiality provisions hereof, such Party shall, if possible, notify the other Party prior to disclosing or providing such Information and shall cooperate at the expense of the requesting Party in seeking any reasonable protective arrangements requested by such other Party. In the event that a protective arrangement is not obtained, the Person that received such request (i) may thereafter disclose or provide such Information to the extent required by such Law (as so advised by counsel in a written opinion) or by lawful process or such Governmental Authority, without liability therefor and (ii) shall exercise its commercially reasonable efforts to have confidential treatment accorded any such Information so furnished.

ARTICLE VII

NO REPRESENTATION OR WARRANTY

Section 7.01. NO REPRESENTATIONS OR WARRANTIES EACH PARTY, ON BEHALF OF ITSELF AND ALL MEMBERS OF ITS GROUP, UNDERSTANDS AND AGREES THAT, EXCEPT AS EXPRESSLY SET FORTH HEREIN OR IN ANY OTHER ANCILLARY AGREEMENT, (A) NO MEMBER OF THE BELO GROUP, THE NEWSPAPER HOLDCO GROUP OR ANY OTHER PERSON IS, IN THIS AGREEMENT, ANY ANCILLARY AGREEMENT OR IN ANY OTHER AGREEMENT OR DOCUMENT, MAKING ANY REPRESENTATION OR WARRANTY OF ANY KIND WHATSOEVER, EXPRESS OR IMPLIED, TO ANY PARTY OR ANY MEMBER OF ANY GROUP IN ANY WAY WITH RESPECT TO ANY OF THE TRANSACTIONS CONTEMPLATED HEREBY OR THE BUSINESS, ASSETS, CONDITION OR PROSPECTS (FINANCIAL OR OTHERWISE) OF, OR ANY OTHER MATTER INVOLVING, ANY BELO ASSETS, ANY BELO LIABILITIES, THE BELO BUSINESS, ANY NEWSPAPER HOLDCO ASSETS, ANY NEWSPAPER HOLDCO LIABILITIES OR THE NEWSPAPER HOLDCO BUSINESS, (B) EACH PARTY AND EACH MEMBER OF EACH GROUP SHALL TAKE ALL OF THE ASSETS, THE BUSINESS AND LIABILITIES TRANSFERRED TO, RETAINED BY OR ASSUMED BY IT PURSUANT TO THIS AGREEMENT OR ANY ANCILLARY AGREEMENT ON AN "AS IS, WHERE IS" BASIS, AND ALL IMPLIED WARRANTIES OF MERCHANTABILITY, FITNESS FOR A SPECIFIC PURPOSE OR OTHERWISE ARE HEREBY EXPRESSLY DISCLAIMED, AND (C) NONE OF BELO, NEWSPAPER HOLDCO OR ANY MEMBERS OF THE BELO GROUP OR NEWSPAPER HOLDCO GROUP OR ANY OTHER PERSON MAKES ANY REPRESENTATION OR WARRANTY WITH RESPECT TO THE SEPARATION, THE DISTRIBUTION OR THE ENTERING INTO OF THIS AGREEMENT, THE ANCILLARY AGREEMENTS OR THE TRANSACTIONS CONTEMPLATED HEREBY AND THEREBY. EXCEPT AS EXPRESSLY SET FORTH HEREIN OR IN ANY OTHER ANCILLARY AGREEMENT, EACH PARTY AND EACH MEMBER OF EACH GROUP SHALL BEAR THE ECONOMIC AND LEGAL RISK THAT ANY CONVEYANCES OF ASSETS SHALL PROVE TO BE INSUFFICIENT OR THAT THE TITLE OF ANY MEMBER OF ANY GROUP TO ANY ASSETS SHALL BE OTHER THAN GOOD AND MARKETABLE AND FREE FROM ENCUMBRANCES.

ARTICLE VIII
TERMINATION

Section 8.01. Termination. This Agreement may be terminated by Belo in its sole discretion at any time prior to the consummation of the Distribution.

Section 8.02. Effect of Termination. In the event of any termination of this Agreement prior to consummation of the Distribution, neither Party (nor any of its directors or officers) shall have any Liability or further obligation to the other Party.

ARTICLE IX
MISCELLANEOUS

Section 9.01. Complete Agreement; Representations. (a) This Agreement, together with the exhibits and schedules hereto and the Ancillary Agreements, constitutes the entire agreement between the Parties with respect to the subject matter hereof and shall supersede all previous negotiations, commitments and writings with respect to such subject matter.

(b) Belo represents on behalf of itself and each other member of the Belo Group and Newspaper Holdco represents on behalf of itself and each other member of the Newspaper Holdco Group as follows:

(i) each such Person has the requisite corporate or other power and authority and has taken all corporate or other action necessary in order to execute, deliver and perform each of this Agreement and each other Ancillary Agreement to which it is a party and to consummate the transactions contemplated by such agreements; and

(ii) this Agreement has been duly executed and delivered by such Person (if such Person is a Party) and constitutes a valid and binding agreement of it enforceable in accordance with the terms hereof (assuming the due execution and delivery thereof by the other Party), and each of the other Ancillary Agreements to which it is or will be a party is or will be duly executed and delivered by it and will constitute a valid and binding agreement of it enforceable in accordance with the terms thereof (assuming the due execution and delivery thereof by the other party or parties to such Ancillary Agreements), except as such enforceability may be limited by bankruptcy, fraudulent conveyance, insolvency, reorganization, moratorium and other Laws relating to creditors' rights generally and by general equitable principles.

Section 9.02. Costs and Expenses. Except as expressly provided in this Agreement or any Ancillary Agreement, Belo shall bear all direct and indirect costs and expenses incurred in connection with the negotiation, preparation and execution of this Agreement, the Ancillary Agreements and the transactions contemplated hereby and thereby; provided, that, from and after the Effective Time, each Party shall bear its own direct and indirect costs and expenses related to its performance of this Agreement or any Ancillary Agreement. In the event any such expense constitutes a Reimbursable Expense, the Party that incurred such Reimbursable Expense shall be paid by the other Party (the "**Reimbursing Party**") in an amount of cash equal to the

Reimbursing Party's portion of such Reimbursable Expense, as set forth in Section 9.02 of the Separation Agreement Schedule.

Section 9.03. Governing Law. This Agreement and any dispute arising out of, in connection with or relating to this Agreement shall be governed by and construed in accordance with the Laws of the State of Texas, without giving effect to the conflicts of laws principles thereof.

Section 9.04. Notices. All notices, requests, claims, demands and other communications hereunder must be in writing and will be deemed to have been duly given only if delivered personally or by facsimile transmission or mailed (first class postage prepaid) to the Parties at the following addresses or facsimile numbers:

If to Belo or any member of the Belo Group, to:

Belo Corp.
400 South Record Street
Dallas, Texas 75202
Attn: Chief Executive Officer
Fax No.: [intentionally left blank]

with a copy to:

Belo Corp.
400 South Record Street
Dallas, Texas 75202
Attn: Chief Financial Officer
Fax No.: [intentionally left blank]

If to Newspaper Holdco or any member of the Newspaper Holdco Group, to:

A. H. Belo Corporation
400 South Record Street
Dallas, Texas 75202
Attn: Chief Executive Officer
Fax No.: [intentionally left blank]

with a copy to:

A. H. Belo Corporation
400 South Record Street
Dallas, Texas 75202
Attn: Chief Financial Officer
Fax No.: [intentionally left blank]

All such notices, requests and other communications will (i) if delivered personally to the address as provided in this section, be deemed given upon delivery, (ii) if delivered by facsimile

transmission to the facsimile number as provided in this section, be deemed given upon receipt and (iii) if delivered by mail in the manner described above to the address as provided in this section, be deemed given upon receipt (in each case regardless of whether such notice, request or other communication is received by any other Person to whom a copy of such notice, request or other communication is to be delivered pursuant to this section). Any Party from time to time may change its address, facsimile number or other information for the purpose of notices to that Party by giving notice specifying such change to the other Party.

Section 9.05. Amendment, Modification or Waiver. (a) Prior to the Effective Time, this Agreement may be amended, modified, waived, supplemented or superseded, in whole or in part, by Belo in its sole discretion by execution of a written document delivered to Newspaper Holdco. Subsequent to the Effective Time, this Agreement may be amended, modified, waived, supplemented or superseded, in whole or in part, only by a written agreement signed by duly authorized signatories of the Parties.

(b) Any term or condition of this Agreement may be waived at any time by the Party that is entitled to the benefit thereof (except as otherwise set forth in Section 3.03), but no such waiver shall be effective unless set forth in a written instrument duly executed by or on behalf of the Party waiving such term or condition. No waiver by any Party of any term or condition of this Agreement, in any one or more instances, shall be deemed or construed as a waiver of the same or any other term or condition of this Agreement on any future occasion. All remedies, either under this Agreement or by Law or otherwise afforded, will be cumulative and not alternative.

Section 9.06. No Assignment; Binding Effect; No Third-Party Beneficiaries. (a) Neither this Agreement nor any right, interest or obligation hereunder may be assigned by either Party hereto without the prior written consent of the other Party hereto and any attempt to do so will be void, except that each Party hereto may assign any or all of its rights, interests and obligations hereunder to an Affiliate, provided that any such Affiliate agrees in writing to be bound by all of the terms, conditions and provisions contained herein ; provided further that no assignment shall relieve the assigning Party of any of its obligations under this Agreement unless agreed to by the non-assigning Party. Subject to the preceding sentence, this Agreement is binding upon, inures to the benefit of and is enforceable by the Parties hereto and their respective successors and permitted assigns.

(b) Except for the provisions of Article IV relating to indemnification, the terms and provisions of this Agreement are intended solely for the benefit of each Party hereto and its respective Affiliates, successors or permitted assigns, and it is not the intention of the Parties to confer third-party beneficiary rights upon any other Person.

Section 9.07. Counterparts. This Agreement may be executed in any number of counterparts, each of which shall be deemed an original, but all of which together shall constitute one and the same instrument.

Section 9.08. Negotiation. In the event that any dispute arises between the Parties that cannot be resolved, either Party shall have the right to refer the dispute for resolution to the chief financial officers of the Parties by delivering to the other Party a written notice of such referral (a

“**Dispute Notice**”). Following receipt of a Dispute Notice, the chief financial officers of the Parties shall negotiate in good faith to resolve such dispute. In the event that the chief financial officers of the Parties are unable to resolve such dispute within 15 business days after the date of the Dispute Notice, either Party shall have the right to refer the dispute to the chief executive officers of the Parties, who shall negotiate in good faith to resolve such dispute. In the event that the chief executive officers of the Parties are unable to resolve such dispute within 30 business days after the date of the Dispute Notice, either Party shall have the right to commence litigation in accordance with Section 9.10 hereof. The Parties agree that all discussions, negotiations and other Information exchanged between the Parties during the foregoing dispute resolution proceedings shall be without prejudice to the legal position of a Party in any subsequent Action.

Section 9.09. Specific Performance. From and after the Distribution, in the event of any actual or threatened default in, or breach of, any of the terms, conditions and provisions of this Agreement or any Ancillary Agreement, the Parties agree that the Party or Parties to this Agreement or such Ancillary Agreement who are or are to be thereby aggrieved shall have the right to specific performance and injunctive or other equitable relief of its or their rights under this Agreement or such Ancillary Agreement, in addition to any and all other rights and remedies at law or in equity, and all such rights and remedies shall be cumulative. The Parties agree that, from and after the Distribution, the remedies at law for any breach or threatened breach of this Agreement or any Ancillary Agreement, including monetary damages, are inadequate compensation for any loss, that any defense in any action for specific performance that a remedy at law would be adequate is hereby waived, and that any requirements for the securing or posting of any bond with such remedy are hereby waived.

Section 9.10. Texas Forum. Subject to the prior exhaustion of the negotiation procedures set forth in Section 9.08 and to the fullest extent permitted by applicable Law, each Party hereto (i) agrees that all Actions arising out of, relating to or in connection with this Agreement or any Ancillary Agreement (except to the extent any such Ancillary Agreement provides otherwise), or for recognition and enforcement of any judgment arising out of or in connection with the foregoing agreements, or the transactions contemplated hereby, shall be brought only in the United States District Court for the Northern District of Texas or any Texas State court, in each case, located in Dallas County and not in any other State or Federal court in the United States of America or any court in any other country, (ii) agrees to submit to the exclusive jurisdiction of such courts located in Dallas County for purposes of all legal proceedings arising out of, or in connection with, this Agreement, the Ancillary Agreements and the transactions contemplated hereby and thereby, (iii) waives and agrees not to assert any objection that it may now or hereafter have to the laying of the venue of any such action brought in such a court or any claim that any such action brought in such a court has been brought in an inconvenient forum, (iv) agrees that mailing of process or other papers in connection with any such action or proceeding in the manner provided in Section 9.04 or any other manner as may be permitted by Law shall be valid and sufficient service thereof and (v) agrees that a final judgment in any such action or proceeding shall be conclusive and may be enforced in other jurisdictions by suit on the judgment or in any other manner provided by applicable Law.

Section 9.11. Interpretation; Conflict With Ancillary Agreements. The Article and Section headings contained in this Agreement are solely for the purpose of reference, are not part of the agreement of the Parties and shall not in any way affect the meaning or interpretation of

this Agreement. Except as specifically set forth in each Ancillary Agreement, the provisions of each Ancillary Agreement shall govern in the event of any conflict between any provision of this Agreement and that of the relevant Ancillary Agreement.

Section 9.12. Severability. If any provision of this Agreement is held to be illegal, invalid or unenforceable under any present or future Law, the remaining provisions of this Agreement will remain in full force and effect and will not be affected by the illegal, invalid or unenforceable provision or by its severance herefrom.

IN WITNESS WHEREOF, the Parties have caused this Agreement to be duly executed as of the date first above written.

BELO CORP.

By: _____
Name:
Title:

A. H. BELO CORPORATION

By: _____
Name:
Title:

**AMENDED AND RESTATED
CERTIFICATE OF INCORPORATION
OF
A. H. BELO CORPORATION**

Under Sections 242 and 245
of the
Delaware General Corporation Law

A. H. Belo Corporation, a corporation organized and existing under the laws of the State of Delaware, hereby certifies as follows:

First: The name of the corporation is A. H. Belo Corporation.

Second: The original Certificate of Incorporation of the corporation was filed with the Secretary of State of Delaware on October 1, 2007.

Third: Pursuant to Sections 242 and 245 of the Delaware General Corporation Law, this Amended and Restated Certificate of Incorporation restates, integrates, and further amends the provisions of the current Certificate of Incorporation of the corporation.

Fourth: The further amendment and restatement of the Certificate of Incorporation have been approved by the corporation's Board of Directors and have been duly adopted by its sole stockholder in accordance with the provisions of Sections 242 and 245 of the Delaware General Corporation Law.

Fifth: The text of the Certificate of Incorporation of the corporation is amended and restated to read in its entirety as follows:

ARTICLE ONE

The name of the corporation is A. H. Belo Corporation.

ARTICLE TWO

The address of its registered office in the State of Delaware is Corporation Trust Center, 1209 Orange Street, in the City of Wilmington, County of New Castle. The name of its registered agent at such address is The Corporation Trust Company.

ARTICLE THREE

The nature of the business or purpose to be conducted or promoted by the corporation is to engage in any lawful act or activity for which corporations may be organized under the General Corporation Law of Delaware.

ARTICLE FOUR

SECTION 1. Authorized Shares.

The aggregate number of shares of stock that the corporation shall have the authority to issue is one hundred twenty-seven million (127,000,000) shares, of which two million (2,000,000) shares shall be Preferred Stock (the "Preferred Stock"), par value \$.01 per share, and one hundred twenty-five million (125,000,000) shares shall be Common Stock (the "Common Stock"), par value \$.01 per share. Ninety million (90,000,000) shares of Common Stock shall be designated as Series A Common Stock (herein called "Series A Stock"), and thirty million (30,000,000) shares of Common Stock shall be designated as Series B Common Stock (herein called "Series B Stock").

The remaining shares of Common Stock not designated herein as Series A Stock or Series B Stock may be issued by the Board of Directors as shares of Series C Common Stock (herein called "Series C Stock"). The corporation shall not issue any additional shares of Series B Stock if such issuance would result in the Series A Stock being excluded from trading on the New York Stock Exchange, the American Stock Exchange, The Nasdaq Stock Market, and other national stock exchanges and also being excluded from quotation on any national quotation system then in use. Subject to the foregoing, the Board of Directors shall have the authority to fix the number of shares constituting the Series C Stock, and to increase or decrease the number of shares of the Series C Stock prior to or after the issuance of shares of that series, but not below the number of shares of such series then outstanding. In case the number of shares of the Series C Stock shall be so decreased, the shares constituting such decrease shall resume the status of authorized but unissued shares of Common Stock.

The following is a statement of the designations and the powers, preferences and rights, and the qualifications, limitations or restrictions thereof, in respect of the shares of Preferred Stock and Common Stock or any series of any class of stock of the corporation, and of the authority expressly granted hereby to the Board of Directors of the corporation to fix by resolution or resolutions any of such designations and powers, preferences and rights, and the qualifications, limitations and restrictions thereof that may be desired but which shall not be fixed by this Amended and Restated Certificate of Incorporation (this "Certificate of Incorporation").

SECTION 2. Common Stock - Series A, Series B, and Series C.

A. Powers, Preferences, and Rights

The Board of Directors shall have the authority to fix or to alter the powers, designations, preferences, and relative, participating, optional, or other special rights, if any, and the qualifications, limitations, or restrictions thereof, if any, of the Series C Stock; provided that in no such case shall the powers, preferences, and rights of the Series C Stock be greater than those provided for herein; and provided further that in no such case shall the voting rights of the Series C Stock be other than as provided for herein or in the resolution or resolutions of the Board of Directors providing for the issuance of the Series C Stock. The Board of Directors may make changes in the rights, powers, and preferences of the Series C Stock, provided that in no such case may the rights, powers, and preferences of any such series be greater than those described herein. Except as otherwise required by law or expressly provided for in or pursuant to the authority provided in this Certificate of Incorporation or any resolution or resolutions providing for the issuance of Series C Stock, the rights, powers, and preferences of the Series A Stock, the Series B Stock, and the Series C Stock and the qualifications, limitations, or restrictions thereof, shall be in all respects identical.

B. Voting Rights

1. If there shall be only one series of Common Stock outstanding, each share of Common Stock shall entitle the holder thereof to one (1) vote.

2. If two or more series of Common Stock are issued and outstanding, each share of Series A Stock shall entitle the holder thereof to one (1) vote, each share of Series B Stock shall entitle the holder thereof to ten (10) votes, and each share of Series C Stock shall entitle the holder thereof to not less than one-tenth (1/10) of a vote nor more than one (1) vote, on all matters submitted to a vote of stockholders. Such voting rights of the Series C Stock shall be set forth in a Certificate of Designation (as defined in subparagraph 1.1.e of Article Twelve) to be filed with respect to such series. Except as set forth herein or in any resolution or resolutions of the Board of Directors providing for the issuance of any series of Preferred Stock, all actions submitted to a vote of stockholders shall be voted on by the holders of Series A Stock, Series B Stock, and Series C Stock (as well as the holders of any series of Preferred Stock, if any, entitled to vote thereon) voting together as a single class.

3. If two or more series of Common Stock are issued and outstanding, the holders of shares of Series A Stock, Series B Stock, and Series C Stock shall each be entitled to vote separately as a class with respect to (a) amendments to this Certificate of Incorporation that alter or change the powers, preferences, or special rights of their respective series so as to affect them adversely, and (b) such other matters as require class votes under the Delaware General Corporation Law.

4. Except as otherwise provided by law or pursuant to this Article Four or by resolution or resolutions of the Board of Directors providing for the issuance of any series of Preferred Stock, the holders of the Series A Stock, Series B Stock, and Series C Stock shall have sole voting power for all purposes, each holder of the Series A Stock, Series B Stock, and Series C Stock being entitled to vote as provided in this paragraph B of Section 2 and in the resolution or resolutions of the Board of Directors providing for the issuance of the Series C Stock.

C. Dividend

1. If no shares of a particular series of Common Stock are outstanding, the Board of Directors may declare and distribute a stock dividend payable in shares of that series to the holders of any other class or series of stock then outstanding.

2. If and when dividends on the Series A Stock, Series B Stock, or Series C Stock are declared payable from time to time by the Board of Directors as provided in this subparagraph C.2, whether payable in cash, in property, or in shares of stock of the corporation, the holders of Series A Stock, the holders of Series B Stock, and the holders of Series C Stock shall be entitled to share equally, on a per share basis, in such dividends. Except for dividends permitted by subparagraph C.1, if dividends are declared that are payable in shares of Series A Stock, Series B Stock, or Series C Stock, such dividends shall be payable at the same rate on all series of stock and the dividends payable in shares of Series A Stock shall be payable only to holders of Series A Stock, the dividends payable in shares of Series B Stock shall be payable only to holders of Series B Stock, and the dividends payable in shares of Series C Stock shall be payable only to holders of Series C Stock. If the corporation shall in any manner split, divide, or combine the outstanding shares of Series A Stock, Series B Stock, or Series C Stock, the outstanding shares of the other such series of Common Stock shall be proportionally split, divided, or combined in the same manner and on the same basis as the outstanding shares of Series A Stock, Series B Stock, or Series C Stock, as the case may be, that have been split, divided, or combined.

3. Subject to provisions of law and the preferences of the Preferred Stock and of any other stock ranking prior to the Series A Stock, the Series B Stock, or the Series C Stock as to dividends, the holders of the Series A Stock, the Series B Stock, and the Series C Stock shall be entitled to receive dividends at such times and in such amounts as may be determined by the Board of Directors and declared out of any funds lawfully available therefor, and shares of Preferred Stock of any series shall not be entitled to share therein except as otherwise expressly provided in the resolution or resolutions of the Board of Directors providing for the issuance of such series.

D. Conversion of Series B Stock by Holder

1. The holder of each share of Series B Stock shall have the right at any time, or from time to time, at such holder's option, to convert such share into one fully paid and nonassessable share of Series A Stock on and subject to the terms and conditions hereinafter set forth.

2. In order to exercise the conversion privilege, the holder of any shares of Series B Stock to be converted shall present and surrender the certificate or certificates representing such shares during usual business hours at any office or agency of the corporation maintained for the transfer of Series B Stock and shall deliver a written notice of the election of the holder to convert the shares represented by such certificate or any portion thereof specified in such notice. Such notice shall also state the name or names (with address) in which the certificate or certificates for shares of Series A Stock issuable on such conversion shall be registered. If required by the corporation, any certificate for shares surrendered for conversion shall be accompanied by instruments of transfer, in form satisfactory to the corporation, duly executed by the holder of such shares or his duly authorized representative. Each conversion of shares of Series B Stock shall be deemed to have been effected on the date (the "conversion date") on which the certificate or certificates representing such shares shall have been surrendered and such notice and any required instruments of transfer shall have been received as aforesaid, and the person or persons in whose name or names any certificate or certificates for shares of Series A Stock shall be issuable on such conversion shall be, for the purpose of receiving dividends and for all other corporate purposes whatsoever, deemed to have become the holder or holders of record of the shares of Series A Stock represented thereby on the conversion date.

3. As promptly as practicable after the presentation and surrender for conversion, as herein provided, of any certificate for shares of Series B Stock, the corporation shall issue and deliver at such office or agency, to or upon the written order of the holder thereof, certificates for the number of shares of Series A Stock issuable upon such conversion. Subject to the provisions of paragraph F of this Section 2, in case any certificate for shares of Series B Stock shall be surrendered for conversion of only a part of the shares represented thereby, the corporation shall deliver at such office or agency, to or upon the written order of the holder thereof, a certificate or certificates for the number of shares of Series B Stock represented by such surrendered certificate that are not being converted. The issuance of certificates for shares of Series A Stock issuable upon the conversion of shares of Series B Stock by the registered holder thereof shall be made without charge to the converting holder for any tax imposed on the corporation in respect of the issue

thereof. The corporation shall not, however, be required to pay any tax that may be payable with respect to any transfer involved in the issue and delivery of any certificate in a name other than that of the registered holder of the shares being converted, and the corporation shall not be required to issue or deliver any such certificate unless and until the person requesting the issue thereof shall have paid to the corporation the amount of such tax or has established to the satisfaction of the corporation that such tax has been paid.

4. Upon any conversion of shares of Series B Stock into shares of Series A Stock pursuant hereto, no adjustment with respect to dividends shall be made; only those dividends shall be payable on the shares so converted as have been declared and are payable to holders of record of shares of Series B Stock on a date prior to the conversion date with respect to the shares so converted; and only those dividends shall be payable on shares of Series A Stock issued upon such conversion as have been declared and are payable to holders of record of shares of Series A Stock on or after such conversion date.

5. In case of any consolidation or merger of the corporation as a result of which the holders of Series A Stock shall be entitled to receive cash, stock, other securities, or other property with respect to or in exchange for Series A Stock or in case of any sale or conveyance of all or substantially all of the property or business of the corporation as an entirety, a holder of a share of Series B Stock shall have the right thereafter to convert such share into the kind and amount of cash, shares of stock, and other securities and properties receivable upon such consolidation, merger, sale, or conveyance by a holder of one share of Series A Stock and shall have no other conversion rights with regard to such share. The provisions of this subparagraph D.5 shall similarly apply to successive consolidations, mergers, sales, or conveyances.

6. Shares of the Series B Stock converted into Series A Stock shall be retired and shall resume the status of authorized but unissued shares of Series B Stock.

7. Such number of shares of Series A Stock as may from time to time be required for such purpose shall be reserved for issuance upon conversion of outstanding shares of Series B Stock and of shares of Series B Stock issuable upon exercise of options.

E. Termination of Series B or Series C Stock

1. All outstanding shares of Series B Stock shall automatically, without any further act or deed on the part of the corporation or any other person, be converted into shares of Series A Stock on a share-for-share basis
 - a. if, as a result of the existence of the Series B Stock, the Series A Stock is excluded from trading on the New York Stock Exchange, the American Stock Exchange, The Nasdaq Stock Market, and other national securities exchanges and is also excluded from quotation on any national quotation system then in use; or
 - b. at the option of the corporation:
 - (i) at any time when the Board of Directors and the holders of a majority of the outstanding shares of the Series B Stock approve the conversion of all of the Series B Stock into Series A Stock; or
 - (ii) if the Board of Directors, in its sole discretion, elects to effect a conversion (A) in order to avoid the exclusion of the Series A Stock from trading on a national securities exchange or the exclusion of the Series A Stock from quotation on any national quotation system then in use, or (B) due to requirements of federal or state law, in any such case, as a result of the existence of the Series B Stock.
2. All outstanding shares of Series C Stock shall automatically, without any further act or deed on the part of the corporation or any other person, be converted into shares of Series A Stock on a share-for-share basis
 - a. if, as a result of the existence of the Series C Stock, the Series A Stock is excluded from trading on the New York Stock Exchange, the American Stock Exchange, The Nasdaq Stock Market, and all other national securities exchanges and is also excluded from quotation on any national quotation system then in use; or

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- b. at the option of the corporation:
- (i) at any time when the Board of Directors and the holders of a majority of the outstanding shares of the Series C Stock approve the conversion of all of the Series C Stock into Series A Stock; or
 - (ii) if the Board of Directors, in its sole discretion, elects to effect a conversion (A) in order to avoid the exclusion of the Series A Stock from trading on a national securities exchange or the exclusion of the Series A Stock from quotation on any national quotation system then in use, or (B) due to requirements of federal or state law, in any such case, as a result of the existence of the Series C Stock.
3. Upon any automatic conversion of Series B Stock or Series C Stock pursuant to this paragraph E, each certificate representing outstanding shares of Series B Stock or Series C Stock, as the case may be, shall thereafter be deemed to represent a like number of shares of Series A Stock or Common Stock, as the case may be.

F. Limitations on Transfer of Series B Stock

1. No record or beneficial owner of shares of Series B Stock may transfer, and the corporation shall not register the transfer of, such shares of Series B Stock, whether by sale, assignment, gift, bequest, appointment, or otherwise, except to a "Permitted Transferee" as provided herein.
- a. In the case of a holder of record of the Series B Stock (the "Series B Holder") who is a natural person and the beneficial owner of the shares of Series B Stock to be transferred, Permitted Transferees shall include only the following:
- (i) The spouse of such Series B Holder, any lineal descendant of a greatgrandparent of such Series B Holder, or any spouse of such lineal descendent (herein collectively referred to as "such Series B Holder's Family Members");

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- (ii) The trustee or trustees of a trust (including a voting trust) for the sole benefit of such Series B Holder and/or one or more of such Series B Holder's Family Members, except that such trust may also grant a general or special power of appointment to one or more of such Series B Holder's Family Members and may permit trust assets to be used to pay taxes, legacies, and other obligations of the Trust or the estates of one or more of such Series B Holder's Family Members payable by reason of the death of any of such Family Members; provided, however, if at any time such trust ceases to meet the requirements of this subparagraph (ii), all shares of Series B Stock then held by such trustee or trustees shall immediately and automatically, without further act or deed on the part of the corporation or any person, be converted into Series A Stock on a share-for-share basis, and stock certificates formerly representing such shares of Series B Stock shall thereupon and thereafter be deemed to represent a like number of shares of Series A Stock;
 - (iii) A corporation wholly owned by such Series B Holder and/or such Series B Holder's Family Members or a partnership in which all of the partners are, and all of the partnership interests are owned by, such Series B Holder and/or such Series B Holder's Family Members, provided that if by reason of any change in the ownership of such stock or partners or partnership interests, such corporation or partnership would no longer qualify as a Permitted Transferee of such Series B Holder, all shares of Series B Stock then held by such corporation or partnership shall immediately and automatically, without further act or deed on the part of the corporation or any other person, be converted into shares of Series A Stock on a share-for-share basis, and stock certificates formerly representing such shares of Series B Stock shall thereupon and thereafter be deemed to represent a like number of shares of Series A Stock;
 - (iv) An organization established by the Series B Holder or such Series B Holder's Family Members, contributions to which are deductible for

federal income, estate, or gift tax purposes (a “Charitable Organization”) and a majority of whose governing board at all times consists of the Series B Holder and/or one or more of the Permitted Transferees of such Series B Holder, or any successor to such Charitable Organization meeting such definition; provided that if by reason of any change in the composition of the governing board of such Charitable Organization, such Charitable Organization shall no longer qualify as a Permitted Transferee of such Series B Holder, all shares of Series B Stock then held by such Charitable Organization shall immediately and automatically, without further act or deed on the part of the corporation or any other person, be converted into shares of Series A Stock on a share-for-share basis, and stock certificates formerly representing such shares of Series B Stock shall thereupon and thereafter be deemed to represent the like number of shares of Series A Stock; and

(v) The executor, administrator, or personal representative of the estate of a deceased Series B Holder or the guardian or conservator of a Series B Holder adjudged disabled or incompetent by a court of competent jurisdiction, acting in his capacity as such.

b. In the case of a Series B Holder holding the shares of Series B Stock as trustee pursuant to a trust other than a trust described in subparagraph F.1.c below, Permitted Transferees shall include only the following:

(i) any successor trustee of such trust who is described in subparagraph F.1.b(ii) below, or who is not and will not thereby become, an Interested Stockholder of the corporation (as defined in subparagraph 3.2. of Article Twelve); and

(ii) the person who established such trust and any Permitted Transferee of such person, determined in accordance with paragraph (a) above.

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- c. In the case of a Series B Holder holding the shares of Series B Stock as trustee pursuant to a trust that was irrevocable on the Series B Record Date (a “Transferor Trust”), Permitted Transferees shall include only the following:
- (i) any successor trustee of such Transferor Trust who is described in subparagraph F.1.c(ii) or (iii) below, or who is not, and will not thereby become, an Interested Stockholder of the corporation (as defined in subparagraph 3.2. of Article Twelve);
 - (ii) any person to whom or for whose benefit the principal or income may be distributed either during or at the end of the term of such Transferor Trust whether by power of appointment or otherwise, and any Permitted Transferee of such person, determined pursuant to paragraph (a) above; and
 - (iii) any Family Member of the person who established such Transferor Trust.
- d. In the case of a record (but not beneficial) owner of the Series B Stock as a nominee for the person who was the beneficial owner thereof on the Series B Record Date (as defined below), Permitted Transferees shall include only such beneficial owner and a Permitted Transferee of such beneficial owner.
- e. In the case of a Series B Holder that is a partnership and the beneficial owner of the shares of Series B Stock proposed to be transferred, Permitted Transferees shall include only:
- (i) any partner of such partnership who was also a partner of such partnership on the Series B Record Date;
 - (ii) any person transferring shares of Series B Stock to such partnership after the Series B Record Date (provided, however, that such transferor may not receive shares of Series B Stock in excess of the shares transferred by the transferor to such partnership); and

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- (iii) any Permitted Transferee of such person referred to in subparagraph F.1.e(i) or F.1.e(ii) above (not in excess of the number of shares that such person is entitled to receive pursuant to this subparagraph F.1.e).
- f. In the case of a Series B Holder that is a corporation and the beneficial owner of the shares proposed to be transferred, Permitted Transferees shall include only:
- (i) any stockholder of such corporation on the Series B Record Date who receives shares of Series B Stock pro rata to his stock ownership in such corporation through a dividend or through a distribution made upon liquidation of such corporation;
 - (ii) any person transferring shares of Series B Stock to such corporation after the Series B Record Date (provided, however, that such transferor may not receive shares of Series B Stock in excess of the shares transferred by the transferor to such corporation);
 - (iii) any Permitted Transferee of such stockholder or person referred to in subparagraph F.1.f(i) or (ii) above (not in excess of the number of shares that such stockholder or person is entitled to receive pursuant to this subparagraph F.1.f); and
 - (iv) the survivor of a merger or consolidation of such corporation if those persons who owned beneficially sufficient shares entitled to elect at least a majority of the entire board of directors of such constituent corporation immediately prior to the merger or consolidation own beneficially sufficient shares entitled to elect at least a majority of the entire board of directors of the surviving corporation, provided that if by reason of any change in the ownership of such stock such surviving corporation would no longer qualify as a Permitted Transferee, all shares of Series B Stock then held by such surviving corporation shall immediately and automatically, without further act or deed on the part of the corporation or any other person, be converted into shares of Series A Stock on a

share-for-share basis, and stock certificates formerly representing such shares of Series B Stock shall thereupon and thereafter be deemed to represent a like number of shares of Series A Stock.

For purposes of subparagraph F.1.f, a mutual company shall be treated as a corporation, and the persons holding voting interests therein shall be treated as stockholders.

- g. In the case of a Series B Holder who is the executor or administrator of the estate of a deceased Series B Holder or guardian or conservator of the estate of a disabled or incompetent Series B Holder, Permitted Transferees shall include only a Permitted Transferee of such deceased, disabled, or incompetent Series B Holder.

2. Notwithstanding anything to the contrary set forth herein, any Series B Holder may pledge such holder's shares of Series B Stock to a pledgee pursuant to a bona fide pledge of such shares as collateral security for indebtedness due to the pledgee, provided that such shares shall not be transferred to or registered in the name of the pledgee and shall remain subject to the provisions of this paragraph F. In the event of foreclosure or other similar action by the pledgee, such pledged shares of Series B Stock may only be transferred to a Permitted Transferee of the pledgor or converted into shares of Series A Stock, as the pledgee may elect.

3. For purposes of this paragraph F:

- a. The relationship of any person that is derived by or through legal adoption shall be considered a natural one;
- b. Each joint owner of shares of Series B Stock shall be considered a Series B Holder of such shares;
- c. A minor for whom shares of Series B stock are held pursuant to a Uniform Gifts to Minors Act or similar law shall be considered a Series B Holder of such shares;

d. Unless otherwise specified, the term “person” means both natural persons and legal entities; and

e. The “Series B Record Date” shall mean 5:00 p.m., Eastern Time, on January 31, 2008.

4. Any purported transfer of shares of Series B Stock not permitted hereunder shall result in the conversion of the transferee’s shares of Series B Stock into shares of Series A Stock, effective on the date on which certificates representing such shares are presented for transfer on the stock transfer record books of the corporation; provided, however, that if the corporation should determine that such shares were not so presented for transfer within 20 days after the date of such sale, transfer, assignment, or other disposition, the transfer date shall be the actual date of such sale, transfer, assignment, or other disposition as determined in good faith by the Board of Directors or its appointed agent. The corporation may, as a condition to the transfer or the registration of transfer of shares of Series B Stock to a purported Permitted Transferee, require the furnishing of such affidavits or other proof as it deems necessary to establish that such transferee is a Permitted Transferee. If no indication to the contrary is supplied at the time shares of Series B Stock are presented for transfer, the transfer shall be presumed by the corporation to be a transfer to a person other than a Permitted Transferee.

G. Registration of Series B Stock

1. Shares of Series B Stock shall be registered in the name(s) of the beneficial owner(s) thereof (as hereafter defined) and not in “street” or “nominee” names; provided, however, certificates representing shares of Series B Stock issued as a stock dividend on the corporation’s then outstanding Common Stock may be registered in the same name and manner as the certificates representing the shares of Common Stock with respect to which the shares of Series B Stock were issued. For the purposes of paragraphs F and G of this Section 2, the term “beneficial owner(s)” of any shares of Series B Stock shall mean the person or persons who possess the power to vote or dispose, or to direct the voting or disposition, of such shares and “beneficially owned” shares shall refer to shares owned by such a beneficial owner.

2. The corporation shall note on the certificates representing the shares of Series B Stock that there are restrictions on transfer and registration of transfer imposed by paragraphs F and G of this Section 2.

H. Priority of Preferred Stock

1. The Series A Stock, Series B Stock, and Series C Stock are subject to all the powers, rights, privileges, preferences, and priorities of the Preferred Stock as may be stated herein and as shall be stated and expressed in any resolution or resolutions adopted by the Board of Directors providing for the issuance of any series of Preferred Stock, pursuant to authority expressly granted to and vested in it by the provisions of this Article Four.

I. Liquidation, Dissolution, or Winding Up

1. In the event of any liquidation, dissolution, or winding up of the corporation, whether voluntary or involuntary (sometimes referred to as liquidation), after payment or provision for payment of the debts and other liabilities of the corporation and the preferential amounts to which the holders of any stock ranking prior to the Series A Stock, the Series B Stock, and the Series C Stock in the distribution of assets shall be entitled upon liquidation, the holders of the Series A Stock, the Series B Stock, and the Series C Stock and the holders of any other stock ranking on a parity with the Series A Stock, the Series B Stock, and the Series C Stock in the distribution of assets upon liquidation shall be entitled to share pro rata in the remaining assets of the corporation according to their respective interests.

SECTION 3. Preferred Stock.

The Board of Directors of the corporation is hereby expressly vested with authority to issue 2,000,000 shares of Preferred Stock, par value \$.01 per share, in series, and by filing a certificate of designations pursuant to the applicable law of the State of Delaware, to establish from time to time the number of shares to be included in each such series, and to fix the designations, powers, preferences, and rights of each such series and the qualifications, limitations or restrictions thereof. The authority of the Board of Directors with respect to each series shall include, but not be limited to, determination of the following:

- a. The number of shares constituting that series and the distinctive designation of that series;

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- b. The dividend rate on the shares of that series, whether dividends shall be cumulative, and, if so, from which date or dates, and the relative rights of priority, if any, of payment of dividends on shares of that series;
 - c. Whether that series shall have voting rights, in addition to the voting rights provided by law, and, if so, the terms of such voting rights;
 - d. Whether that series shall have conversion privileges, and, if so, the terms and conditions of such conversion, including provision for adjustment of the conversion rate in such events as the Board of Directors shall determine;
 - e. Whether or not the shares of that series shall be redeemable, and, if so, the terms and conditions of such redemption, including the date or date upon or after which they shall be redeemable, and the amount per share payable in case of redemption, which amount may vary under different conditions and at different redemption dates;
 - f. Whether that series shall have a sinking fund for the redemption or purchase of shares of that series, and, if so, the terms and amount of such sinking fund;
 - g. The rights of the shares of that series in the event of voluntary or involuntary liquidation, dissolution or winding up of the corporation, and the relative rights of priority, if any, of payment of shares of that series;
 - h. Any other relative rights, preferences and limitations of that series.

Dividends on outstanding shares of Preferred Stock shall be paid or declared and set apart for payment before any dividends shall be paid or declared and set apart for payment on the shares of Common Stock with respect to the same dividend period.

If upon any voluntary or involuntary liquidation, dissolution or winding up of the corporation, the assets available for distribution to holders of shares of Preferred Stock of all series shall be

insufficient to pay such holders the full preferential amount to which they are entitled, then such assets shall be distributed ratably among the shares of all series of Preferred Stock in accordance with the respective preferential amounts (including unpaid cumulative dividends, if any) payable with respect thereto.

Shares of Preferred Stock which have been redeemed or converted, or which have been issued and reacquired in any manner and retired, shall have the status of authorized and unissued Preferred Stock and may be reissued by the Board of Directors as shares of the same or any other series, unless otherwise provided with respect to any series in the resolution or resolutions of the Board of Directors creating such series.

SECTION 4. General.

The Board of Directors may in its discretion issue from time to time authorized but unissued shares for such consideration as it may determine, and holders of Common Stock and Preferred Stock shall have no preemptive rights, as such holders, to purchase any shares or securities of any class, including treasury shares, which may at any time be issued or sold or offered for sale by the corporation.

Cumulative voting of shares of stock of the corporation, whether Common Stock or Preferred Stock, is hereby prohibited.

The corporation shall be entitled to treat the person in whose name any share or other security is registered as the owner thereof, for all purposes, and shall not be bound to recognize any equitable or other claim to or interest in such share or other security on the part of any other person, whether or not the corporation shall have notice thereof.

ARTICLE FIVE

The name and mailing address of the sole incorporator is:

Guy H. Kerr
400 South Record Street
Dallas, Texas 75202-4841

ARTICLE SIX

The number of directors constituting the Board of Directors is six (6); however, hereafter the Bylaws of the corporation shall fix the number from time to time.

ARTICLE SEVEN

The corporation is to have perpetual existence.

ARTICLE EIGHT

The Board of Directors may exercise all such powers and do all such lawful acts and things as are not by statute, the Bylaws, or this Certificate of Incorporation directed or required to be exercised and done by the stockholders.

ARTICLE NINE

The initial Bylaws of the corporation shall be adopted by the Board of Directors. The power to alter, amend, or repeal the corporation's Bylaws, and to adopt new Bylaws, is hereby vested in the Board of Directors, subject, however, to repeal or change by the affirmative vote of the holders of at least two-thirds of the voting power of all of the outstanding shares entitled to vote thereon. Notwithstanding any other provisions of this Certificate of Incorporation, or any provision of law which might otherwise permit a lesser vote or no vote, the affirmative vote of the holders of at least two-thirds of the voting power of all of the then outstanding shares of the voting stock, voting together as a single class, shall be required to alter, amend, or repeal this Article Nine.

ARTICLE TEN

The corporation reserves the right to amend, alter or repeal any provision contained in this Certificate of Incorporation, in the manner now or hereafter prescribed by law, and all rights conferred upon officers, directors, and stockholders herein are granted subject to this reservation.

ARTICLE ELEVEN

Except as otherwise provided in this Certificate of Incorporation, for purposes of Sections 251, 253, 271, 275, and 311 of the Delaware General Corporation Law (or any successor provisions of Delaware law), where applicable the affirmative vote of the holders of at least two-thirds,

rather than a majority, of the voting power of all of the outstanding shares of stock entitled to vote in accordance therewith shall be required. Notwithstanding any other provisions of this Certificate of Incorporation, or any provision of law which might otherwise permit a lesser vote or no vote, but in addition to any affirmative vote of the holders of any particular class or series of voting stock required by law, this Certificate of Incorporation or any Certificate of Designation, the affirmative vote of the holders of at least two-thirds of the voting power of all of the then outstanding shares of the voting stock, voting together as a single class, shall be required to alter, amend, or repeal this Article Eleven.

ARTICLE TWELVE

The stockholder vote required to approve Business Combinations (as hereinafter defined) shall be as set forth in this Article Twelve.

SECTION 1.

1. Except as otherwise expressly provided in Section 2 of this Article Twelve:
 - a. any merger or combination of the corporation or any Subsidiary (as hereinafter defined) with (i) any Interested Stockholder (as hereinafter defined), or (ii) any other corporation (whether or not itself an Interested Stockholder) which is, or after such merger or consolidation would be, an Affiliate (as hereinafter defined) of an Interested Stockholder; or
 - b. any sale, lease, exchange, mortgage, pledge, transfer or other disposition (in one transaction or a series of transactions) to or with any Interested Stockholder or any Affiliate of any Interested Stockholder of any assets of the corporation or any Subsidiary having an aggregate Fair Market Value (as hereinafter defined) of \$25,000,000 or more; or
 - c. the issuance or transfer by the corporation or any Subsidiary (in one transaction or a series of transactions) of any securities of the corporation or any Subsidiary to any Interested Stockholder or any Affiliate of any Interested Stockholder in exchange for cash, securities or other property (or a combination thereof) having an aggregate Fair Market Value of \$25,000,000 or more; or

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- d. the adoption of any plan or proposal for the liquidation or dissolution of the corporation proposed by or on behalf of any Interested Stockholder or any Affiliate of any Interested Stockholder; or
 - e. any reclassification of securities (including any reverse stock split), or recapitalization of the corporation, or any merger or consolidation of the corporation with any of its Subsidiaries or any other transaction (whether or not with or into or otherwise involving any Interested Stockholder) which has the effect, directly or indirectly, of increasing the proportionate share of the outstanding shares of any class of equity or convertible securities of the corporation or any Subsidiary which is directly or indirectly owned by any Interested Stockholder or any Affiliate of any Interested Stockholder;

shall require the affirmative vote of the holders of at least eighty percent (80%) of the voting power of all the then outstanding shares of capital stock of the corporation entitled to vote generally in the election of directors (hereinafter in this Article Twelve referred to as the "Voting Stock"), voting together as a single class (it being understood that, for purposes of this Article Twelve, each share of stock shall have the number of votes granted to it pursuant to Article Four of this Certificate of Incorporation or any designation of the rights, powers and preferences of any class or series of stock made pursuant to Article Four (a "Certificate of Designation"). Such affirmative vote shall be required notwithstanding any other provisions of this Certificate of Incorporation or any provision of law or of any agreement with any national securities exchange which might otherwise permit a lesser vote or no vote, but such affirmative vote shall be required in addition to any affirmative vote of the holders of any particular class or series of the Voting Stock required by law, this Certificate of Incorporation or any Certificate of Designation.

- 2. The term "Business Combination" as used in this Article Twelve shall mean any transaction which is referred to in any one or more of subparagraphs (a) through (e) of this Section 1.

SECTION 2.

The provisions of Section 1 of this Article Twelve shall not be limited to any particular Business Combination, and a Business Combination shall require only such affirmative vote as is required by law, any other provision of this Certificate of Incorporation, any Preferred Stock Designation, or any agreement with any national securities exchange, if, in the case of a Business Combination that does not involve any cash or other consideration being received by the stockholders of the corporation solely in their respective capacities as stockholders of the corporation, the condition specified in the following paragraph 1 of this Section 2 is met, or, in the case of any other Business Combination, the conditions specified in either of the following paragraphs 1 and 2 of this Section 2 are met:

1. The Business Combination shall have been approved by a majority of the Continuing Directors (as hereinafter defined), it being understood that this condition shall not be capable of satisfaction unless there is at least one Continuing Director; or
2. All of the following conditions shall have been met:
 - a. the consideration to be received by holders of shares of a particular class of outstanding Voting Stock shall be in cash or in the same form as the Interested Stockholder has paid for shares of such class of Voting Stock within the two-year period ending on and including the date on which the Interested Stockholder became an Interested Stockholder (the "Determination Date"). If within such two-year period the Interested Stockholder has paid for shares of any class of Voting Stock with varying forms of consideration, the form of consideration to be received per share by holders of shares of such class of Voting Stock shall be either cash or the form used to acquire the largest number of shares of such class of Voting Stock acquired by the Interested Stockholder within such two-year period.
 - b. the aggregate amount of the cash and the Fair Market Value, as of the date (the "Consummation Date") of the consummation of the Business Combination, of the consideration other than cash to be received per share by holders of Common Stock in such Business Combination shall be at least equal to the highest of the

following (it being intended that the requirements of this subparagraph 2.b shall be required to be met with respect to all shares of Common Stock outstanding whether or not the Interested Stockholder has previously acquired any shares of Common Stock):

- (i) (if applicable) the highest per share price (including any brokerage commissions, transfer taxes and soliciting dealers' fees) paid by the Interested Stockholder for any shares of Common Stock acquired by it within the two-year period immediately prior to the first public announcement of the proposal of the Business Combination (the "Announcement Date"), or in the transaction in which it became an Interested Stockholder, whichever is higher; plus interest compounded annually from the Determination Date through the Consummation Date at the prime rate of interest of JPMorgan Chase Bank, N.A. (or such other major bank as may be selected by the Continuing Directors) from time to time in effect, less the aggregate amount of any cash dividends paid, and the Fair Market Value of any dividends paid in form other than cash, on each share of Common Stock from the Determination Date through the Consummation Date in an amount up to but not exceeding the amount of interest so payable per share of Common Stock; or
- (ii) the Fair Market Value per share of Common Stock on the Announcement Date or on the Determination Date, whichever is higher; or
- (iii) (if applicable) the price per share equal to the Fair Market Value per share of the Common Stock determined pursuant to subparagraph 2.b(ii) above, multiplied by the ratio of (A) the highest per share price (including any brokerage commissions, transfer taxes and soliciting dealers' fees) paid by the Interested Stockholder for any shares of Common Stock acquired by it within the two-year period immediately prior to the Announcement Date to (B) the Fair Market Value per share of Common Stock on the first day in such two-year period upon which the Interested Stockholder acquired any shares of Common Stock; or

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- (iv) an amount per share determined by multiplying the earnings per share of Common Stock for the four full consecutive fiscal quarters of the corporation immediately preceding the Consummation Date of such Business Combination by the then price/earnings multiple (if any) of such Interested Stockholder as customarily computed and reported in the financial community; provided, that for the purposes of this subparagraph 2.b(iv), if more than one person constitutes the Interested Stockholder involved in the Business Combination, the price/earnings multiple (if any) of the person having the highest price/earnings multiple shall be used for the computation in this subparagraph 2.b(iv).
 - c. the aggregate amount of the cash and the Fair Market Value as of the Consummation Date of the Business Combination of consideration other than cash to be received per share by holders of shares of any other class of outstanding Voting Stock shall be at least equal to the highest of the following (it being intended that the requirements of this subparagraph 2.c shall be required to be met with respect to every class of outstanding Voting Stock whether or not the Interested Stockholder has previously acquired any shares of a particular class of Voting Stock):
 - (i) (if applicable) the highest per share price (including any brokerage commissions, transfer taxes and soliciting dealers' fees) paid by the Interested Stockholder for any shares of such class of Voting Stock acquired by it within the two-year period immediately prior to the Announcement Date or in the transaction in which it became an Interested Stockholder, whichever is higher, plus interest compounded annually from the Determination Date through the Consummation Date at the prime rate of interest of JPMorgan Chase Bank, N.A. (or such other major bank as may be selected by the Continuing Directors) from time to time in effect,

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- less the aggregate amount of any cash dividends paid and the Fair Market Value of any dividends paid in form other than cash, on each share of Voting Stock from the Determination Date through the Consummation Date in an amount up to but not exceeding the amount of interest so payable per share of Voting Stock; or
- (ii) (if applicable) the highest preferential amount per share to which the holders of shares of such class of Voting Stock are entitled in the event of any voluntary or involuntary liquidation, dissolution or winding up of the corporation; or
 - (iii) the Fair Market Value per share of such class of Voting Stock on the Announcement Date or on the Determination Date, whichever is higher; or
 - (iv) (if applicable) the price per share equal to the Fair Market Value per share of such class of Voting Stock determined pursuant to subparagraph 2.c(iii) above, multiplied by the ratio of (A) the highest per share price (including any brokerage commissions, transfer taxes and soliciting dealers' fees) paid by the Interested Stockholder for any shares of such class of Voting Stock acquired by it within the two-year period immediately prior to the Announcement Date to (B) the Fair Market Value per share of such class of Voting Stock on the first day in such two-year period upon which the Interested Stockholder acquired any shares of such class of Voting Stock.
- d. After such Interested Stockholder has become an Interested Stockholder and prior to the Consummation Date of such Business Combination:
- (i) except as approved by a majority of the Continuing Directors, there shall have been no failure to declare and pay at the regular date therefor any full quarterly dividends (whether or not cumulative) on the outstanding Preferred Stock, if any,

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- (ii) there shall have been (A) no reduction in the annual rate of dividends paid on the Common Stock (except as necessary to reflect any subdivision of the Common Stock), except as approved by a majority of the Continuing Directors, and (B) an increase in such annual rate of dividends as necessary to reflect any reclassification (including any reverse stock split), recapitalization, reorganization or any similar transaction which has the effect of reducing the number of outstanding shares of Common Stock, unless the failure so to increase such annual rate is approved by a majority of the Continuing Directors, and
 - (iii) such Interested Stockholder shall have not become the beneficial owner of any additional shares of Voting Stock except as part of the transaction which results in such Interested Stockholder becoming an Interested Stockholder.
 - e. After such Interested Stockholder has become an Interested Stockholder, such Interested Stockholder shall not have received the benefit, directly or indirectly (except proportionately as a stockholder), of any loans, advances, guarantees, pledges or other financial assistance or any tax credits or other tax advantage provided by the corporation, whether in anticipation of or in connection with such Business Combination or otherwise.
 - f. A proxy or information statement describing the proposed Business Combination and complying with the requirements of the Securities Exchange Act of 1934, as amended, and the rules and regulations thereunder (or any subsequent provisions replacing such Act, rules or regulations) shall be mailed to public stockholders of the corporation at least thirty (30) days prior to the consummation of such Business Combination (whether or not such proxy or information statement is required to be mailed pursuant to such Act or subsequent provisions).

SECTION 3.

For the purposes of this Article Twelve:

1. A “person” shall mean any individual, firm, corporation, or other entity.
2. “Interested Stockholder” shall mean any person (other than the corporation or any Subsidiary and other than any one or a group or more than one Continuing Director) who or which:
 - a. is the beneficial owner, directly or indirectly, of more than ten per cent of the voting power of the outstanding Voting Stock; or
 - b. is an Affiliate of the corporation and at any time within the two-year period immediately prior to the date in question was the beneficial owner, directly or indirectly, of ten per cent or more of the voting power of the then-outstanding Voting Stock; or
 - c. is an assignee of or has otherwise succeeded to any shares of the Voting Stock which were at any time within the two-year period immediately prior to the date in question beneficially owned by any Interested Stockholder, if such assignment or succession shall have occurred in the course of a transaction or series of transactions not involving a public offering within the meaning of the Securities Act of 1933.

For the purposes of determining whether a person is an Interested Stockholder pursuant to paragraph 2 of this Section 3 immediately above, the number of shares of Voting Stock deemed to be outstanding shall include shares deemed owned through application of paragraph 3 of this Section 3 below, but shall not include any other shares of Voting Stock which may be issuable pursuant to any agreement, arrangement or understanding, or upon exercise of conversion rights, warrants or options, or otherwise.

3. A person shall be a “beneficial owner” of any Voting Stock which:

- a. such person or any of its Affiliates or Associates (as hereinafter defined) beneficially owns, directly or indirectly; or
- b. such person or any of its Affiliates or Associates has (a) the right to acquire (whether such right is exercisable immediately or only after the passage of time) pursuant to any agreement, arrangement or understanding or upon the exercise of conversion rights, exchange rights, warrants or options, or otherwise, or (b) the right to vote pursuant to any agreement, arrangement or understanding; or
- c. is beneficially owned, directly or indirectly, by any other person with which such person or any of its Affiliates or Associates has any agreement, arrangement or understanding for the purpose of acquiring, holding, voting or disposing of any shares of Voting Stock.

4. “Affiliate” or “Associate” shall have the respective meanings ascribed to such terms in Rule 12b-2 of the General Rules and Regulations under the Securities Exchange Act of 1934.

5. “Subsidiary” means any corporation of which a majority of any class of equity securities is owned, directly or indirectly, by the corporation; provided, however, that for the purposes of the definition of Interested Stockholder set forth in paragraph 2 of this Section 3 the term “Subsidiary” shall mean only a corporation of which a majority of each class of equity securities is owned, directly or indirectly, by the corporation.

6. “Continuing Director” means any member of the Board of Directors of the corporation (the “Board”) who is unaffiliated with the Interested Stockholder and was a member of the Board prior to the time that the Interested Stockholder became an Interested Stockholder, and any successor of a Continuing Director who is unaffiliated with the Interested Stockholder and is recommended to succeed a Continuing Director by a majority of the Continuing Directors then on the Board.

7. "Fair Market Value" means:

- a. in the case of stock, the highest closing price during the 30-day period immediately preceding the date in question of a share of such stock on the Composite Tape for New York Stock Exchange-Listed Stocks, or, if such stock is not quoted on the Composite Tape, on the New York Stock Exchange, or if such stock is not listed on such Exchange, on the principal United States securities exchange registered under the Securities Exchange Act of 1934 on which such stock is listed, or, if such stock is not listed on any such exchange, the highest closing bid quotation with respect to a share of such stock during the 30-day period preceding the date in question on any system then in use or, if no such quotations are available, the Fair Market Value on the date in question of a share of such stock as determined by the Board in good faith; and
- b. in the case of property other than cash or stock, the Fair Market Value of such property on the date in question as determined by the Board in good faith.

8. In the event of any Business Combination in which the corporation survives, the phrase "consideration other than cash to be received" as used in subparagraphs 2.b and 2.c of Section 2 of this Article Twelve shall include the shares of Common Stock and/or the shares of any other class of outstanding Voting Stock retained by the holders of such shares.

SECTION 4.

A majority of the total number of authorized directors (whether or not there exist any vacancies in previously authorized directorships at the time any such determination as is hereinafter in this Section 4 specified to be made by the Board) shall have the power to determine, on the basis of information known to them after reasonable inquiry, all facts necessary to determine compliance with this Article Twelve, including, without limitation, (1) whether a person is an Interested Stockholder, (2) the number of shares of Voting Stock beneficially owned by any person, (3) whether a person is an Affiliate or an Associate of another, (4) whether the applicable conditions set forth in paragraph 2 of Section 2 of this Article Twelve have been met with respect to any Business Combination, and (5) whether the assets which are the subject of any Business

Combination referred to in subparagraph 1.1.c of Section 1 of this Article Twelve have, or the consideration to be received for the issuance or transfer of securities by the corporation or any Subsidiary in any Business Combination referred to in subparagraph 1.1.c has, an aggregate Fair Market Value of \$25,000,000 or more.

SECTION 5.

Nothing contained in this Article Twelve shall be construed to relieve any Interested Stockholder from any fiduciary obligation imposed by law.

SECTION 6.

Notwithstanding any other provisions of this Certificate of Incorporation or any provision of law which might otherwise permit a lesser vote or no vote, but in addition to any affirmative vote of the holders of any particular class or series of the Voting Stock required by law, this Certificate of Incorporation or any Preferred Stock Designation, the affirmative vote of the holders of at least eighty percent (80%) of the voting power of all of the then-outstanding shares of the Voting Stock, voting together as a single class, shall be required to alter, amend or repeal this Article Twelve.

ARTICLE THIRTEEN

Meetings of stockholders may be held within or without the State of Delaware as the Bylaws may provide. Elections of directors need not be by written ballot.

ARTICLE FOURTEEN

No action required to be taken or which may be taken at any annual or special meeting of stockholders of the corporation may be taken without a meeting, and the power of stockholders to consent in writing, without a meeting, to the taking of any action is specifically denied.

ARTICLE FIFTEEN

No director of the corporation shall be liable to the corporation or its stockholders for monetary damages for breach of fiduciary duty as a director, except for liability (i) for any breach of the director's duty of loyalty to the corporation or its stockholders, (ii) for acts or omissions not in good faith or which involve intentional misconduct or a knowing violation of law, (iii) under Section 174 of the Delaware General Corporation Law, or (iv) for any transaction from which the director derived an improper personal benefit. Any repeal or modification of the foregoing provisions of this Article Fifteen by the stockholders of the corporation shall not adversely affect any right or protection of a director of the corporation existing at the time of such repeal or modification.

IN WITNESS WHEREOF, the corporation has caused this Amended and Restated Certificate of Incorporation to be signed by Alison K. Engel, its Senior Vice President/Chief Financial Officer and Treasurer, this 14th day of January, 2008.

A. H. BELO CORPORATION

By: /s/ Alison K. Engel
Name: Alison K. Engel
Title: Senior Vice President/Chief Financial Officer
and Treasurer

[31]

FORM
of
CERTIFICATE OF DESIGNATIONS
of
SERIES A JUNIOR PARTICIPATING PREFERRED STOCK
of
A. H. BELO CORPORATION
(Pursuant to Section 151 of the
Delaware General Corporation Law)

A. H. Belo Corporation, a corporation organized and existing under the General Corporation Law of the State of Delaware (hereinafter called the "Corporation"), hereby certifies that the following resolution was adopted by the Board of Directors of the Corporation as required by Section 151 of the General Corporation Law at a meeting duly called and held on January 11, 2008:

RESOLVED, that pursuant to the authority granted to and vested in the Board of Directors of this Corporation (hereinafter called the "Board of Directors" or the "Board") in accordance with the provisions of the Certificate of Incorporation, the Board of Directors hereby creates a series of Preferred Stock of the Corporation (the "Preferred Stock"), and hereby states the designation and number of shares, and fixes the relative rights, preferences, and limitations thereof as follows:

Series A Junior Participating Preferred Stock:

Section 1. Designation and Amount. The shares of such series shall be designated as "Series A Junior Participating Preferred Stock" (the "Series A Preferred Stock") and the number of shares constituting the Series A Preferred Stock shall be 125,000. Such number of shares may be increased or decreased by resolution of the Board of Directors; provided, that no decrease shall reduce the number of shares of Series A Preferred Stock to a number less than the number of shares then outstanding plus the number of shares reserved for issuance upon the exercise of outstanding options, rights or warrants or upon the conversion of any outstanding securities issued by the Corporation convertible into Series A Preferred Stock.

Section 2. Dividends and Distributions.

(a) Subject to the rights of the holders of any shares of any series of Preferred Stock (or any similar stock) ranking prior and superior to the Series A Preferred Stock with

respect to dividends, the holders of shares of Series A Preferred Stock, in preference to the holders of (1) Series A Common Stock, par value \$0.01 per share, and (2) Series B Common Stock, par value \$0.01 (together the "Common Stock"), of the Corporation, and of any other junior stock, shall be entitled to receive, when, as and if declared by the Board of Directors out of funds legally available for the purpose, quarterly dividends payable in cash on the first day of March, June, September and December in each year (each such date being referred to herein as a "Quarterly Dividend Payment Date"), commencing on the first Quarterly Dividend Payment Date after the first issuance of a share or fraction of a share of Series A Preferred Stock, in an amount per share (rounded to the nearest cent) equal to the greater of (a) \$1 or (b) subject to the provision for adjustment hereinafter set forth, 200 times the aggregate per share amount of all cash dividends, and 200 times the aggregate per share amount (payable in kind) of all non-cash dividends or other distributions, other than a dividend payable in shares of Common Stock or a subdivision of the outstanding shares of Common Stock (by reclassification or otherwise), declared on the Common Stock since the immediately preceding Quarterly Dividend Payment Date or, with respect to the first Quarterly Dividend Payment Date, since the first issuance of any share or fraction of a share of Series A Preferred Stock. In the event the Corporation shall at any time declare or pay any dividend on the Common Stock payable in shares of Common Stock, or effect a subdivision or combination or consolidation of the outstanding shares of Common Stock (by reclassification or otherwise than by payment of a dividend in shares of Common Stock) into a greater or lesser number of shares of Common Stock, then in each such case the amount to which holders of shares of Series A Preferred Stock were entitled immediately prior to such event under clause (b) of the preceding sentence shall be adjusted by multiplying such amount by a fraction, the numerator of which is the number of shares of Common Stock outstanding immediately after such event and the denominator of which is the number of shares of Common Stock that were outstanding immediately prior to such event.

(b) The Corporation shall declare a dividend or distribution on the Series A Preferred Stock as provided in paragraph (A) of this Section immediately after it declares a dividend or distribution on the Common Stock (other than a dividend payable in shares of Common Stock); provided that, in the event no dividend or distribution shall have been declared on the Common Stock during the period between any Quarterly Dividend Payment Date and the next subsequent Quarterly Dividend Payment Date, a dividend of \$1 per share on the Series A Preferred Stock shall nevertheless be payable on such subsequent Quarterly Dividend Payment Date.

(c) Dividends shall begin to accrue and be cumulative on outstanding shares of Series A Preferred Stock from the Quarterly Dividend Payment Date next preceding the date of issue of such shares, unless the date of issue of such shares is prior to the record date for the first Quarterly Dividend Payment Date, in which case dividends on such shares shall begin to accrue from the date of issue of such shares, or unless the date of issue is a Quarterly Dividend Payment Date or is a date after the record date for the determination of holders of shares of Series A Preferred Stock entitled to receive a quarterly dividend and before such Quarterly Dividend Payment Date, in either of which events such dividends shall begin to accrue and be cumulative from such Quarterly Dividend Payment Date. Accrued but unpaid dividends shall not bear interest. Dividends paid on the shares of Series A Preferred Stock in an amount less than the total amount of such dividends at the time accrued and payable on such shares shall be allocated pro rata on a share-by-share basis among all such shares at the time outstanding. The Board of

Directors may fix a record date for the determination of holders of shares of Series A Preferred Stock entitled to receive payment of a dividend or distribution declared thereon, which record date shall be not more than 60 days prior to the date fixed for the payment thereof.

Section 3. Voting Rights. The holders of shares of Series A Preferred Stock shall have the following voting rights:

(a) Subject to the provision for adjustment hereinafter set forth, each share of Series A Preferred Stock shall entitle the holder thereof to 200 votes on all matters submitted to a vote of the stockholders of the Corporation. In the event the Corporation shall at any time declare or pay any dividend on the Common Stock payable in shares of Common Stock, or effect a subdivision or combination or consolidation of the outstanding shares of Common Stock (by reclassification or otherwise than by payment of a dividend in shares of Common Stock) into a greater or lesser number of shares of Common Stock, then in each such case the number of votes per share to which holders of shares of Series A Preferred Stock were entitled immediately prior to such event shall be adjusted by multiplying such number by a fraction, the numerator of which is the number of shares of Common Stock outstanding immediately after such event and the denominator of which is the number of shares of Common Stock that were outstanding immediately prior to such event.

(b) Except as otherwise provided herein, in any other Certificate of Designations creating a series of Preferred Stock or any similar stock, or by law, the holders of shares of Series A Preferred Stock and the holders of shares of Common Stock and any other capital stock of the Corporation having general voting rights shall vote together as one class on all matters submitted to a vote of stockholders of the Corporation.

(c) Except as set forth herein, or as otherwise provided by law, holders of Series A Preferred Stock shall have no special voting rights and their consent shall not be required (except to the extent they are entitled to vote with holders of Common Stock as set forth herein) for taking any corporate action.

Section 4. Certain Restrictions.

(a) Whenever quarterly dividends or other dividends or distributions payable on the Series A Preferred Stock as provided in Section 2 are in arrears, thereafter and until all accrued and unpaid dividends and distributions, whether or not declared, on shares of Series A Preferred Stock outstanding shall have been paid in full, the Corporation shall not:

(1) declare or pay dividends, or make any other distributions, on any shares of stock ranking junior (either as to dividends or upon liquidation, dissolution or winding up) to the Series A Preferred Stock;

(2) declare or pay dividends, or make any other distributions, on any shares of stock ranking on a parity (either as to dividends or upon liquidation, dissolution or winding up) with the Series A Preferred Stock, except dividends paid ratably on the Series A Preferred Stock and all such parity stock on which dividends are payable or in arrears in proportion to the total amounts to which the holders of all such shares are then entitled;

(3) redeem or purchase or otherwise acquire for consideration shares of any stock ranking junior (either as to dividends or upon liquidation, dissolution or winding up) to the Series A Preferred Stock, provided that the Corporation may at any time redeem, purchase or otherwise acquire shares of any such junior stock in exchange for shares of any stock of the Corporation ranking junior (either as to dividends or upon dissolution, liquidation or winding up) to the Series A Preferred Stock; or

(4) redeem or purchase or otherwise acquire for consideration any shares of Series A Preferred Stock, or any shares of stock ranking on a parity with the Series A Preferred Stock, except in accordance with a purchase offer made in writing or by publication (as determined by the Board of Directors) to all holders of such shares upon such terms as the Board of Directors, after consideration of the respective annual dividend rates and other relative rights and preferences of the respective series and classes, shall determine in good faith will result in fair and equitable treatment among the respective series or classes.

(b) The Corporation shall not permit any subsidiary of the Corporation to purchase or otherwise acquire for consideration any shares of stock of the Corporation unless the Corporation could, under paragraph (a) of this Section 4, purchase or otherwise acquire such shares at such time and in such manner.

Section 5. Reacquired Shares. Any shares of Series A Preferred Stock purchased or otherwise acquired by the Corporation in any manner whatsoever shall be retired and cancelled promptly after the acquisition thereof. All such shares shall upon their cancellation become authorized but unissued shares of Preferred Stock and may be reissued as part of a new series of Preferred Stock subject to the conditions and restrictions on issuance set forth herein, in the Certificate of Incorporation, or in any other Certificate of Designations creating a series of Preferred Stock or any similar stock or as otherwise required by law.

Section 6. Liquidation, Dissolution or Winding Up. Upon any liquidation, dissolution or winding up of the Corporation, no distribution shall be made (1) to the holders of shares of stock ranking junior (either as to dividends or upon liquidation, dissolution or winding up) to the Series A Preferred Stock unless, prior thereto, the holders of shares of Series A Preferred Stock shall have received \$100 per share, plus an amount equal to accrued and unpaid dividends and distributions thereon, whether or not declared, to the date of such payment, provided that the holders of shares of Series A Preferred Stock shall be entitled to receive an aggregate amount per share, subject to the provision for adjustment hereinafter set forth, equal to 200 times the aggregate amount to be distributed per share to holders of shares of Common Stock, or (2) to the holders of shares of stock ranking on a parity (either as to dividends or upon liquidation, dissolution or winding up) with the Series A Preferred Stock, except distributions made ratably on the Series A Preferred Stock and all such parity stock in proportion to the total amounts to which the holders of all such shares are entitled upon such liquidation, dissolution or winding up. In the event the Corporation shall at any time declare or pay any dividend on the Common Stock payable in shares of Common Stock, or effect a subdivision or combination or consolidation of the outstanding shares of Common Stock (by reclassification or otherwise than by payment of a dividend in shares of Common Stock) into a greater or lesser number of shares of Common Stock, then in each such case the aggregate amount to which holders of shares of

Series A Preferred Stock were entitled immediately prior to such event under the proviso in clause (1) of the preceding sentence shall be adjusted by multiplying such amount by a fraction the numerator of which is the number of shares of Common Stock outstanding immediately after such event and the denominator of which is the number of shares of Common Stock that were outstanding immediately prior to such event.

Section 7. Consolidation, Merger, etc. In case the Corporation shall enter into any consolidation, merger, combination or other transaction in which the shares of Common Stock are exchanged for or changed into other stock or securities, cash and/or any other property, then in any such case each share of Series A Preferred Stock shall at the same time be similarly exchanged or changed into an amount per share, subject to the provision for adjustment hereinafter set forth, equal to 200 times the aggregate amount of stock, securities, cash and/or any other property (payable in kind), as the case may be, into which or for which each share of Common Stock is changed or exchanged. In the event the Corporation shall at any time declare or pay any dividend on the Common Stock payable in shares of Common Stock, or effect a subdivision or combination or consolidation of the outstanding shares of Common Stock (by reclassification or otherwise than by payment of a dividend in shares of Common Stock) into a greater or lesser number of shares of Common Stock, then in each such case the amount set forth in the preceding sentence with respect to the exchange or change of shares of Series A Preferred Stock shall be adjusted by multiplying such amount by a fraction, the numerator of which is the number of shares of Common Stock outstanding immediately after such event and the denominator of which is the number of shares of Common Stock that were outstanding immediately prior to such event.

Section 8. No Redemption. The shares of Series A Preferred Stock shall not be redeemable.

Section 9. Rank. The Series A Preferred Stock shall rank, with respect to the payment of dividends and the distribution of assets, junior to all series of any other class of the Corporation's Preferred Stock.

Section 10. Amendment. The Certificate of Incorporation of the Corporation shall not be amended in any manner which would materially alter or change the powers, preferences or special rights of the Series A Preferred Stock so as to affect them adversely without the affirmative vote of the holders of at least two-thirds of the outstanding shares of Series A Preferred Stock, voting together as a single class.

IN WITNESS WHEREOF, this Certificate of Designations is executed on behalf of the Corporation by its Chairman of the Board and attested by its Secretary this 11 day of January, 2008.

Chairman of the Board

Attest:

Secretary

AMENDED AND RESTATED
BYLAWS
OF
A. H. BELO CORPORATION
(A Delaware Corporation)

Effective January 11, 2008

INDEX
TO
AMENDED AND RESTATED
BYLAWS
OF
A. H. BELO CORPORATION

	<u>Page</u>
ARTICLE I OFFICES	1
Section 1. Registered Office	1
Section 2. Other Offices	1
ARTICLE II MEETINGS OF THE STOCKHOLDERS	1
Section 1. Place of Meetings	1
Section 2. Annual Meeting	1
Section 3. Special Meeting	1
Section 4. Notice of Annual or Special Meeting	1
Section 5. Business at Special Meeting	2
Section 6. Quorum of Stockholders	2
Section 7. Act of Stockholders' Meeting	2
Section 8. Voting of Shares	2
Section 9. Proxies	2
Section 10. Voting List	2
Section 11. Order of Business	3
Section 12. Notice of Stockholder Business	3
Section 13. Notice of Stockholder Nominees	4
ARTICLE III BOARD OF DIRECTORS	4
Section 1. Powers	4
Section 2. Number of Directors	5
Section 3. Election and Term	5
Section 4. Vacancies	5
Section 5. Resignation and Removal	5
Section 6. Compensation of Directors	6
ARTICLE IV MEETINGS OF THE BOARD	6
Section 1. Regular Meetings	6
Section 2. Special Meetings	6
Section 3. Business at Regular or Special Meeting	6
Section 4. Quorum of Directors	6
Section 5. Act of Directors' Meeting	6
Section 6. Action by Written Consent Without a Meeting	6
ARTICLE V COMMITTEES	7

ARTICLE VI NOTICES	8
Section 1. Methods of Giving Notice	8
Section 2. Waiver of Notice	8
Section 3. Attendance as Waiver	8
ARTICLE VII ACTION WITHOUT A MEETING BY USE OF A CONFERENCE TELEPHONE OR SIMILAR COMMUNICATIONS EQUIPMENT	8
ARTICLE VIII OFFICERS	8
Section 1. Executive Officers	8
Section 2. Election and Qualification	9
Section 3. Division Officers	9
Section 4. Other Officers and Agents	9
Section 5. Salaries	9
Section 6. Term, Removal and Vacancies	9
Section 7. Chairman of the Board	10
Section 8. Chief Executive Officer	10
Section 9. President	10
Section 10. Vice Presidents	10
Section 11. Secretary	10
Section 12. Assistant Secretaries	10
Section 13. Treasurer	10
Section 14. Assistant Treasurers	11
Section 15. Officers' Bond	11
ARTICLE IX CERTIFICATES FOR SHARES	11
Section 1. Certificated and Uncertificated Shares	11
Section 2. Transfer of Shares	12
Section 3. Lost, Stolen or Destroyed Certificate	12
Section 4. Closing of Stock Ledger and Fixing Record Date	12
Section 5. Registered Stockholders	13
ARTICLE X GENERAL PROVISIONS	13
Section 1. Dividends	13
Section 2. Reserves	13
Section 3. Checks	13
Section 4. Fiscal Year	13
Section 5. Seal	13
ARTICLE XI INDEMNIFICATION OF OFFICERS AND DIRECTORS	13
Section 1. Actions, Suits, or Proceedings Other Than by or in the Right of the Corporation	13
Section 2. Actions or Suits by or in the Right of the Corporation	14
Section 3. Indemnification for Costs, Charges, and Expenses of Successful Party	14
Section 4. Determination of Right to Indemnification	14
Section 5. Advance of Costs, Charges and Expenses	14
Section 6. Procedure for Indemnification	15
Section 7. Other Rights; Continuation of Right to Indemnification	15

Section 8. Extent of Indemnification	16
Section 9. Insurance	16
Section 10. Savings Clause	16
ARTICLE XII AMENDMENTS	16

AMENDED AND RESTATED
BYLAWS
OF
A. H. BELO CORPORATION

(A Delaware Corporation)

ARTICLE I
OFFICES

Section 1. Registered Office. The registered office shall be located in the City of Wilmington, County of New Castle, State of Delaware.

Section 2. Other Offices. The corporation also may have offices at such other places both within and without the State of Delaware as the Board of Directors may from time to time determine or as the business of the corporation may require.

ARTICLE II
MEETINGS OF THE STOCKHOLDERS

Section 1. Place of Meetings. All meetings of the stockholders for the election of directors or for any other proper purpose, including any special meeting of stockholders regardless of by whom called, shall be held at such time and place, within or without the State of Delaware, as the Board of Directors may from time to time designate, as stated in the notice of such meeting or a duly executed waiver of notice thereof.

Section 2. Annual Meeting. An annual meeting of the stockholders shall be held on such date and at such time as shall be designated from time to time by the Board of Directors or, in the absence of a resolution of the Board of Directors providing otherwise, at 10:00 a.m. on the second Wednesday in May in each year, unless such day is a legal holiday, in which case such meeting shall be held at the specified time on the first full business day thereafter which is not a legal holiday. At such meeting the stockholders entitled to vote thereat shall elect, by a plurality vote of the voting power of all of the shares entitled to vote thereon, the successors to the directors whose terms shall expire that year, and may transact such other business as properly may be brought before the meeting.

Section 3. Special Meeting. Special meetings of the stockholders may be called by the Chief Executive Officer, the Board of Directors or the holders of not less than one-fifth of the voting power of all shares entitled to vote at the meeting.

Section 4. Notice of Annual or Special Meeting. Written or printed notice stating the place, day and hour of the meeting and, in case of a special meeting, the purpose or purposes for which the meeting is called, shall be delivered not less than ten (10) nor more than sixty (60) days before the date of the meeting, either personally or by mail, by or at the direction of the Chairman of the Board or the Secretary, to each stockholder of record entitled to vote at such meeting. If mailed, such notice shall be deemed to be delivered when deposited in the United States mail, addressed to the stockholder at his or her address as it appears on the records of the corporation, with postage thereon prepaid.

Section 5. Business at Special Meeting. The business transacted at any special meeting of the stockholders shall be limited to the purposes stated in the notice thereof.

Section 6. Quorum of Stockholders. Unless otherwise provided in the Certificate of Incorporation, the holders of a majority of the voting power of all of the shares entitled to vote, represented in person or by proxy, shall constitute a quorum at a meeting of the stockholders, but in no event shall a quorum consist of the holders of less than one-third (1/3) of the shares entitled to vote and thus represented at such meeting. If, however, a quorum shall not be present or represented at any meeting of the stockholders, the stockholders present in person or represented by proxy shall have power to adjourn the meeting from time to time, without notice other than announcement at the meeting, until a quorum shall be present or represented. At such adjourned meeting at which a quorum shall be present or represented, any business may be transacted which might have been transacted at the meeting as originally notified.

Section 7. Act of Stockholders' Meeting. The vote of the holders of a majority of the voting power of all of the shares entitled to vote and represented in person or by proxy at a meeting at which a quorum is present shall be the act of the stockholders' meeting, unless the vote of a greater number is required by law or the Certificate of Incorporation.

Section 8. Voting of Shares. Each outstanding share shall be entitled to the number of votes per share as provided in the Certificate of Incorporation and the Certificate of Designation, if any, which relates to such share, on each matter submitted to a vote at a meeting of the stockholders. At each election of directors, every stockholder entitled to vote at such election shall have the right to vote, in person or by proxy, the number of votes allotted to the shares owned by him or her for as many persons as there are directors to be elected and for whose election he or she has the right to vote. Cumulative voting in the election of directors or otherwise is expressly prohibited by the Certificate of Incorporation.

Section 9. Proxies. At any meeting of the stockholders, each stockholder having the right to vote shall be entitled to vote either in person or by proxy. Any such proxy or evidence thereof shall be delivered to the secretary of such meeting at or prior to the time designated by the chairman of the meeting or in the order of business for so delivering such proxies. No proxy shall be voted or acted upon after three (3) years from its date, unless the proxy provides for a longer period. Each proxy shall be revocable unless expressly provided therein to be irrevocable and unless otherwise made irrevocable by law. Unless required by statute or determined by the chairman of the meeting to be advisable, the vote on any question need not be by ballot. On a vote by ballot, each ballot shall be signed by the stockholder voting or by such stockholder's proxy, if there be such proxy.

Section 10. Voting List. The officer or agent having charge of the stock ledger for shares of the corporation shall make, at least ten (10) days before each meeting of the stockholders, a complete list of the stockholders entitled to vote at such meeting or any adjournment thereof, arranged in alphabetical order, with the address of and number of shares of each class or series of the corporation's stock registered in the name of each stockholder, which list, for a period of ten (10) days prior to such meeting, shall be open to the examination of any stockholder, for any purpose germane to the meeting, at any time during the usual business hours, either at a place within the city where the meeting is to be held, which place shall be

specified in the notice of the meeting, or, if not so specified, at the place where the meeting is to be held. Such list shall also be produced and kept open at the time and place of the meeting and shall be subject to the inspection of any stockholder during the whole time of the meeting. The corporation shall be entitled to rely upon the stock ledger as the only evidence as to who are the stockholders entitled to examine the stock ledger, the aforementioned list of stockholders or the books of the corporation, or to vote in person or by proxy at any such meeting of stockholders.

Section 11. Order of Business. Meetings of stockholders shall be presided over by the Chairman of the Board, if any, or in his or her absence, by the Vice Chairman of the Board, if any, or in his or her absence, by the Chief Executive Officer, or in his or her absence, by the President or an Executive Vice President or a Senior Vice President, or in the absence of the foregoing persons, by a chairman designated by the Board of Directors. The Secretary shall act as secretary of the meeting, but in the Secretary's absence the chairman of the meeting may appoint any person to act as secretary of the meeting. The order of business of each meeting of the stockholders of the corporation shall be determined by the chairman of the meeting. The chairman of the meeting shall have the right and authority to prescribe such rules, regulations, and procedures and to do all such acts and things as are necessary or desirable for the conduct of the meeting, including, without limitation, the establishment of procedures for the dismissal of business not properly presented, the maintenance of order and safety, limitations on the time allotted to questions or comments on the affairs of the corporation, restrictions on entry to such meetings after the time prescribed for commencement thereof, opening and closing of the voting polls, and adjournment of such meetings.

Section 12. Notice of Stockholder Business. At an annual meeting of the stockholders or, subject to Article II, Section 5 of these Bylaws, at a special meeting of the stockholders, only such business shall be conducted as shall have been brought before the meeting (a) by or at the direction of the Chief Executive Officer or the Board of Directors or (b) by any stockholder of the corporation entitled to vote at such annual or special meeting who complies with the notice procedures set forth in this Section 12. For business to be properly brought before an annual or special meeting by a stockholder, the stockholder must have given timely notice thereof in writing to the Secretary of the corporation. To be timely, a stockholder's notice must be delivered to or mailed and received at the principal executive offices of the corporation, not less than sixty (60) days nor more than ninety (90) days prior to the first anniversary of the preceding year's annual meeting; provided, however, that in the event that the date of the annual meeting is advanced by more than thirty (30) days or delayed by more than thirty (30) days from such anniversary date, then notice by the stockholder to be timely must be delivered not later than the close of business on the later of the 60th day prior to the annual meeting or the 10th day following the day on which the date of the meeting is publicly announced. Such stockholder's notice to the Secretary shall set forth as to each matter the stockholder proposes to bring before the annual or special meeting (a) a brief description of the business desired to be brought before the annual or special meeting and the reasons for conducting such business at the annual or special meeting; (b) the name and address, as they appear on the corporation's books, of such stockholder; (c) the class, series and number of shares of the corporation which are beneficially owned by such stockholder; and (d) any material interest of such stockholder in such business. Notwithstanding anything in these Bylaws to the contrary, no business shall be conducted at an annual meeting of the stockholders or, subject to Article II, Section 5 of these Bylaws, at a special meeting except in accordance with the procedures set forth in this Section 12. The

chairman of an annual or special meeting shall, if the facts warrant, determine that business was not properly brought before the meeting and in accordance with the provisions of this Section 12, and if he or she should so determine, he or she shall so declare to the meeting and any such business not properly brought before the meeting shall not be transacted. Notwithstanding the foregoing provisions of this Section 12, a stockholder seeking to have a proposal included in the corporation's proxy statement in addition shall comply with the requirements of Regulation 14A under the Securities Exchange Act of 1934, as amended (including, but not limited to, Rule 14a-8 or its successor provision).

Section 13. Notice of Stockholder Nominees. Only persons who are nominated in accordance with the procedures set forth in these Bylaws shall be eligible for election as directors. Nominations of persons for election to the Board of Directors of the corporation may be made at a meeting of stockholders (a) by or at the direction of the Chief Executive Officer or the Board of Directors or (b) by any stockholder of the corporation entitled to vote for the election of directors at the meeting who complies with the notice procedures set forth in this Section 13. Nominations by stockholders shall be made pursuant to timely notice in writing to the Secretary of the corporation. To be timely, a stockholder's notice shall be delivered to or mailed and received at the principal executive offices of the corporation not less than sixty (60) days nor more than ninety (90) days prior to the first anniversary of the preceding year's annual meeting; provided, however, that in the event that the date of the annual meeting is advanced by more than thirty (30) days or delayed by more than thirty (30) days from such anniversary date, then notice by the stockholder to be timely must be delivered not later than the close of business on the later of the 60th day prior to the annual meeting or the 10th day following the day on which the date of the meeting is publicly announced. Such stockholder's notice shall set forth (a) as to each person whom the stockholder proposes to nominate for election or re-election as a director, all information relating to such person that is required to be disclosed in solicitations of proxies for election of directors, or is otherwise required, in each case pursuant to Regulation 14A under the Securities Exchange Act of 1934, as amended (including such person's written consent to being named in a proxy statement as a nominee and to serving as a director if elected); and (b) as to the stockholder giving the notice (i) the name and address, as they appear on the corporation's books, of such stockholder and (ii) the class, series and number of shares of the corporation which are beneficially owned by such stockholder. At the request of the Board of Directors, any person nominated by the Board of Directors for election as a director shall furnish to the Secretary of the corporation that information required to be set forth in a stockholder's notice of nomination which pertains to the nominee. No person shall be eligible for election as a director of the corporation unless nominated in accordance with the procedures set forth in these Bylaws. The chairman of the meeting shall, if the facts warrant, determine that a nomination was not made in accordance with the procedures prescribed by these Bylaws, and if he or she should so determine, he or she shall so declare to the meeting and the defective nomination shall not be admitted.

ARTICLE III BOARD OF DIRECTORS

Section 1. Powers. The business and affairs of the corporation shall be managed by its Board of Directors which may exercise all such powers of the corporation and do all such lawful acts and things as are not by statute, the Certificate of Incorporation or by these Bylaws directed or required to be exercised and done by the stockholders.

Section 2. Number of Directors. The number of directors of the corporation constituting the Board of Directors shall be not less than five (5) nor more than ten (10), determined from time to time in accordance with these Bylaws by resolution of the Board of Directors or of the stockholders.

Section 3. Election and Term. The directors shall be classified with respect to the time for which they shall severally hold office by dividing them into three (3) classes, each consisting of approximately one-third (1/3) of the whole number of the Board of Directors, and each director of the corporation shall hold office until his or her successor is elected and qualified or until his or her death, resignation, or removal. Each class of directors shall be as nearly equal in number of directors as possible and shall be denominated in such manner as the Board of Directors may determine. The term of office of those of the first class will expire at the first annual meeting of stockholders after adoption of this Bylaw provision; of the second class one year thereafter; of the third class two years thereafter; and at each annual election held after such classification and election, the successors to the class of directors whose terms shall expire that year shall be elected to hold office for a term of three (3) years, so that the term of office for one class of directors shall expire in each year. Directors need not be residents of the State of Delaware or stockholders of the corporation.

Notwithstanding the foregoing, no person shall be eligible to stand for election as director if he or she has attained the age of 68 years. Furthermore, the term of each director shall terminate at the first annual meeting of stockholders following the date on which such director attains the age of 68 years. Notwithstanding anything else in these Bylaws, the term of any director elected, reelected or named to the Board of Directors who was an officer or other employee of the corporation (or of a subsidiary of or other entity controlled by the corporation) at the time he or she was last elected, reelected or named to serve as a director, other than any person who at such time was serving as Chief Executive Officer of the corporation, shall automatically terminate at the first annual meeting of stockholders following the date on which such director ceases to serve as an officer or other employee of the corporation (or of a subsidiary of or other entity controlled by the corporation).

Section 4. Vacancies. Any vacancies occurring in the Board of Directors and any newly created directorships resulting from any increase in the authorized number of directors may be filled by the affirmative vote of a majority of the remaining directors although less than a quorum of the Board of Directors. A director elected to fill a vacancy shall be elected for the unexpired term of his or her predecessor in office. Any directorship to be filled by reason of an increase in the number of directors may be filled by the affirmative vote of a majority of the directors, subject to the applicable provisions then in effect of the Delaware General Corporation Law pertaining thereto. A director elected to fill a newly created directorship shall hold office until his or her successor is elected and qualified or until his or her death, resignation, or removal.

Section 5. Resignation and Removal. Any director may resign at any time upon giving written notice to the corporation. At any meeting of stockholders called expressly for the

purpose of removing a director or directors, any director or the entire Board of Directors may be removed, but for cause only (removal of directors without cause being expressly prohibited), by a vote of the holders of a majority of the voting power of all of the shares then entitled to vote at an election of directors.

Section 6. Compensation of Directors. As specifically prescribed from time to time by resolution of the Board of Directors, the directors of the corporation may be paid their expenses of attendance at each meeting of the Board and may be paid reasonable compensation for their services as directors. This provision shall not preclude any director from serving the corporation in any other capacity and receiving compensation therefor. Members of special or standing committees may be allowed like compensation for their services in such capacities.

ARTICLE IV MEETINGS OF THE BOARD

Section 1. Regular Meetings. Regular meetings of the Board of Directors may be held with or without notice at such time and at such place either within or without the State of Delaware as from time to time shall be prescribed by resolution of the Board of Directors.

Section 2. Special Meetings. Special meetings of the Board of Directors may be called by the Chairman of the Board, the Chief Executive Officer or the Secretary on the written request of two directors. Written notice of special meetings of the Board of Directors shall be given to each director at least three (3) days before the date of the meeting.

Section 3. Business at Regular or Special Meeting. Neither the business to be transacted at, nor the purpose of, any regular or special meeting of the Board of Directors need be specified in the notice or waiver of notice of such meeting.

Section 4. Quorum of Directors. A majority of the Board of Directors shall constitute a quorum for the transaction of business, unless a greater number is required by law or the Certificate of Incorporation. If a quorum shall not be present at any meeting of the Board of Directors, the directors present thereat may adjourn the meeting from time to time, without notice other than announcement of the meeting, until a quorum shall be present.

Section 5. Act of Directors' Meeting. The vote of a majority of the directors present at a meeting at which a quorum is present shall be the act of the Board of Directors, unless the vote of a greater number is required by law or the Certificate of Incorporation.

Section 6. Action by Written Consent Without a Meeting. Any action required or permitted to be taken at a meeting of the Board of Directors or of any committee thereof under the applicable provisions of any statute, the Certificate of Incorporation or these Bylaws may be taken without a meeting if a consent in writing setting forth the action so taken is signed by all members of the Board of Directors or of the committee, as the case may be. Such consent shall have the same force and effect as a unanimous vote of the Board of Directors or of the committee, as the case may be.

ARTICLE V
COMMITTEES

The Board of Directors, by resolution adopted by a majority of the full Board of Directors, may designate from among its members an executive committee and one or more other committees, each of which, to the extent provided in such resolution, the Certificate of Incorporation or these Bylaws, shall have and may exercise all the powers and authority of the Board of Directors in the management of the business and affairs of the corporation, and may authorize the seal of the corporation to be affixed to all papers which may require it, except that no such committee shall have the power or authority of the Board of Directors in reference to amending the Certificate of Incorporation (except as permitted by the Delaware General Corporation Law), adopting an agreement of merger or consolidation, recommending to the stockholders the sale, lease, or exchange of all or substantially all of the property and assets of the corporation otherwise than in the usual and regular course of its business, recommending to the stockholders a voluntary dissolution of the corporation or a revocation thereof, amending, altering, or repealing the Bylaws of the corporation or adopting new Bylaws for the corporation, filling vacancies in or removing members of the Board of Directors or any such committee, fixing the compensation of any member of such committee, or altering or repealing any resolution of the Board of Directors which by its terms provides that it shall not be so amendable or repealable. Unless such resolution, the Certificate of Incorporation or these Bylaws so provide, no such committee shall have the power or authority to declare a dividend, to authorize the issuance of shares of the corporation, or to adopt a certificate of ownership and merger pursuant to Section 253 of the Delaware General Corporation Law. Vacancies in the membership of any such committee shall be filled by resolution adopted by the majority of the full Board of Directors at a regular or special meeting of the Board. The designation of any such committee and the delegation thereto of authority shall not operate to relieve the Board of Directors, or any member thereof, of any responsibility imposed upon it or him or her by law.

Any executive committee designated by the Board of Directors shall consist of the Chief Executive Officer and such number (not less than two (2)) of other directors as the Board may from time to time determine by resolution adopted by the majority of the full Board of Directors, one of the members of which committee shall be designated the chairman thereof by the Board of Directors. The executive committee may make rules for the conduct of its business, not inconsistent with this Article V, as it shall from time to time deem necessary and shall keep regular minutes of its proceedings and report the same to the Board when required. A majority of the members of the executive committee shall constitute a quorum for the transaction of business. If a quorum is not present at a meeting, the members present may adjourn the meeting until a quorum is present. The act of a majority of the members present at any meeting at which a quorum is present shall be the act of the executive committee, except as otherwise specifically provided by statute, the Certificate of Incorporation or the Bylaws of the corporation. Any member of the executive committee may be removed by the Board of Directors by the affirmative vote of a majority of the full Board, whenever in its judgment the best interests of the corporation will be served thereby.

ARTICLE VI
NOTICES

Section 1. Methods of Giving Notice. Whenever any notice is required to be given to any stockholder or director under the provisions of any statute, the Certificate of Incorporation or these Bylaws, it shall be given in writing and delivered personally or mailed to such stockholder or director at such address as appears on the books of the corporation, and such notice shall be deemed to be given at the time the same shall be deposited in the United States mail with sufficient postage thereon prepaid. Notice to directors may also be given by telegram, telex, telecopy or similar means of visual data transmission, and notice given by any of such means shall be deemed to be delivered when transmitted for delivery to the recipient.

Section 2. Waiver of Notice. Whenever any notice is required to be given to any stockholder or director under the provisions of any statute, the Certificate of Incorporation or these Bylaws, a waiver thereof in writing signed (either in advance or after the fact) by the person or persons entitled to said notice shall be deemed equivalent to the giving of such notice.

Section 3. Attendance as Waiver. Attendance of a person at a meeting shall constitute a waiver of notice of such meeting, except where a director attends a meeting for the express purpose of objecting, at the beginning of the meeting, to the transaction of any business on the ground that the meeting is not lawfully called or convened.

ARTICLE VII
ACTION WITHOUT A MEETING BY USE OF A
CONFERENCE TELEPHONE OR SIMILAR COMMUNICATIONS EQUIPMENT

Subject to the provisions required or permitted for notice of meetings, unless otherwise restricted by the Certificate of Incorporation or these Bylaws, stockholders, members of the Board of Directors or members of any committee designated by such Board may participate in and hold a meeting of such stockholders, Board or committee by conference telephone or similar communications equipment by means of which all persons participating in the meeting can hear each other, and participation in such a meeting shall constitute presence in person at such meeting, except where a person participates in the meeting for the express purpose of objecting to the transaction of any business on the ground that the meeting is not lawfully called or convened.

ARTICLE VIII
OFFICERS

Section 1. Executive Officers. The officers of the corporation shall consist of a Chairman of the Board, a Chief Executive Officer, a President, one or more Vice Presidents (with such supplemental designation to indicate seniority or scope of duties as the Board of Directors may determine from time to time), a Secretary, and a Treasurer, each of whom shall be elected by the Board of Directors as provided in Section 2 of this Article; provided that any of such offices except President, Secretary and Treasurer may be allowed to become vacant by failure of the Board of Directors to fill the office. Any two or more offices may be held by the same person, except that the Chairman of the Board or the President and the Secretary shall not be the same person.

Section 2. Election and Qualification. The Board of Directors shall annually choose (subject to the provisions of Section 1 of this Article) a Chairman of the Board, a Chief Executive Officer, a President, such Executive Vice Presidents and Senior Vice Presidents as the Board shall deem necessary, a Secretary, and a Treasurer, none of whom, except the Chairman of the Board, the Chief Executive Officer and the President need to be a member of the Board.

Section 3. Division Officers. The Board of Directors may from time to time establish one or more divisions of the corporation and assign to such divisions responsibilities for such of the corporation's business, operations and affairs as the Board may designate. The Board of Directors may appoint or authorize an officer of the corporation to appoint in writing officers of a division. Unless elected or appointed an officer of the corporation by the Board of Directors or pursuant to authority granted by the Board, an officer of a division shall not as such be an officer of the corporation, except that he or she shall be an officer of the corporation for the purposes of executing and delivering documents on behalf of the corporation or for other specific purposes, if and to the extent that he or she may be authorized to do so by the Board of Directors. Unless otherwise provided in the writing appointing an officer of a division, such officer shall hold office until his or her successor is appointed and qualified. Any officer of a division may be removed with or without cause by the Board of Directors or by the officer, if any, of the corporation then authorized by the Board of Directors to appoint such officer of a division. The Board of Directors may prescribe or authorize an officer of the corporation or an officer of a division to prescribe in writing the duties and powers and authority of officers of divisions and may authorize an officer of the corporation or an officer of a division to determine the compensation for officers of divisions.

Section 4. Other Officers and Agents. The Board of Directors may elect or appoint such Vice Presidents, other officers, assistant officers and agents as the Board may deem necessary, who shall hold their offices for such terms and shall exercise such powers and perform such duties as shall be determined from time to time by the Board.

Section 5. Salaries. Subject to the provisions of Section 3 of this Article, the compensation of all officers and agents of the corporation shall be determined by the Board of Directors.

Section 6. Term, Removal and Vacancies. Each officer of the corporation shall hold office until his or her successor is elected and qualified, or until his or her earlier death, resignation or removal. Any officer may resign at any time upon giving written notice to the corporation. Any officer or agent or member of the executive committee elected or appointed by the Board of Directors may be removed by the Board of Directors whenever in its judgment the best interests of the corporation will be served thereby, but such removal shall be without prejudice to the contract rights, if any, of the person so removed. Election or appointment of an officer or agent shall not of itself create contract rights. Any vacancy occurring in any office of the corporation by death, resignation, removal or otherwise shall be filled (subject to the provisions of Sections 1 and 3 of this Article) by the Board of Directors.

Section 7. Chairman of the Board. The Chairman of the Board shall preside at all meetings of the stockholders and of the Board of Directors and shall have such other powers and duties as usually pertain to such office or as may be prescribed by the Board of Directors.

Section 8. Chief Executive Officer. The Board of Directors may designate whether the Chairman of the Board or the President shall be the Chief Executive Officer of the corporation. The officer so designated as the Chief Executive Officer shall have general powers of oversight, supervision and management of the business and affairs of the corporation, and shall see that all orders and resolutions of the Board of Directors are carried into effect. He or she shall execute bonds, mortgages and other contracts requiring a seal under the seal of the corporation, except where required or permitted by law to be otherwise signed and executed, and except where the signing and execution thereof shall be expressly delegated by the Board of Directors to some other officer or agent of the corporation. The Chief Executive Officer shall have such other powers and duties as usually pertain to such office or as may be prescribed by the Board of Directors. If a Chief Executive Officer is not otherwise designated by the Board of Directors, the Chairman of the Board shall be the Chief Executive Officer of the corporation.

Section 9. President. The President, in the absence or disability of the Chairman of the Board, shall perform the duties and exercise the powers of the Chairman of the Board. The President shall perform such other duties and exercise such other powers as usually pertain to such office or as may be delegated from time to time by the Board of Directors.

Section 10. Vice Presidents. Unless otherwise determined by the Board of Directors, the Vice Presidents, in the order of their seniority as such seniority may from time to time be designated by the Board of Directors, shall perform the duties and exercise the powers of the President in the absence or disability of the President. They shall perform such other duties and have such other powers as the Board of Directors may from time to time prescribe.

Section 11. Secretary. The Secretary shall attend all meetings of the Board of Directors and all meetings of the stockholders, and shall record all the proceedings of the meetings of the corporation and of the Board of Directors in a book to be kept for that purpose, and shall perform like duties for the standing committees when required. He or she shall give, or cause to be given, notice of all meetings of the stockholders and special meetings of the Board of Directors, and shall perform such other duties as may be prescribed by the Board of Directors. He or she shall keep in safe custody the seal of the corporation, and, when authorized by the Board of Directors, affix the same to any instrument requiring it. When so affixed, such seal shall be attested by his or her signature or by the signature of the Treasurer or an Assistant Secretary.

Section 12. Assistant Secretaries. Unless otherwise determined by the Board of Directors, the Assistant Secretaries, in the order of their seniority as such seniority may from time to time be designated by the Board of Directors, shall perform the duties and exercise the powers of the Secretary in the absence or disability of the Secretary. They shall perform such other duties and have such other powers as the Board of Directors may from time to time prescribe.

Section 13. Treasurer. The Treasurer shall have the custody of the corporate funds and securities, and shall keep full and accurate accounts of receipts and disbursements in books

belonging to the corporation, and shall deposit all moneys and other valuable effects in the name and to the credit of the corporation in such depositories as may be designated by the Board of Directors. He or she shall disburse the funds of the corporation as may be ordered by the Board of Directors, taking proper vouchers for such disbursements, and shall perform such other duties and have such other powers as the Board of Directors may from time to time prescribe.

Section 14. Assistant Treasurers. Unless otherwise determined by the Board of Directors, the Assistant Treasurers, in the order of their seniority as such seniority may from time to time be designated by the Board of Directors, shall perform the duties and exercise the powers of the Treasurer in the absence or disability of the Treasurer. They shall perform such other duties and have such other powers as the Board of Directors may from time to time prescribe.

Section 15. Officers' Bond. If required by the Board of Directors, any officer so required shall give the corporation a bond (which shall be renewed as the Board may require) in such sum and with such surety or sureties as shall be satisfactory to the Board of Directors for the faithful performance of the duties of his or her office and for the restoration to the corporation, in case of his or her death, resignation, retirement or removal from office, of any and all books, papers, vouchers, money and other property of whatever kind in his or her possession or under his or her control belonging to the corporation.

ARTICLE IX CERTIFICATES FOR SHARES

Section 1. Certificated and Uncertificated Shares. Shares of capital stock of the corporation may, but shall not be required to, be issued in certificated form. If such stock is certificated, such certificates shall be numbered and shall be entered in the books of the corporation as they are issued, and shall be signed by the Chairman of the Board, the President or a Vice President, and the Secretary or an Assistant Secretary of the corporation, and may be sealed with the seal of the corporation or a facsimile thereof. The signatures of the Chairman of the Board, the President or Vice President and Secretary or Assistant Secretary, upon a certificate may be facsimiles, if the certificate is countersigned by a transfer agent or registered by a registrar, either of which is other than the corporation itself or an employee of the corporation. In case any officer who has signed or whose facsimile signature has been placed upon such certificate shall have ceased to be such officer before such certificate is issued, it may be issued by the corporation with the same effect as if he or she were such officer at the date of its issuance. If the corporation is authorized to issue shares of more than one class of stock or more than one series of any class, there shall be set forth upon the face or back of the certificate, or the certificate shall have a statement that the corporation will furnish to any stockholder upon request and without charge, a full statement of all of the powers, designations, preferences, and rights of the shares of each class authorized to be issued and the qualifications, limitations or restrictions thereof, and, if the corporation is authorized to issue any preferred or special class in series, the variations in the relative rights and preferences between the shares of each such series so far as the same have been fixed and determined, and the authority of the Board of Directors to fix and determine the relative rights and preferences of subsequent series. Each certificate representing shares shall state upon the face thereof that the corporation is organized under the laws of the State of Delaware, the name of the person to whom issued, the number and the class and the designation of the series, if any, which such certificate or a statement that the shares are without par value. No shares of capital stock shall be issued until the consideration therefor has been fully paid.

Section 2. Transfer of Shares. Subject to the provisions of Section 2 of Article Four of the Certificate of Incorporation, the capital stock held of record by a shareholder shall be transferable only on the transfer books of the corporation, subject to these Bylaws, by the owner in person, or by attorney or legal representative, written evidence of whose authority shall be filed with the corporation. No transfer of shares of capital stock shall be valid until such transfer has been entered on the books of the corporation by an entry showing from and to whom transferred. If stock is certificated, upon surrender to the corporation or the transfer agent of the corporation of a certificate for shares duly endorsed or accompanied by proper evidence of succession, assignment or authority to transfer, it shall be the duty of the corporation to issue a new certificate to the person entitled thereto, cancel the old certificate, and record the transaction upon its books.

Section 3. Lost, Stolen or Destroyed Certificate. The Board of Directors may direct a new certificate or certificates to be issued in place of any certificate or certificates theretofore issued by the corporation alleged to have been lost, stolen or destroyed upon the making of an affidavit of that fact by the person claiming the certificate to be lost, stolen or destroyed. When authorizing such issue of a new certificate or certificates, the Board of Directors, in its discretion and as a condition precedent to the issuance thereof, may require the owner of such lost, stolen or destroyed certificate or certificates, or his or her legal representative, to advertise the same in such manner as it shall require and/or to give the corporation a bond in such sum as it may direct as indemnity against any claim that may be made against the corporation with respect to the certificate alleged to have been lost, stolen or destroyed.

Section 4. Closing of Stock Ledger and Fixing Record Date. For the purpose of determining stockholders entitled to notice of or to vote at any meeting of stockholders or any adjournment thereof, or entitled to receive payment of any dividend, or in order to make a determination of stockholders for any other proper purpose, the Board of Directors may provide that the stock ledger shall be closed for a stated period but not to exceed, in any case, sixty (60) days. If the stock ledger shall be closed for the purpose of determining stockholders entitled to notice of or to vote at a meeting of stockholders, such ledger shall be closed for at least ten (10) days immediately preceding such meeting. In lieu of closing the stock ledger, the Board of Directors may fix in advance a date as the record date for any such determination of stockholders, such date in any case to be not more than sixty (60) days, and, in case of a meeting of stockholders, not less than ten (10) days, prior to the date on which the particular action requiring such determination of stockholders is to be taken. If the stock ledger is not closed and no record date is fixed for the determination of stockholders entitled to notice of or to vote at a meeting of stockholders, or stockholders entitled to receive payment of a dividend, the date on which notice of the meeting is mailed or the date on which the resolution of the Board of Directors declaring such dividend is adopted, as the case may be, shall be the record date for such determination of stockholders. When a determination of stockholders entitled to vote at any meeting of stockholders has been made as provided in this Section 4, such determination shall apply to any adjournment thereof, except where the determination has been made through the closing of the stock ledger and the stated period of closing has expired.

Section 5. Registered Stockholders. The corporation shall be entitled to recognize the exclusive right of a person registered on its books as the owner of shares to receive dividends, and to vote as such owner, and shall not be bound to recognize any equitable or other claim to or interest in such share or shares on the part of any other person, whether or not it shall have express or other notice thereof, except as otherwise provided by the laws of the State of Delaware.

ARTICLE X
GENERAL PROVISIONS

Section 1. Dividends. The Board of Directors from time to time may declare, and the corporation may pay, dividends on its outstanding shares in cash, property, or its own shares pursuant to law and subject to the provisions of the Certificate of Incorporation and these Bylaws.

Section 2. Reserves. The Board of Directors may by resolution create a reserve or reserves out of earned surplus for any proper purpose or purposes, and may abolish any such reserve in the same manner.

Section 3. Checks. All checks or demands for money and notes of the corporation shall be signed by such officer or officers or such other person or persons as the Board of Directors from time to time may designate.

Section 4. Fiscal Year. The fiscal year of the corporation shall be the calendar year.

Section 5. Seal. The corporate seal shall have inscribed thereon the name of the corporation and may be used by causing it or a facsimile thereof to be impressed or affixed or in any other manner reproduced.

ARTICLE XI
INDEMNIFICATION OF OFFICERS AND DIRECTORS

Section 1. Actions, Suits, or Proceedings Other Than by or in the Right of the Corporation. The corporation shall indemnify any person who was or is a party or is threatened to be made a party to any threatened, pending or completed action, suit or proceeding, whether civil, criminal, administrative or investigative (other than an action by or in the right of the corporation) by reason of the fact that he or she is or was or has agreed to become a director, officer, employee or agent of the corporation, or is or was serving or has agreed to serve at the request of the corporation as a director, officer, employee or agent of another corporation, partnership, joint venture, trust or other enterprise, or by reason of any action alleged to have been taken or omitted in such capacity, against costs, charges, expenses (including attorneys' fees), judgments, fines and amounts paid in settlement actually and reasonably incurred by him or her or on his or her behalf in connection with such action, suit or proceeding and any appeal therefrom, if he or she acted in good faith and in a manner he or she reasonably believed to be in or not opposed to the best interests of the corporation, and, with respect to any criminal action or proceeding, had no reasonable cause to believe his or her conduct was unlawful. The termination of any action, suit or proceeding by judgment, order, settlement, conviction, or upon a plea of nolo contendere or its equivalent, shall not, of itself, create a presumption that the

person did not act in good faith and in a manner which he or she reasonably believed to be in or not opposed to the best interests of the corporation, and, with respect to any criminal action or proceeding, had reasonable cause to believe that his or her conduct was unlawful.

Section 2. Actions or Suits by or in the Right of the Corporation. The corporation shall indemnify any person who was or is a party or is threatened to be made a party to any threatened, pending or completed action or suit by or in the right of the corporation to procure a judgment in its favor by reason of the fact that he or she is or was or has agreed to become a director, officer, employee or agent of the corporation, or is or was serving or has agreed to serve at the request of the corporation as a director, officer, employee or agent of another corporation, partnership, joint venture, trust or other enterprise, or by reason of any action alleged to have been taken or omitted in such capacity, against costs, charges and expenses (including attorneys' fees) actually and reasonably incurred by him or her or on his or her behalf in connection with the defense or settlement of such action or suit and any appeal therefrom, if he or she acted in good faith and in a manner he or she reasonably believed to be in or not opposed to the best interests of the corporation except that no indemnification shall be made in respect of any claim, issue or matter as to which such person shall have been adjudged to be liable to the corporation unless and only to the extent that the Court of Chancery of Delaware or the court in which such action or suit was brought shall determine upon application that, despite the adjudication of such liability but in view of all the circumstances of the case, such person is fairly and reasonably entitled to indemnity for such costs, charges and expenses which the Court of Chancery or such other court shall deem proper.

Section 3. Indemnification for Costs, Charges, and Expenses of Successful Party. Notwithstanding the other provisions of this Article XI, to the extent that a director, officer, employee or agent of the corporation has been successful on the merits or otherwise, including, without limitation, the dismissal of an action without prejudice, in defense of any action, suit or proceeding referred to in Sections 1 and 2 of this Article, or in defense of any claim, issue or matter therein, he or she shall be indemnified against all costs, charges and expenses (including attorneys' fees) actually and reasonably incurred by him or her or on his or her behalf in connection therewith.

Section 4. Determination of Right to Indemnification. Any indemnification under Sections 1 and 2 of this Article XI (unless ordered by a court) shall be paid by the corporation unless a determination is made (a) by the Board of Directors by a majority vote of a quorum consisting of directors who were not parties to such action, suit or proceeding, or (b) if such a quorum is not obtainable, or, even if obtainable a quorum of disinterested directors so directs, by independent legal counsel in a written opinion, or (c) by the vote of the holders of a majority of the voting power of all of the shares entitled to vote thereon, that indemnification of the director, officer, employee or agent is not proper in the circumstances because he or she has not met the applicable standard of conduct set forth in Sections 1 and 2 of this Article.

Section 5. Advance of Costs, Charges and Expenses. Costs, charges and expenses (including attorneys' fees) incurred by a person referred to in Sections 1 and 2 of this Article in defending a civil or criminal action, suit or proceeding shall be paid by the corporation in advance of the final disposition of such action, suit or proceeding, unless such action, suit or proceeding was authorized against an officer or director of the corporation by a majority of the

directors not named as defendants therein, in which case such costs, charges and expenses may be paid by the corporation in advance if authorized by a majority of the directors not named as defendants therein; provided further, however, that the payment of such costs, charges and expenses incurred by a director or officer in his or her capacity as a director or officer (and not in any other capacity in which service was or is rendered by such person while a director or officer) in advance of the final disposition of such action, suit or proceeding shall be made only upon receipt of an undertaking by or on behalf of the director or officer to repay all amounts so advanced in the event that it shall ultimately be determined that such director or officer is not entitled to be indemnified by the corporation as authorized in this Article XI. Such costs, charges and expenses incurred by other employees and agents may be so paid upon such terms and conditions, if any, as the Board of Directors deems appropriate. The Board of Directors may, in the manner set forth above, and upon approval of such director, officer, employee or agent of the corporation, authorize the corporation's counsel to represent such person, in any action, suit or proceeding, whether or not the corporation is a party to such action, suit or proceeding.

Section 6. Procedure for Indemnification. Any indemnification under Sections 1, 2 and 3, or advance of costs, charges and expenses under Section 5 of this Article, shall be made promptly, and in any event within sixty (60) days, upon the written request of the director, officer, employee or agent. The right to indemnification or advances as granted by this Article XI shall be enforceable by the director, officer, employee or agent in any court of competent jurisdiction, if the corporation denies such request, in whole or in part, or if no disposition thereof is made within sixty (60) days. Such person's costs and expenses incurred in connection with successfully establishing his or her right to indemnification, in whole or in part, in any such action shall also be indemnified by the corporation. It shall be a defense to any such action (other than an action brought to enforce a claim for the advance of costs, charges and expenses under Section 5 of this Article XI where the required undertaking, if any, has been received by the corporation) that the claimant has not met the standard of conduct set forth in Sections 1 or 2 of this Article, but the burden of proving such defense shall be on the corporation. Neither the failure of the corporation (including its Board of Directors, its independent legal counsel, and its stockholders) to have made a determination prior to the commencement of such action that indemnification of the claimant is proper in the circumstances because he or she has met the applicable standard of conduct set forth in Sections 1 or 2 of this Article, nor the fact that there has been an actual determination by the corporation (including its Board of Directors, its independent legal counsel, and its stockholders) that the claimant has not met such applicable standard of conduct, shall be a defense to the action or create a presumption that the claimant has not met the applicable standard of conduct.

Section 7. Other Rights; Continuation of Right to Indemnification. The indemnification and advancement of costs, charges and expenses provided by this Article XI shall not be deemed exclusive of any other rights to which a person seeking indemnification or advancement of costs, charges and expenses may be entitled under any law (common or statutory), other Bylaw provision, agreement, vote of stockholders or disinterested directors or otherwise, both as to action in his or her official capacity and as to action in another capacity while holding office or while employed by or acting as agent for the corporation, and shall continue as to a person who has ceased to be a director, officer, employee or agent as to actions taken while he or she was such a director, officer, employee or agent, and shall inure to the benefit of the estate, heirs,

executors and administrators of such person. All rights to indemnification under this Article shall be deemed to be a contract between the corporation and each director, officer, employee or agent of the corporation who serves or served in such capacity at any time while this Article is in effect. Any repeal or modification of this Article or any repeal or modification of relevant provisions of the Delaware General Corporation Law or any other applicable laws shall not in any way diminish any rights to indemnification of such director, officer, employee or agent or the obligations of the corporation arising hereunder.

Section 8. Extent of Indemnification. In addition to the specific indemnification provided for herein, the corporation shall indemnify each person who is or was or has agreed to become a director, officer, employee or agent of the corporation, or is or was serving or has agreed to serve at the request of the corporation as a director, officer, employee or agent of another corporation, partnership, joint venture, trust or other enterprise, to the fullest extent authorized or permitted (a) by the General Corporation Law of Delaware, or any other applicable law, or by any amendment thereof or other statutory provisions in effect on the date hereof, or (b) by the corporation's Certificate of Incorporation as in effect on the date hereof. Subject to the exceptions and conditions set forth in Article XI, Section 2 of these Bylaws, the corporation shall also advance expenses to any of the foregoing individuals to the fullest extent authorized or permitted (i) by the General Corporation Law of Delaware, or any other applicable law, or by any amendment thereof or other statutory provision in effect on the date hereof, or (ii) by the corporation's Certificate of Incorporation as in effect on the date hereof.

Section 9. Insurance. Notwithstanding the foregoing, the corporation shall have the power to purchase and maintain insurance on behalf of any person who is or was or has agreed to become a director, officer, employee or agent of the corporation, or is or was serving at the request of the corporation as a director, officer, employee or agent of another corporation, partnership, joint venture, trust or other enterprise against any liability asserted against him or her and incurred by him or her or on his or her behalf in any such capacity, or arising out of his or her status as such, whether or not the corporation would have the power to indemnify him or her against such liability under the provisions of this Article.

Section 10. Savings Clause. If this Article XI or any portion hereof shall be invalidated on any ground by any court of competent jurisdiction, then the corporation shall nevertheless indemnify each director, officer, employee and agent of the corporation as to costs, charges and expenses (including attorneys' fees), judgments, fines and amounts paid in settlement with respect to any action, suit or proceeding, whether civil, criminal, administrative or investigative, including an action by or in the right of the corporation, to the full extent permitted by any applicable portion of this Article XI that shall not have been invalidated and to the full extent permitted by applicable law.

ARTICLE XII AMENDMENTS

The initial Bylaws of the corporation shall be adopted by the Board of Directors. The power to alter, amend, or repeal the Bylaws or adopt new Bylaws, subject to repeal or change by action of the stockholders, is vested in the Board of Directors. Thus, these Bylaws may be altered, amended, or repealed or new Bylaws may be adopted by the affirmative vote of a majority of the Board of Directors at any regular or special meeting of the Board, subject to repeal or change at any regular or special meeting of stockholders at which a quorum is present or represented by the affirmative vote of not less than two-thirds of the voting power of all of the shares entitled to vote at such meeting, voting together as a single class, and present or represented thereat, provided notice of the proposed repeal or change is contained in the notice of such meeting of stockholders.

[face OF CERTIFICATE]

SA

SERIES A

COMMON

PAR VALUE \$.01 EACH

SERIES A

COMMON

PAR VALUE \$.01 EACH

A. H. BELO CORPORATION

INCORPORATED UNDER THE LAWS OF THE STATE OF DELAWARE

SEE REVERSE SIDE FOR RIGHTS PLAN CERTIFICATION

SEE REVERSE FOR CERTAIN DEFINITIONS AND RESTRICTIONS

CUSIP 001282 10 2

This Certifies that

is the owner of

FULLY PAID AND NONASSESSABLE SHARES OF SERIES A COMMON STOCK OF

A. H. Belo Corporation transferable on the books of the Corporation by the holder hereof in person or by duly authorized attorney upon surrender of this certificate properly endorsed. This certificate and the shares represented hereby are issued under and shall be subject to all of the provisions of the Certificate of Incorporation and Bylaws of the Corporation and any amendments thereto, copies of which are on file with the Corporation and the Transfer Agent, to all of which the holder by acceptance hereof, assents. This certificate is not valid unless countersigned and registered by the Transfer Agent and Registrar.

Witness the facsimile seal of the Corporation and the facsimile signatures of its duly authorized officers.

Dated:

[SIGNATURE]
SECRETARY

[SEAL]

[SIGNATURE]
CHAIRMAN OF THE BOARD

COUNTERSIGNED AND REGISTERED:
MELLON INVESTOR SERVICES LLC
TRANSFER AGENT AND REGISTRAR
BY [FAC SIG]
AUTHORIZED SIGNATURE

[REVERSE OF CERTIFICATE]
A. H. BELO CORPORATION

The Corporation is authorized to issue three series of Common Stock (Series A, Series B, and Series C) and more than one series of preferred stock. Upon written request of the recordholder of this certificate to the Corporation at its principal place of business or registered office, a full statement of the powers, designations, preferences, and relative, participating, optional, or other special rights of each class of stock or series thereof and the qualifications, limitations, or restrictions of such preferences and/or rights will be furnished without charge.

Abbreviations

The following abbreviations, when used in the inscription on the face of this certificate, shall be construed as though they were written out in full according to applicable laws or regulations:

TEN COM -as tenants in common
TEN ENT -as tenants by the entireties
JT TEN -as joint tenants with right of survivorship and not as tenants in common

UNIF GIFT MIN ACT- _____ Custodian _____
(Cust) (Minor)
under Uniform Gifts to Minors Act

(State)

Additional abbreviations may also be used though not in the above list.

For Value received, _____ hereby sell, assign, and transfer unto

PLEASE INSERT SOCIAL SECURITY OR OTHER IDENTIFYING NUMBER OF ASSIGNEE

PLEASE PRINT OR TYPE NAME AND ADDRESS OF ASSIGNEE, INCLUDING ZIP CODE

Shares of the Common Stock represented by the within certificate, and do hereby irrevocably constitute and appoint

Attorney to transfer such stock on the books of the within-named Corporation with full power of substitution in the premises.

Dated

Signature(s) Guaranteed:

The Signature(s) must be guaranteed by an eligible guarantor institution (banks, stockbrokers, savings and loan associations and credit unions with membership in an approved signature guarantee medallion program), pursuant to S.E.C. Rule 17Ad-15.

Signature(s)

Notice: the signature(s) to this assignment must correspond with the name(s) as written upon the face of the Certificate in every particular, without alteration or enlargement or any change whatever.

This certificate also evidences and entitles the holder hereof to certain Rights as set forth in a Rights Agreement between the Corporation and the Rights Agent, dated as of January 11, 2008, as amended or supplemented from time to time (the "Rights Agreement"), the terms of which are hereby incorporated herein by reference and a copy of which is on file at the principal executive offices of the Corporation. Under certain circumstances, as set forth in the Rights Agreement, such Rights will be evidenced by separate certificates and will no longer be evidenced by this certificate. The Corporation will mail to the holder of this certificate a copy of the Rights Agreement without charge after receipt of a written request therefor. Under certain circumstances, Rights beneficially owned by Acquiring Persons (as defined in the Rights Agreement) may become null and void.

[face OF CERTIFICATE]

SB

SERIES B COMMON
PAR VALUE \$.01 EACH

THE SHARES REPRESENTED HEREBY ARE SUBJECT TO (i) RESTRICTIONS ON TRANSFER AND THE REGISTRATION OF TRANSFER, AND (ii) MANDATORY CONVERSION UPON THE OCCURRENCE OF CERTAIN EVENTS—SEE REVERSE SIDE.

SERIES B COMMON
PAR VALUE \$.01 EACH

A. H. BELO CORPORATION

INCORPORATED UNDER THE LAWS OF THE STATE OF DELAWARE

SEE REVERSE SIDE FOR RIGHTS PLAN CERTIFICATION

SEE REVERSE FOR CERTAIN DEFINITIONS AND RESTRICTIONS

CUSIP 001282 20 1

This Certifies that

is the owner of

FULLY PAID AND NONASSESSABLE SHARES OF SERIES B COMMON STOCK OF

transferable on the books of the Corporation by the holder hereof in person or by duly authorized attorney upon surrender of this certificate properly endorsed. This certificate and the shares represented hereby are issued under and shall be subject to all of the provisions of the Certificate of Incorporation and Bylaws of the Corporation and any amendments thereto, copies of which are on file with the Corporation and the Transfer Agent, to all of which the holder, by acceptance hereof, assents.

This certificate is not valid unless countersigned and registered by the Transfer Agent and Registrar.

WITNESS the facsimile seal of the Corporation and the facsimile signatures of its duly authorized officers.

Dated:

[SIGNATURE]
SECRETARY

[SEAL]

[SIGNATURE]
CHAIRMAN OF THE BOARD

SEE REVERSE SIDE FOR RESTRICTIONS ON THE RIGHTS, PRIVILEGES, AND PREFERENCES OF THESE SHARES AND HOLDERS THEREOF.

COUNTERSIGNED AND REGISTERED:
MELLON INVESTOR SERVICES LLC
TRANSFER AGENT AND REGISTRAR
BY
AUTHORIZED SIGNATURE

[REVERSE OF CERTIFICATE]

A. H. BELO CORPORATION

The Corporation is authorized to issue three series of Common Stock (Series A, Series B, and Series C) and more than one series of preferred stock. Upon written request of the recordholder of this certificate to the Corporation at its principal place of business or registered office, a full statement of the powers, designations, preferences, and relative, participating, optional or other special rights of each class of stock or series thereof and the qualifications, limitations, or restrictions of such preferences and/or rights will be furnished without charge.

The holders of Series B Stock are entitled to ten (10) votes per share, voting as a single class with the holders of all outstanding shares of Series A Stock and outstanding shares, if any, of Series C Stock. Shares of Series B Stock are subject to significant restrictions on transfer and registration of transfer and to mandatory conversion upon the occurrence of certain events. In general, Series B Stock can be transferred only to "Permitted Transferees" (as defined in Article Four of the Corporation's Certificate of Incorporation).

As a condition to transfer of Series B Stock, the Corporation requires affidavits or other proof acceptable to the Corporation at its Transfer Agent that the transferee is a Permitted Transferee. Series B Stock presented for transfer shall be presumed to be presented for conversion and delivery of Series A Stock to a person who is not a Permitted Transferee unless accompanied by such evidence to the contrary when delivered to the Corporation or its Transfer Agent.

Shares of Series B Stock are freely convertible into shares of Series A Stock. The holder of such shares may exercise the conversion privilege at any time by surrendering the certificate(s) representing Series B Stock to the Corporation or its Transfer Agent and

completing and signing the written notice of election to convert such shares into Series A Stock set forth at the bottom of this certificate.
All statements herein are qualified in their entirety by reference to the provisions of Article Four of the Corporation's Certificate of Incorporation, which is incorporated herein by this reference.

Abbreviations

The following abbreviations, when used in the inscription on the face of this certificate, shall be construed as though they were written out in full according to applicable laws or regulations:

TEN COM -as tenants in common
TEN ENT -as tenants by the entireties
JT TEN -as joint tenants with right of survivorship and not as tenants in common

UNIF GIFT MIN ACT-_____Custodian_____
(Cust) (Minor)

under Uniform Gifts to Minors Act

(State)

Additional abbreviations may also be used though not in the above list.

For Value received,_____hereby sell, assign, and transfer unto

PLEASE INSERT SOCIAL SECURITY OR OTHER IDENTIFYING NUMBER OF ASSIGNEE

PLEASE PRINT OR TYPE NAME AND ADDRESS OF ASSIGNEE, INCLUDING ZIP CODE

Shares of the Common Stock represented by the within certificate, and do hereby irrevocably constitute and appoint

Attorney to transfer such stock on the books of the within-named Corporation with full power of substitution in the premises.

Dated

Signature(s) Guaranteed:

The Signature(s) must be guaranteed by an eligible guarantor institution (banks, stockbrokers, savings and loan associations and credit unions with membership in an approved signature guarantee medallion program), pursuant to S.E.C. Rule 17Ad-15.

Signature(s)

Notice: the signature(s) to this assignment must correspond with the name(s) as written upon the face of the Certificate in every particular, without alteration or enlargement or any change whatever.

UNLESS THE FOLLOWING CERTIFICATE OF PERMITTED TRANSFEREE IS COMPLETED AT TIME OF REQUEST FOR TRANSFER, SHARES OF SERIES A STOCK (RATHER THAN SERIES B STOCK) WILL BE ISSUED AUTOMATICALLY ON A SHARE-FOR-SHARE BASIS UPON TRANSFER PURSUANT TO THE FOREGOING ASSIGNMENT CERTIFICATE OF PERMITTED TRANSFEREE

The undersigned hereby certifies that the undersigned, the assignee of _____ shares of Series B Stock represented by the within certificate, is

(State relationship to assignor)

of the assignor and as such is a Permitted Transferee (as defined in Article Four of the Corporation's Certificate of Incorporation). The undersigned hereby requests that such shares of Series B Stock be transferred to and registered in the name of the undersigned. The undersigned hereby acknowledges that such shares of Series B Stock may not be transferred into "street" or nominee name or to any person who is not a Permitted Transferee and that any such shares subsequently transferred to "street" or nominee name or to a person who is not such a Permitted Transferee will be deemed to have been converted automatically into shares of Series A Stock in accordance with Article Four of the Corporation's Certificate of Incorporation.

Address

Print Name

City, State, Zip Code

Signature

Dated:

NOTICE OF ELECTION TO CONVERT SHARES OF SERIES B STOCK INTO SHARES OF SERIES A STOCK

The undersigned hereby converts _____ shares of Series B Stock represented by this certificate into a like number of shares of Series A Stock to be registered in the name of the undersigned (any balance of shares not converted hereby will be returned to the undersigned as shares of Series B Stock).

Dated

Signature

This certificate also evidences and entitles the holder hereof to certain Rights as set forth in a Rights Agreement between the Corporation and the Rights Agent, dated as of January 11, 2008, as amended or supplemented from time to time (the "Rights Agreement"), the terms of which are hereby incorporated herein by reference and a copy of which is on file at the principal executive offices of the Corporation. Under certain circumstances, as set forth in the Rights Agreement, such Rights will be evidenced by separate certificates and will no longer be evidenced by this certificate. The Corporation will mail to the holder of this certificate a copy of the Rights Agreement without charge after receipt of a written request therefor. Under certain circumstances, Rights beneficially owned by Acquiring Persons (as defined in the Rights Agreement) may become null and void.

A. H. BELO

CORPORATION

and

MELLON INVESTOR SERVICES LLC

RIGHTS AGREEMENT

Dated as of January 11, 2008

TABLE OF CONTENTS

	<u>Page Number</u>
Section 1. Certain Definitions	1
Section 2. Appointment of Rights Agent	3
Section 3. Issue of Right Certificates	4
Section 4. Form of Right Certificates	5
Section 5. Countersignature and Registration	5
Section 6. Transfer, Split Up, Combination and Exchange of Right Certificates; Mutilated, Destroyed, Lost or Stolen Right Certificates	6
Section 7. Exercise of Rights; Purchase Price; Expiration Date of Rights	7
Section 8. Cancellation and Destruction of Right Certificates	8
Section 9. Reservation and Availability of Preferred Shares	8
Section 10. Preferred Shares Record Date	8
Section 11. Adjustment of Purchase Price, Number of Shares or Number of Rights	9
Section 12. Certificate of Adjusted Purchase Price or Number of Shares	14
Section 13. Consolidation, Merger or Sale or Transfer of Assets or Earning Power	15
Section 14. Fractional Rights and Fractional Shares	16
Section 15. Rights of Action	17
Section 16. Agreement of Right Holders	18
Section 17. Right Certificate Holder Not Deemed a Shareholder	18
Section 18. Concerning the Rights Agent	18

	<u>Page Number</u>
Section 19. Merger or Consolidation or Change of Name of Rights Agent	19
Section 20. Duties of Rights Agent	19
Section 21. Change of Rights Agent	22
Section 22. Issuance of New Right Certificates	23
Section 23. Redemption	23
Section 24. Exchange	23
Section 25. Notice of Certain Events	24
Section 26. Notices	25
Section 27. Supplements and Amendments	26
Section 28. Successors	26
Section 29. Benefits of this Agreement	26
Section 30. Severability	26
Section 31. Governing Law	27
Section 32. Counterparts	27
Section 33. Descriptive Headings	27
Signatures	28
Exhibit A - Form of Certificate of Designations	
Exhibit B - Form of Right Certificate	
Exhibit C - Summary of Rights to Purchase Preferred Shares	

Agreement, dated as of January 11, 2008, between A. H. Belo Corporation, a Delaware corporation (the “Company”), and Mellon Investor Services LLC, a New Jersey limited liability company, as rights agent (the “Rights Agent”).

The Board of Directors of the Company has authorized and declared a dividend of one preferred share purchase right (a “Right”) for each Common Share (as hereinafter defined) of the Company to be issued in the distribution of Common Shares (the “Spin-Off”) by Belo Corp., a Delaware corporation, to its shareholders, each Right representing the right to purchase one two-hundredth of a share of Series A Junior Participating Preferred Stock of the Company having the rights and preferences set forth in the form of Certificate of Designations attached hereto as Exhibit A, upon the terms and subject to the conditions herein set forth, and has further authorized the issuance of one Right with respect to each Common Share that shall become outstanding between the effective date of the Spin-Off (the “Record Date”) and the earlier of the Distribution Date, the Redemption Date and the Final Expiration Date (as such terms are defined in Sections 3 and 7 hereof).

Accordingly, in consideration of the premises and the mutual agreements herein set forth, the parties hereby agree as follows:

Section 1. Certain Definitions. For purposes of this Agreement, the following terms have the meanings indicated:

(a) “Acquiring Person” shall mean any Person (as such term is hereinafter defined) who or which, together with all Affiliates and Associates (as such terms are hereinafter defined) of such Person, shall, after the Spin-Off, be the Beneficial Owner (as such term is hereinafter defined) of 15% or more of the total number of Common Shares then outstanding, but shall not include (i) the Company; (ii) any wholly owned Subsidiary (as such term is hereinafter defined) of the Company; or (iii) any employee benefit plan of the Company or any Subsidiary of the Company or any entity holding Common Shares for or pursuant to the terms of such plan. Notwithstanding the foregoing, no Person shall become an “Acquiring Person” as the result of an acquisition of Common Shares by the Company which, by reducing the number of shares outstanding, increases the proportionate number of shares beneficially owned by such Person to 15% or more of the Common Shares of the Company then outstanding; provided, however, that if a Person shall become the Beneficial Owner of 15% or more of the Common Shares of the Company then outstanding by reason of share purchases by the Company and shall, after such share purchases by the Company, become the Beneficial Owner of any additional Common Shares of the Company, then such Person shall be deemed to be an “Acquiring Person.” Notwithstanding the foregoing, if the Board of Directors of the Company determines in good faith that a Person who would otherwise be an “Acquiring Person,” as defined pursuant to the foregoing provisions of this paragraph (a), has become such inadvertently, and such Person divests as promptly as practicable a sufficient number of Common Shares so that such Person would no longer be an “Acquiring Person,” as defined pursuant to the foregoing provisions of this paragraph (a), then such Person shall not be deemed to be an “Acquiring Person” for any purposes of this Agreement.

(b) “Affiliate” shall have the meaning ascribed to such term in Rule 12b-2 of the General Rules and Regulations under the Securities Exchange Act of 1934, as amended (the “Exchange Act”), as in effect on January 11, 2008.

(c) “Announcement Date” shall mean the date on which the adoption of this Rights Agreement is publicly announced by the Company.

(d) “Associate,” used to indicate a relationship with any Person, shall mean (i) any corporation or organization (other than the Company or a direct or indirect subsidiary of the Company) of which such Person is an officer or partner or is, directly or indirectly, the beneficial owner of 10 percent or more of any class of equity securities, (ii) any trust or other estate in which such Person has a substantial beneficial interest or as to which such Person serves as a trustee or in a similar fiduciary capacity, and (iii) any relative or spouse of such Person, or any relative of such spouse, who has the same principal residence as such Person.

(e) A Person shall be deemed the “Beneficial Owner” of and shall be deemed to “beneficially own” any securities:

(i) which such Person or any of such Person’s Affiliates or Associates beneficially owns, directly or indirectly;

(ii) which such Person or any of such Person’s Affiliates or Associates has (A) the right to acquire (whether such right is exercisable immediately or only after the passage of time) pursuant to any agreement, arrangement or understanding (other than customary agreements with and between underwriters and selling group members with respect to a bona fide public offering of securities), or upon the exercise of conversion rights, exchange rights, rights (other than these Rights), warrants or options, or otherwise; provided, however, that a Person shall not be deemed the Beneficial Owner of, or to beneficially own, securities tendered pursuant to a tender or exchange offer made by or on behalf of such Person or any of such Person’s Affiliates or Associates until such tendered securities are accepted for purchase or exchange; or (B) the right to vote pursuant to any agreement, arrangement or understanding; provided, however, that a Person shall not be deemed the Beneficial Owner of, or to beneficially own, any security if the agreement, arrangement or understanding to vote such security (1) arises solely from a revocable proxy or consent given to such Person in response to a public proxy or consent solicitation made pursuant to, and in accordance with, the applicable rules and regulations promulgated under the Exchange Act and (2) is not also then reportable on Schedule 13D under the Exchange Act (or any comparable or successor report); or

(iii) which are beneficially owned, directly or indirectly, by any other Person with which such Person or any of such Person’s Affiliates or Associates has any agreement, arrangement or understanding (other than customary agreements with and between underwriters and selling group members with respect to a bona fide public offering of securities) for the purpose of acquiring, holding, voting (except to the extent contemplated by the proviso to Section 1(d)(ii)(B) hereof) or disposing of any securities of the Company.

Notwithstanding anything in this definition of Beneficial Ownership to the contrary, the phrase “then outstanding,” when used with reference to a Person’s Beneficial Ownership of securities of the Company, shall mean the number of such securities then issued and outstanding together with the number of such securities not then actually issued and outstanding which such Person would be deemed to own beneficially hereunder.

(f) “Business Day” shall mean any day other than a Saturday, Sunday, or a day on which banking institutions in the State of Texas or the State of New Jersey are authorized or obligated by law or executive order to close.

(g) “Close of Business” on any given date shall mean 5:00 P.M., Dallas, Texas time, on such date; provided, however, that if such date is not a Business Day it shall mean 5:00 P.M., Dallas, Texas time, on the next succeeding Business Day.

(h) “Common Shares” when used with reference to the Company shall mean shares of Series A Common Stock, par value \$0.01 per share, and/or Series B Common Stock, par value \$0.01 per share, of the Company. “Common Shares” when used with reference to any Person other than the Company shall mean the capital stock (or equity interest) with the greatest voting power of such other Person or, if such other Person is a Subsidiary of another Person, the Person or Persons which ultimately controls such first-mentioned Person.

(i) “Person” shall mean any individual, firm, corporation or other entity, and shall include any successor (by merger or otherwise) of such entity.

(j) “Preferred Shares” shall mean shares of Series A Junior Participating Preferred Stock of the Company having the rights and preferences set forth in the Form of Certificate of Designations attached to this Agreement as Exhibit A.

(k) “Shares Acquisition Date” shall mean the first date of public announcement by the Company or an Acquiring Person that an Acquiring Person has become such.

(l) “Series A Common Shares” shall mean shares of Series A Common Stock, par value \$0.01 per share, of the Company.

(m) “Subsidiary” of any Person shall mean any corporation or other entity of which a majority of the voting power of the voting equity securities or equity interest is owned, directly or indirectly, by such Person.

Section 2. Appointment of Rights Agent. The Company hereby appoints the Rights Agent to act as agent for the Company in accordance with the terms and conditions hereof, and the Rights Agent hereby accepts such appointment. The Company may from time to time appoint such co-Rights Agents as it may deem necessary or desirable.

Section 3. Issue of Right Certificates. (a) Until the earlier of (i) the tenth day after the Shares Acquisition Date or (ii) the tenth Business Day (or such later date as may be determined by action of the Board of Directors of the Company prior to such time as any Person becomes an Acquiring Person) after the date of commencement of, or first public announcement of the intent of any Person (other than the Company, any wholly owned Subsidiary of the Company, any employee benefit plan of the Company or of any Subsidiary of the Company or any entity holding Common Shares for or pursuant to the terms of any such Plan) to commence, a tender or exchange offer, the consummation of which would result in beneficial ownership by a Person of 15% or more of the total number of the outstanding Common Shares (including any such date which is after the date of this Agreement and prior to the issuance of the Rights; the earlier of such dates being herein referred to as the “Distribution Date”), (x) the Rights will be evidenced (subject to the provisions of paragraph (b) of this Section 3) by the certificates for Common Shares registered in the names of the holders thereof (which certificates shall also be deemed to be Right Certificates) and not by separate Right Certificates, and (y) the right to receive Right Certificates will be transferable only in connection with the transfer of Common Shares. As soon as practicable after the Distribution Date, the Company will prepare and execute and Rights Agent will countersign, and the Rights Agent will (if provided with all necessary information) send, by first-class, insured, postage-prepaid mail, to each record holder of Common Shares as of the Close of Business on the Distribution Date, at the address of such holder shown on the records of the Company, a Right Certificate, in substantially the form of Exhibit B hereto (a “Right Certificate”), evidencing one Right for each Common Share so held. As of the Distribution Date, the Rights will be evidenced solely by such Right Certificates. The Company shall promptly notify the Rights Agent in writing upon the occurrence of the Distribution Date and, if such notification is given orally, the Company shall confirm the same in writing on or prior to the Business Day next following. Until such notice is received by the Rights Agent, the Rights Agent may presume conclusively for all purposes that the Distribution Date has not occurred.

(b) On the Record Date or as soon as practicable thereafter, the Company will send a copy of a Summary of Rights to Purchase Preferred Shares, in substantially the form attached hereto as Exhibit C (the “Summary of Rights”), by first-class, postage-prepaid mail, to each record holder of Common Shares as of the Close of Business on the Record Date, at the address of such holder shown on the records of the Company. With respect to certificates for Common Shares outstanding as of the Record Date, until the Distribution Date, the Rights will be evidenced by such certificates registered in the names of the holders thereof together with a copy of the Summary of Rights. Until the Distribution Date (or the earlier of the Redemption Date or Final Expiration Date (as such terms are defined in Section 7 hereof)), the surrender for transfer of any certificate for Common Shares outstanding on the Record Date, with or without a copy of the Summary of Rights attached thereto, shall also constitute the transfer of the Rights associated with the Common Shares represented thereby.

(c) Certificates for Common Shares issued after the Record Date but prior to the earlier of the Distribution Date or the Redemption Date or the Final Expiration Date (as such terms are defined in Section 7) shall have impressed on, printed on, written on or otherwise affixed to them a legend in substantially the following form:

This certificate also evidences and entitles the holder hereof to certain Rights as set forth in a Rights Agreement between A. H. Belo Corporation and Mellon Investor Services LLC, dated as of January 11, 2008 (the "Rights Agreement"), the terms of which are hereby incorporated herein by reference and a copy of which is on file at the principal executive offices of A. H. Belo Corporation. Under certain circumstances, as set forth in the Rights Agreement, such Rights will be evidenced by separate certificates and will no longer be evidenced by this certificate. A. H. Belo Corporation will mail to the holder of this certificate a copy of the Rights Agreement without charge after receipt of a written request therefor. Under certain circumstances, Rights beneficially owned by Acquiring Persons (as defined in the Rights Agreement) may become null and void.

With respect to such certificates containing a legend in substantially the foregoing form, until the Distribution Date, the Rights associated with the Common Shares represented by such certificates shall be evidenced by such certificates alone, and the surrender for transfer of any such certificate shall also constitute the transfer of the Rights associated with the Common Shares represented thereby. In the event that the Company purchases or acquires any Common Shares of the Company after the Record Date but prior to the Distribution Date, any Rights associated with such Common Shares of the Company shall be deemed cancelled and retired so that the Company shall not be entitled to exercise any Rights associated with the Common Shares of the Company which are no longer outstanding.

Section 4. Form of Right Certificates. The Right Certificates (and the forms of election to purchase Preferred Shares and of assignment to be printed on the reverse thereof) shall be substantially the same as Exhibit B hereto and may have such marks of identification or designation and such legends, summaries or endorsements printed thereon as the Company may deem appropriate (but which do not affect the rights, duties or responsibilities of the Rights Agent) and as are not inconsistent with the provisions of this Agreement, or as may be required to comply with any applicable law or with any rule or regulation made pursuant thereto or with any rule or regulation of any stock exchange on which the Rights may from time to time be listed, or to conform to usage. Subject to the provisions of Section 22 hereof, the Right Certificates, in each such case, on their face shall entitle the holders thereof to purchase such number of Preferred Shares as shall be set forth therein at the price per one two-hundredth of a Preferred Share set forth therein (the "Purchase Price"), but the number of such Preferred Shares and the Purchase Price shall be subject to adjustment as provided herein.

Section 5. Countersignature and Registration. The Right Certificates shall be executed on behalf of the Company by its Chairman of the Board, its Chief Executive Officer, its President or any Executive Vice President, Senior vice President or Vice President, and by the Secretary, an Assistant Secretary, Treasurer or an Assistant Treasurer of the Company, either manually or by facsimile signature, and have affixed thereto the Company's seal or a facsimile thereof. The Right Certificates shall not be valid for any purpose unless countersigned. In case any officer of the Company who shall have signed any of the Right Certificates shall cease to be such officer of the Company before counter-signature by the Rights Agent and issuance and

delivery by the Company, such Right Certificates, nevertheless, may be countersigned by the Rights Agent, and issued and delivered by the Company with the same force and effect as though the individual who signed such Right Certificates had not ceased to be such officer of the Company; and any Right Certificate may be signed on behalf of the Company by any individual who, at the actual date of the execution of such Right Certificate, shall be a proper officer of the Company to sign such Right Certificate, although at the date of the execution of this Agreement any such individual was not such an officer.

Following the Distribution Date and receipt by the Rights Agent of notice to that effect, the Rights Agent will keep or cause to be kept, at its office designated as the appropriate place for surrender of Right Certificates upon exercise or transfer, books for registration and transfer of the Right Certificates issued hereunder. Such books shall show the names and addresses of the respective holders of the Right Certificates, the number of Rights evidenced on its face by each of the Right Certificates and the date of each of the Right Certificates.

Section 6. Transfer, Split Up, Combination and Exchange of Right Certificates; Mutilated, Destroyed, Lost or Stolen Right Certificates . Subject to the provisions of Section 14 hereof, at any time after the Close of Business on the Distribution Date, and at or prior to the Close of Business on the earlier of the Redemption Date or the Final Expiration Date (as such terms are defined in Section 7 hereof), any Right Certificate or Right Certificates (other than Right Certificates representing Rights that have become void pursuant to Section 11(a)(ii) hereof or that have been exchanged pursuant to Section 24 hereof) may be transferred, split up, combined or exchanged for another Right Certificate or Right Certificates, entitling the registered holder to purchase a like number of Preferred Shares as the Right Certificate or Right Certificates surrendered then entitled such holder to purchase. Any registered holder desiring to transfer, split up, combine or exchange any Right Certificate or Right Certificates shall make such request in writing delivered to the Rights Agent, and shall surrender the Right Certificate or Right Certificates to be transferred, split up, combined or exchanged at the office of the Rights Agent designated for such purpose. Thereupon the Rights Agent shall countersign and deliver to the Person entitled thereto a Right Certificate or Right Certificates, as the case may be, as so requested. The Company or the Rights Agent may require payment of a sum sufficient to cover any tax or governmental charge that may be imposed in connection with any transfer, split up, combination or exchange of Right Certificates. The Rights Agent shall have no duty or obligation under this Section unless and until it is reasonably satisfied that all such taxes and/or governmental charges have been paid. The Right Certificates are transferable only on the registry books of the Rights Agent. Neither the Rights Agent nor the Company shall be obligated to take any action whatsoever with respect to the transfer of any such surrendered Right Certificate until the registered holder shall have completed and signed the certificate contained in the form of assignment on the reverse side of such Right Certificate and shall have provided such additional evidence of the identity of the Beneficial Owner (or former Beneficial Owner) or Affiliates or Associates thereof as the Company or the Rights Agent shall reasonably request.

Upon receipt by the Company and the Rights Agent of evidence reasonably satisfactory to them of the loss, theft, destruction or mutilation of a Right Certificate, and, in case of loss, theft or destruction, of indemnity or security satisfactory to them, and, at the Company's request, reimbursement to the Company and the Rights Agent of all reasonable expenses incidental thereto, and upon surrender to the Rights Agent and cancellation of the Right Certificate

if mutilated, the Company will make and deliver a new Right Certificate of like tenor to the Rights Agent for delivery to the registered owner in lieu of the Right Certificate so lost, stolen, destroyed or mutilated.

Section 7. Exercise of Rights; Purchase Price; Expiration Date of Rights.

(a) The registered holder of any Right Certificate may exercise the Rights evidenced thereby (except as otherwise provided herein) in whole or in part at any time after the Distribution Date upon surrender of the Right Certificate, with the form of election to purchase on the reverse side thereof duly executed, to the Rights Agent at the office of the Rights Agent designated for such purpose, together with payment of the Purchase Price for each one two-hundredth of a Preferred Share as to which the Rights are exercised, at or prior to the Close of Business on the earlier of (i) the Close of Business on January 11, 2018 (the "Final Expiration Date"), or (ii) the date on which the Rights are redeemed as provided in Section 23 hereof (the "Redemption Date"), or (iii) the time at which such Rights are exchanged as provided for in Section 24 hereof.

(b) The Purchase Price for each one two-hundredth of a Preferred Share purchasable pursuant to the exercise of a Right shall initially be \$80, and shall be subject to adjustment from time to time as provided in Section 11 or 13 hereof and shall be payable in lawful money of the United States of America in accordance with paragraph (c) below.

(c) Upon receipt of a Right Certificate representing exercisable Rights, with the form of election to purchase duly executed, accompanied by payment of the Purchase Price for the shares to be purchased and an amount equal to any applicable tax or charge required to be paid by the holder of such Right Certificate in accordance with Section 9 in cash, or by certified check or cashier's check payable to the order of the Company, the Rights Agent shall thereupon promptly (i) (A) requisition from any transfer agent of the Preferred Shares certificates for the number of Preferred Shares to be purchased and the Company hereby irrevocably authorizes its transfer agent to comply with all such requests, or (B) requisition from the depository agent depository receipts representing such number of one two-hundredths of a Preferred Share as are to be purchased (in which case certificates for the Preferred Shares represented by such receipts shall be deposited by the transfer agent with the depository agent) and the Company hereby directs the depository agent to comply with such request, (ii) when appropriate, requisition from the Company the amount of cash to be paid in lieu of issuance of fractional shares in accordance with Section 14, (iii) promptly after receipt of such certificates or depository receipts, cause the same to be delivered to or upon the order of the registered holder of such Right Certificate, registered in such name or names as may be designated by such holder and (iv) when appropriate, after receipt, promptly deliver such cash to or upon the order of the registered holder of such Right Certificate.

(d) In case the registered holder of any Right Certificate shall exercise less than all the Rights evidenced thereby, a new Right Certificate evidencing Rights equivalent to the Rights remaining unexercised shall be issued by the Rights Agent to the registered holder of such Right Certificate or to such holder's duly authorized assignee, subject to the provisions of Section 14 hereof.

Section 8. Cancellation and Destruction of Right Certificates. All Right Certificates surrendered for the purpose of exercise, transfer, split up, combination or exchange shall, if surrendered to the Company or to any of its agents, be delivered to the Rights Agent for cancellation or in cancelled form, or, if surrendered to the Rights Agent, shall be cancelled by it, and no Right Certificates shall be issued in lieu thereof except as expressly permitted by any of the provisions of this Agreement. The Company shall deliver to the Rights Agent for cancellation and retirement, and the Rights Agent shall so cancel and retire, any other Right Certificate purchased or acquired by the Company otherwise than upon the exercise thereof. The Rights Agent shall deliver all cancelled Right Certificates to the Company, or shall, at the written request of the Company, destroy such cancelled Right Certificates, and in such case shall deliver a certificate of destruction thereof to the Company.

Section 9. Reservation and Availability of Preferred Shares. The Company covenants and agrees that it will cause to be reserved and kept available out of its authorized and unissued Preferred Shares or any Preferred Shares held in its treasury, the number of Preferred Shares that will be sufficient to permit the exercise in full of all outstanding Rights.

So long as the Preferred Shares issuable upon the exercise of Rights may be listed on any national securities exchange, the Company shall use its best efforts to cause, from and after such time as the Rights become exercisable, all shares reserved for such issuance to be listed on such exchange upon official notice of issuance upon such exercise.

The Company covenants and agrees that it will take all such action as may be necessary to ensure that all Preferred Shares delivered upon exercise of Rights shall, at the time of delivery of the certificates for such Preferred Shares (subject to payment of the Purchase Price), be duly and validly authorized and issued and fully paid and nonassessable shares.

The Company further covenants and agrees that it will pay when due and payable any and all taxes and charges which may be payable in respect of the issuance or delivery of the Right Certificates or of any Preferred Shares upon the exercise of Rights. The Company shall not, however, be required to pay any tax or charge which may be payable in respect of any transfer or delivery of Right Certificates to a Person other than, or the issuance or delivery of certificates for the Preferred Shares in a name other than that of, the registered holder of the Right Certificate evidencing Rights surrendered for exercise or to issue or deliver any certificates for Preferred Shares upon the exercise of any Rights until any such tax or charge shall have been paid (any such tax or charge being payable by the holder of such Right Certificate at the time of surrender) or until it has been established to the Company's or the Rights Agent's satisfaction that no such tax or charge is due.

Section 10. Preferred Shares Record Date. Each Person in whose name any certificate for Preferred Shares is issued upon the exercise of Rights shall for all purposes be deemed to have become the holder of record of the Preferred Shares represented thereby on, and such certificate shall be dated, the date upon which the Right Certificate evidencing such Rights was duly surrendered and payment of the Purchase Price (and any applicable taxes or charges) was made; provided, however, that if the date of such surrender and payment is a date upon which the Preferred Shares transfer books of the Company are closed, such Person shall be deemed to have become the record holder of such shares on, and such certificate shall be dated,

the next succeeding Business Day on which the Preferred Shares transfer books of the Company are open. Prior to the exercise of the Rights evidenced thereby, the holder of a Right Certificate shall not be entitled to any rights of a holder of Preferred Shares for which the Rights shall be exercisable, including, without limitation, the right to vote, to receive dividends or other distributions or to exercise any preemptive rights, and shall not be entitled to receive any notice of any proceedings of the Company, except as provided herein.

Section 11. Adjustment of Purchase Price, Number of Shares or Number of Rights. The Purchase Price, the number of Preferred Shares covered by each Right and the number of Rights outstanding are subject to adjustment from time to time as provided in this Section 11.

(a) (i) In the event the Company shall at any time after the date of this Agreement (A) declare a dividend on the Preferred Shares payable in Preferred Shares, (B) subdivide the outstanding Preferred Shares, (C) combine the outstanding Preferred Shares into a smaller number of Preferred Shares or (D) issue any shares of its capital stock in a reclassification of the Preferred Shares (including any such reclassification in connection with a consolidation or merger in which the Company is the continuing or surviving corporation), except as otherwise provided in this Section 11(a), the Purchase Price in effect at the time of the record date for such dividend or of the effective date of such subdivision, combination or reclassification, and the number and kind of shares of capital stock issuable on such date, shall be proportionately adjusted so that the holder of any Right exercised after such time shall be entitled to receive the aggregate number and kind of shares of capital stock which, if such Right had been exercised immediately prior to such date and at a time when the Preferred Shares transfer books of the Company were open, such holder would have owned upon such exercise and been entitled to receive by virtue of such dividend, subdivision, combination or reclassification; provided, however, that in no event shall the consideration to be paid upon the exercise of one Right be less than the aggregate par value of the shares of capital stock of the Company issuable upon exercise of one Right.

(ii) Subject to Section 24 of this Agreement, in the event any Person becomes an Acquiring Person, each holder of a Right shall thereafter have a right to receive, upon exercise thereof at a price equal to the then current Purchase Price multiplied by the number of one two-hundredths of a Preferred Share for which a Right is then exercisable, in accordance with the terms of this Agreement and in lieu of Preferred Shares, such number of Series A Common Shares of the Company as shall equal the result obtained by (x) multiplying the then current Purchase Price by the number of one two-hundredths of a Preferred Share for which a Right is then exercisable and dividing that product by (y) 50% of the then current per share market price of the Company's Series A Common Shares (determined pursuant to Section 11(d) hereof) on the date of the occurrence of such event. In the event that any Person shall become an Acquiring Person and the Rights shall then be outstanding, the Company shall not take any action which would eliminate or diminish the benefits intended to be afforded by the Rights.

From and after the occurrence of such event, any Rights that are or were acquired or beneficially owned by any Acquiring Person (or any Associate or Affiliate of such Acquiring Person) shall be void and any holder of such Rights shall thereafter have no right to exercise such Rights under any provision of this Agreement. No Right Certificate shall be issued

pursuant to Section 3 that represents Rights beneficially owned by an Acquiring Person whose Rights would be void pursuant to the preceding sentence or any Associate or Affiliate thereof; no Right Certificate shall be issued at any time upon the transfer of any Rights to an Acquiring Person whose Rights would be void pursuant to the preceding sentence or any Associate or Affiliate thereof or to any nominee of such Acquiring Person, Associate or Affiliate; and any Right Certificate delivered to the Rights Agent for transfer to an Acquiring Person whose Rights would be void pursuant to the preceding sentence shall be cancelled.

(i) In the event that there shall not be sufficient Series A Common Shares issued but not outstanding or authorized but unissued to permit the exercise in full of the Rights in accordance with the foregoing subparagraph (ii), the Company shall take all such action as may be necessary to authorize additional Series A Common Shares for issuance upon exercise of the Rights. In the event the Company shall, after good faith effort, be unable to take all such action as may be necessary to authorize such additional Series A Common Shares, the Company shall substitute, for each Series A Common Share that would otherwise be issuable upon exercise of a Right, a number of Preferred Shares or fraction thereof such that the current per share market price of one Preferred Share multiplied by such number or fraction is equal to the current per share market price of one Series A Common Share as of the date of issuance of such Preferred Shares or fraction thereof.

(b) In case the Company shall fix a record date for the issuance of rights, options or warrants to all holders of Preferred Shares entitling them (for a period expiring within 45 calendar days after such record date) to subscribe for or purchase Preferred Shares (or shares having the same rights, privileges and preferences as the Preferred Shares (“equivalent preferred shares”)) or securities convertible into Preferred Shares or equivalent preferred shares at a price per Preferred Share or equivalent preferred share (or having a conversion price per share, if a security convertible into Preferred Shares or equivalent preferred shares) less than the current per share market price of the Preferred Shares (as defined in Section 11(d)) on such record date, the Purchase Price to be in effect after such record date shall be determined by multiplying the Purchase Price in effect immediately prior to such record date by a fraction, the numerator of which shall be the number of Preferred Shares outstanding on such record date plus the number of Preferred Shares which the aggregate offering price of the total number of Preferred Shares and/or equivalent preferred shares so to be offered (and/or the aggregate initial conversion price of the convertible securities so to be offered) would purchase at such current market price and the denominator of which shall be the number of Preferred Shares outstanding on such record date plus the number of additional Preferred Shares and/or equivalent preferred shares to be offered for subscription or purchase (or into which the convertible securities so to be offered are initially convertible); provided, however, that in no event shall the consideration to be paid upon the exercise of one Right be less than the aggregate par value of the shares of capital stock of the Company issuable upon exercise of one Right. In case such subscription price may be paid in consideration part or all of which shall be in a form other than cash, the value of such consideration shall be as determined in good faith by the Board of Directors of the Company, whose determination shall be described in a statement filed with the Rights Agent and shall be binding on the Rights Agent and holders of the Rights. Preferred Shares owned by or held for the account of the Company shall not be deemed outstanding for the purpose of any such computation. Such adjustment shall be made successively whenever such a record date is fixed; and in the event that such rights or warrants are not so issued, the Purchase Price shall be adjusted to be the Purchase Price which would then be in effect if such record date had not been fixed.

(c) In case the Company shall fix a record date for the making of a distribution to all holders of the Preferred Shares (including any such distribution made in connection with a consolidation or merger in which the Company is the continuing or surviving corporation) of evidences of indebtedness or assets (other than a regular quarterly cash dividend or a dividend payable in Preferred Shares) or subscription rights or warrants (excluding those referred to in Section 11(b) hereof), the Purchase Price to be in effect after such record date shall be determined by multiplying the Purchase Price in effect immediately prior to such record date by a fraction, the numerator of which shall be the then-current per share market price of the Preferred Shares on such record date, less the fair market value (as determined in good faith by the Board of Directors of the Company, whose determination shall be described in a statement filed with the Rights Agent and shall be binding on the Rights Agent and holders of the Rights) of the portion of the assets or evidences of indebtedness so to be distributed or of such subscription rights or warrants applicable to one Preferred Share and the denominator of which shall be such then-current per share market price of the Preferred Shares on such record date; provided, however, that in no event shall the consideration to be paid upon the exercise of one Right be less than the aggregate par value of the shares of capital stock of the Company to be issued upon exercise of one Right. Such adjustments shall be made successively whenever such a record date is fixed; and, in the event that such distribution is not so made, the Purchase Price shall again be adjusted to be the Purchase Price which would then be in effect if such record date had not been fixed.

(d) (i) For the purpose of any computation hereunder, the “current per share market price” of the Common Shares on any date shall be deemed to be the average of the daily closing prices per share of such Common Shares for the 30 consecutive Trading Days (as such term is hereinafter defined) immediately prior to such date; provided, however, that in the event that the current per share market price of the Common Shares is determined during a period following the announcement by the issuer of such shares of a dividend or distribution on such Common Shares payable in such Common Shares or securities convertible into such Common Shares, and prior to the expiration of 30 Trading Days after the ex-dividend date for such dividend or distribution, then, and in each such case, the current market price shall be appropriately adjusted to reflect the current market price per Common Share equivalent. The closing price for each day shall be the last sale price, regular way, or, in case no such sale takes place on such day, the average of the closing bid and asked prices, regular way, in either case as reported in the principal consolidated transaction reporting system with respect to securities listed or admitted to trading on the New York Stock Exchange or, if the Common Shares are not listed or admitted on the New York Stock Exchange, as reported in the principal consolidated transaction reporting system with respect to securities listed on the principal national securities exchange on which the Common Shares are listed or admitted to trading, or such other system then in use, or, if on any such date the Common Shares are not quoted by any such organization, the average of the closing bid and asked prices as furnished by a professional market maker making a market in the Common Shares selected by the Board of Directors of the Company. The term “Trading Day” shall mean a day on which the principal national securities exchange on which the Common Shares are listed or admitted to trading is open to the transaction of business or, if the Common Shares are not listed or admitted to trading on any national securities exchange, a Monday, Tuesday, Wednesday, Thursday or Friday on which banking institutions in the State of Texas are not authorized or obligated by law or executive order to close.

(ii) For the purpose of any computation hereunder, the “current per share market price” of the Preferred Shares shall be determined in the same manner as set forth above for Common Shares in clause (i) of this Section 11(d). If the current per share market price of the Preferred Shares cannot be determined in the manner provided above, the “current per share market price” of the Preferred Shares shall be conclusively deemed to be the current per share market price of the Common Shares (appropriately adjusted to reflect any stock split, stock dividend or similar transaction occurring after the date hereof), multiplied by two hundred. If neither the Common Shares nor the Preferred Shares are publicly held or so listed or traded, “current per share market price” shall mean the fair value per share as determined in good faith by the Board of Directors of the Company, whose determination shall be described in a statement filed with the Rights Agent.

(e) No adjustment in the Purchase Price shall be required unless such adjustment would require an increase or decrease of at least 1% in the Purchase Price; provided, however, that any adjustments which by reason of this Section 11(e) are not required to be made shall be carried forward and taken into account in any subsequent adjustment. All calculations under this Section 11 shall be made to the nearest cent or to the nearest ten-thousandth of a common share or other share or one-millionth of a Preferred Share as the case may be. Notwithstanding the first sentence of this Section 11(e), any adjustment required by this Section 11 shall be made no later than the earlier of (i) three years from the date of the transaction which requires such adjustment or (ii) the date of the expiration of the right to exercise any Rights.

(f) If, as a result of an adjustment made pursuant to Section 11(a), the holder of any Right thereafter exercised shall become entitled to receive any shares of capital stock of the Company other than Preferred Shares, thereafter the number of such other shares so receivable upon exercise of any Right shall be subject to adjustment from time to time in a manner and on terms as nearly equivalent as practicable to the provisions with respect to the shares contained in Section 11(a) through (c), inclusive, and the provisions of Section 7, 9, 10 and 13 with respect to the Preferred Shares shall apply on like terms to any such other shares.

(g) All Rights originally issued by the Company subsequent to any adjustment made to the Purchase Price hereunder shall evidence the right to purchase, at the adjusted Purchase Price, the number of Preferred Shares purchasable from time to time hereunder upon exercise of the Rights, all subject to further adjustment as provided herein.

(h) Unless the Company shall have exercised its election as provided in Section 11(i), upon each adjustment of the Purchase Price as a result of the calculations made in Section 11(b) and (c), each Right outstanding immediately prior to the making of such adjustment shall thereafter evidence the right to purchase, at the adjusted Purchase Price per one two-hundredth of a Preferred Share, that number of one two-hundredths of a Preferred Share (calculated to the nearest one one-millionth of a Preferred Share) obtained by (i) multiplying (x) the number of one two-hundredths of a share covered by a Right immediately prior to this adjustment by (y) the Purchase Price in effect immediately prior to such adjustment of the Purchase Price and (ii) dividing the product so obtained by the Purchase Price in effect immediately after such adjustment of the Purchase Price.

(i) The Company may elect on or after the date of any adjustment of the Purchase Price to adjust the number of Rights, in substitution for any adjustment in the number of Preferred Shares purchasable upon the exercise of a Right. Each of the Rights outstanding after such adjustment of the number of Rights shall be exercisable for the number of one two-hundredths of a Preferred Share for which a Right was exercisable immediately prior to such adjustment. Each Right held of record prior to such adjustment of the number of Rights shall become that number of Rights (calculated to the nearest one ten-thousandth) obtained by dividing the Purchase Price in effect immediately prior to adjustment of the Purchase Price by the Purchase Price in effect immediately after adjustment of the Purchase Price. The Company shall make a public announcement of its election to adjust the number of Rights, indicating the record date for the adjustment, and, if known at the time, the amount of the adjustment to be made. This record date may be the date on which the Purchase Price is adjusted or any day thereafter, but, if the Right Certificates have been issued, shall be at least 10 days later than the date of the public announcement. If Right Certificates have been issued, upon each adjustment of the number of Rights pursuant to this Section 11(i), the Company shall, as promptly as practicable, cause to be distributed to holders of record of Right Certificates on such record date Right Certificates evidencing, subject to Section 14 hereof, the additional Rights to which such holders shall be entitled as a result of such adjustment, or, at the option of the Company, shall cause to be distributed to such holders of record in substitution and replacement for the Right Certificates held by such holders prior to the date of adjustment, and upon surrender thereof, if required by the Company, new Right Certificates evidencing all the Rights to which such holders shall be entitled after such adjustment. Right Certificates so to be distributed shall be issued, executed and countersigned in the manner provided for herein and shall be registered in the manner provided for herein and shall be registered in the names of the holders of record of Right Certificates on the record date specified in the public announcement. The Company shall notify the Rights Agent whenever it makes a public announcement pursuant to this Section 11 and give the Rights Agent a copy of such announcement.

(j) Irrespective of any adjustment or change in the Purchase Price or the number of Preferred Shares issuable upon the exercise of the Rights, the Right Certificates theretofore and thereafter issued may continue to express the Purchase Price per one two-hundredth of a share and the number of shares which were expressed in the initial Right Certificates issued hereunder.

(k) Before taking any action that would cause an adjustment reducing the Purchase Price below one two-hundredth of the then par value, if any, of the Preferred Shares issuable upon exercise of the Rights, the Company shall take any corporate action which may, in the opinion of its counsel, be necessary in order that the Company may validly and legally issue fully paid and nonassessable Preferred Shares at such adjusted Purchase Price.

(l) In any case in which this Section 11 shall require that an adjustment in the Purchase Price be made effective as of a record date for a specified event, the Company may elect to defer (with prompt written notice to the Rights Agent) until the occurrence of such event the issuing to the holder of any Right exercised after such record date of the Preferred Shares and

other capital stock or securities of the Company, if any, issuable upon such exercise over and above the Preferred Shares and other capital stock or securities of the Company, if any, issuable upon such exercise on the basis of the Purchase Price in effect prior to such adjustment; provided, however, that the Company shall deliver to such holder a due bill or other appropriate instrument evidencing such holder's right to receive such additional shares upon the occurrence of the event requiring such adjustment.

(m) Anything in this Section 11 to the contrary notwithstanding, the Company shall be entitled to make such reductions in the Purchase Price, in addition to those adjustments expressly required by this Section 11, as and to the extent that it, in its sole discretion, shall determine to be advisable in order that any consolidation or subdivision of the Preferred Shares, issuance wholly for cash of any Preferred Shares at less than the current market price, issuance wholly for cash of Preferred Shares or securities which by their terms are convertible into or exchangeable for Preferred Shares, dividends on Preferred Shares payable in Preferred Shares or issuance of rights, options or warrants referred to hereinabove in subsection (b) of this Section 11, hereafter made by the Company to holders of its Preferred Shares shall not be taxable to such shareholders.

(n) In the event that at any time after the Record Date and prior to the Distribution Date, the Company shall (i) declare or pay any dividend on the Common Shares payable in Common Shares or (ii) effect a subdivision combination or consolidation of the Common Shares (by reclassification or otherwise than by payment of dividends in Common Shares) into a greater or lesser number of Common Shares, then in any such case (i) the number of one two-hundredths of a Preferred Share purchasable upon proper exercise of each Right shall be determined by multiplying the number of shares so purchasable immediately prior to such event by a fraction, the numerator of which is the number of Common Shares outstanding immediately before such event and the denominator of which is the number of Common Shares outstanding immediately after such event, and (ii) each Common Share outstanding immediately after such event shall have issued with respect to it that number of Rights which each Common Share outstanding immediately prior to such event had issued with respect to it. The adjustments provided for in this Section 11(n) shall be made successively whenever such a dividend is declared or paid or such a subdivision, combination or consolidation is effected. If an event occurs which would require an adjustment under Section 11(a)(ii) and this Section 11(n), the adjustments provided for in this Section 11(n) shall be in addition and prior to any adjustment required pursuant to Section 11(a)(ii).

Section 12. Certificate of Adjusted Purchase Price or Number of Shares. Whenever an adjustment or any event affecting the Rights or their exercisability is made (including without limitation an event which causes the Rights to become null and void) as provided in Section 11 or 13 hereof, the Company shall (a) promptly prepare a certificate setting forth such adjustment or describing such event, and a brief reasonably detailed statement of the facts, computations and methodology accounting for such adjustment, (b) promptly file with the Rights Agent and with each transfer agent for the Common Shares and the Preferred Shares a copy of such certificate and (c) mail a brief summary thereof to each holder of a Right Certificate in accordance with Section 25 hereof; provided, however, that no failure to prepare or file such certificate, or to mail such summary thereof, shall void or impair the effectiveness of any adjustment referred to herein. The Rights Agent shall be fully protected in relying on any such

certificate and on any adjustment or statement therein contained and shall have no duty or liability with respect to, and shall not be deemed to have knowledge of any adjustment or any such event unless and until it shall have received such certificate.

Section 13. Consolidation, Merger or Sale or Transfer of Assets or Earning Power. In the event, directly or indirectly, at any time after a Person has become an Acquiring Person, (a) the Company shall consolidate with, or merge with and into, any other Person (other than (x) any employee benefit plan of the Company, or any entity holding Common Shares for or pursuant to the terms of any such plan or (y) a wholly owned Subsidiary of the Company, and pursuant to such consolidation or merger all of the Common Shares of the Company are converted into the right to receive Common Shares of such Subsidiary on a share-for-share basis), (b) any Person (other than any employee benefit plan of the Company, or any entity holding Common Shares for or pursuant to the terms of any such plan) shall consolidate with the Company, or merge with and into the Company and the Company shall be the continuing or surviving corporation of such merger and, in connection with such merger, all or part of the Common Shares shall be changed into or exchanged for stock or other securities of any other Person (or the Company) or cash or any other property, or (c) the Company shall sell or otherwise transfer (or one or more of its Subsidiaries shall sell or otherwise transfer), in one or more transactions, assets or earning power aggregating 50% or more of the assets or earning power of the Company and its Subsidiaries (taken as a whole) to any other Person other than the Company or one or more of its wholly owned Subsidiaries, then, and in each such case, proper provisions shall be made so that (i) each holder of a Right (except as otherwise provided therein) shall thereafter have the right to receive, upon the exercise thereof in accordance with the terms of this Agreement, such number of Common Shares of such other Person (including the Company as successor thereto or as the surviving corporation) as shall be equal to the result obtained by (X) multiplying the then current Purchase Price by the number of one two-hundredths of a Preferred Share for which a Right is then exercisable (without taking into account any adjustment previously made pursuant to Section 11(a)(ii)) and dividing that product by (Y) 50% of the current per share market price of the Common Shares of such other Person (determined pursuant to Section 11(d)) on the date of consummation of such consolidation, merger, sale or transfer; (ii) the issuer of such Common Shares shall thereafter be liable for, and shall assume, by virtue of such consolidation, merger, sale or transfer, all the obligations and duties of the Company pursuant to this Agreement; (iii) the term "Company" shall thereafter be deemed to refer to such issuer; and (iv) such issuer shall take such steps (including, but not limited to, the reservation of a sufficient number of shares of its Common Shares in accordance with Section 9) in connection with such consummation as may be necessary to assure that the provisions hereof shall thereafter be applicable, as nearly as reasonably may be practicable, in relation to the shares of its Common Shares thereafter deliverable upon the exercise of the Rights. The Company shall not enter into any transaction of the kind referred to in this Section 13 if at the time of such transaction there are any rights, warrants, instruments or securities outstanding or any agreement or arrangements which, as a result of the consummation of such transaction, would substantially diminish or otherwise eliminate the benefits intended to be afforded by the Rights. The Company shall not consummate any such consolidation, merger, sale or transfer unless prior thereto the Company and such issuer shall have executed and delivered to the Rights Agent a supplemental agreement so providing. The provisions of this Section 13 shall similarly apply to successive mergers or consolidation or sales or other transfers.

In the event the Company shall consolidate with, or merge with and into, a wholly owned Subsidiary of the Company and pursuant to such consolidation or merger all of the Common Shares of the Company are converted into the right to receive Common Shares of such Subsidiary on a share-for-share basis, then proper provision shall be made so that (i) each holder of a Right (except as otherwise provided herein) shall thereafter have the right to receive, upon the exercise thereof in accordance with the terms of this Agreement, the same number of one two-hundredths of a Preferred Share of such Subsidiary (which Preferred Shares shall be as nearly identical as practicable to the Preferred Shares as defined herein) as the number of one two-hundredths of a Preferred Share of the Company for which a Right is then exercisable; (ii) such Subsidiary shall thereafter be liable for, and shall assume, by virtue of such consolidation or merger, all the obligations and duties of the Company pursuant to this Agreement; (iii) the term "Company" shall thereafter be deemed to refer to such Subsidiary; and (iv) such Subsidiary shall take such steps (including, but not limited to, the reservation of a sufficient number of its Preferred Shares in accordance with Section 9) in connection with such consummation as may be necessary to assure that the provisions hereof shall thereafter be applicable, as nearly as reasonably may be practicable, in relation to its Preferred Shares thereafter deliverable upon exercise of the Rights. The Company shall not consummate any such consolidation or merger unless prior thereto the Company and such Subsidiary shall have executed and delivered to the Rights Agent a supplemental agreement so providing.

Section 14. Fractional Rights and Fractional Shares. (a) The Company shall not be required to issue fractions of Rights or to distribute Right Certificates which evidence fractional Rights. In lieu of such fractional Rights, there shall be paid to the registered holders of the Right Certificates with regard to which such fractional Rights would otherwise be issuable, an amount in cash equal to the same fraction of the current market value of a whole Right. For the purposes of this Section 14(a) the current market value of a whole Right shall be the closing price of the Rights for the Trading Day immediately prior to the date on which such fractional Rights would have been otherwise issuable. The closing price for any day shall be the last sale price, regular way, or, in case as reported in the principal consolidated transaction reporting system with respect to securities listed or admitted to trading on the New York Stock Exchange or, if the Rights are not listed or admitted to trading on the New York Stock Exchange, as reported in the principal consolidated transaction reporting system with respect to securities listed on the principal national securities exchange on which the Rights are listed or admitted to trading or, if the Rights are not listed or admitted to trading on any national securities exchange, as reported by such other system then in use or, if on any such date the Rights are not quoted by any such organization, the average of the closing bid and asked prices as furnished by a professional market maker making a market in the Rights selected by the Board of Directors of the Company. If on any such date no such market maker is making a market in the Rights the fair value of the Rights on such date as determined in good faith by the Board of Directors of the Company shall be used.

(b) The Company shall not be required to issue fractions of Preferred Shares (other than fractions which are integral multiples of one two-hundredth of a Preferred Share) upon exercise of the Rights or to distribute certificates which evidence fractional Preferred Shares (other than fractions which are integral multiples of one two-hundredth of a Preferred Share). Fractions of Preferred Shares in integral multiples of one two-hundredth of a Preferred Share may, at the election of the company, be evidenced by depositary receipts, pursuant to an

appropriate agreement between the Company and a depository selected by it, provided that such agreement shall provide that the holders of such depository receipts shall have all the rights, privileges and preferences to which they are entitled as beneficial owners of the Preferred shares. In lieu of fractional Preferred Shares that are not integral multiples of the two-hundredth of a Preferred Share, the Company shall pay to the registered holders of Right Certificates at the time such Rights are exercised as herein provided an amount in cash equal to the same fraction of the current market value of the Preferred Share. For purposes of this Section 14(b), the current market value of a Preferred Share shall be the closing price of a Preferred Share (as determined pursuant to the second sentence of Section 11(d)) for the Trading Day immediately prior to the date of such exercise.

(c) The holder of a Right, by the acceptance of the Right, expressly waives such holder's right to receive any fractional Rights or any fractional shares upon exercise of a Right.

(d) Whenever a payment for fractional Rights or fractional shares is to be made by the Rights Agent, the Company shall (i) promptly prepare and deliver to the Rights Agent a certificate setting forth in reasonable detail the facts related to such payments and the prices and/or formulas utilized in calculating such payments, and (ii) provide sufficient monies to the Rights Agent in the form of fully collected funds to make such payments. The Rights Agent shall be fully protected in relying upon such a certificate and shall have no duty with respect to, and shall not be deemed to have knowledge of any payment for fractional Rights or fractional shares under any Section of this Agreement relating to the payment of fractional Rights or fractional shares unless and until the Rights Agent shall have received such a certificate and sufficient monies.

Section 15. Rights of Action. All rights of action in respect of this Agreement, excepting the rights of action given to the Rights Agent herein, are vested in the respective registered holders of the Right Certificates (and, prior to the Distribution Date, the registered holders of the Common Shares); and any registered holder of any Right Certificate (or, prior to the Distribution Date, of the Common Shares), without the consent of the Rights Agent or of the holder of any other Right Certificate (or, prior to the Distribution Date, of the Common Shares), may, in such holder's own behalf and for such holder's own benefit, enforce, and may institute and maintain any suit, action or proceeding against the Company to enforce, or otherwise act in respect of, such holder's right to exercise the Rights evidenced by such Right Certificate in the manner provided in such Right Certificate and in this Agreement. Without limiting the foregoing or any remedies available to the holders of Rights, it is specifically acknowledged that the holders of Rights would not have an adequate remedy at law for any breach of this Agreement by the Company, and will be entitled to specific performance of the obligations under, and injunctive relief against actual or threatened violations by the Company of, the obligations of any Person subject to, this Agreement.

Section 16. Agreement of Right Holders. Every holder of a Right, by accepting the same, consents and agrees with the Company and the Rights Agent and with every other holder of a Right that:

(a) prior to the Distribution Date, the Rights will be transferable only in connection with the transfer of the Common Shares;

(b) after the Distribution Date, the Right Certificates are transferable only on the registry books of the Rights Agent if surrendered at the office of the Rights Agent designated for such purpose duly endorsed or accompanied by a proper instrument of transfer; and

(c) the Company and the Rights Agent may deem and treat the person in whose name the Right Certificate (or, prior to the Distribution Date, the associated Common Shares certificate) is registered as the absolute owner thereof and of the Rights evidenced thereby (notwithstanding any notations of ownership or writing on the Right Certificate or the associated Common Shares certificate made by anyone other than the Company or the Rights Agent) for all purposes whatsoever, and neither the Company nor the Rights Agent shall be affected by any notice to the contrary.

Section 17. Right Certificate Holder Not Deemed a Shareholder. No holder, as such, of any Right Certificate shall be entitled to vote, receive dividends or be deemed for any purpose the holder of the Preferred Shares or any other securities of the Company which may at any time be issuable on the exercise of the Rights represented thereby, nor shall anything contained herein or in any Right Certificate be construed to confer upon the holder of any Right Certificate, as such, any of the rights of a shareholder of the Company or any right to vote for the election of directors or upon any matter submitted to shareholders at any meeting thereof, or to give or withhold consent to any corporate action, or to receive notice of meetings or other actions affecting shareholders (except as provided in Section 25), or to receive dividends or subscription rights, or otherwise, until the Right or Rights evidenced by such Right Certificate shall have been exercised in accordance with the provisions hereof.

Section 18. Concerning the Rights Agent. The Company agrees to pay to the Rights Agent reasonable compensation for all services rendered by it hereunder and, from time to time, on demand of the Rights Agent, its reasonable expenses and counsel fees and other disbursements incurred in the preparation, delivery, amendment, administration and execution of this Agreement and the exercise and performance of its duties hereunder. The Company also agrees to indemnify the Rights Agent for, and to hold it harmless against any loss, liability, damage, judgment, fine, penalty, claim, demand, settlement, cost or expense, incurred (including, without limitation, the reasonable fees and expenses of legal counsel) without gross negligence, bad faith or willful misconduct on the part of the Rights Agent, (which gross negligence, bad faith or willful misconduct must be determined by an order, judgment, decree or ruling of a court of competent jurisdiction), for any action taken, suffered or omitted by the Rights Agent in connection with the acceptance, administration, exercise and performance of its duties under this Agreement. The costs and expenses incurred in enforcing this right of indemnification shall be paid by the Company to the extent the Rights Agent is determined to have been entitled to such indemnification. The provisions of this Section 18 and Section 20 below shall survive the termination of this Agreement, the exercise or expiration of the Rights and the resignation, replacement or removal of the Rights Agent.

The Rights Agent shall be authorized and protected and shall incur no liability for, or in respect of any action taken, suffered or omitted by it in connection with, its acceptance and administration of this Agreement and the exercise and performance of its duties hereunder in reliance upon any Right Certificate or certificate for the Preferred Shares or Common Shares or for other securities of the Company, instrument of assignment or transfer, power of attorney, endorsement, affidavit, letter, notice, direction, consent, certificate, statement, or other paper or document believed by it to be genuine and to be signed, executed and, where necessary, verified or acknowledged, by the proper person or persons, or otherwise upon the advice of its counsel as set forth in Section 20 hereof.

Section 19. Merger or Consolidation or Change of Name of Rights Agent. Any Person into which the Rights Agent or any successor Rights Agent may be merged or with which it may be consolidated, or any Person resulting from any merger or consolidation to which the Rights Agent or any successor Rights Agent shall be a party, or any Person succeeding to the business or stock transfer business of the Rights Agent or any successor Rights Agent, shall be the successor to the Rights Agent under this Agreement without the execution or filing of any paper or any further act on the part of any of the parties hereto, provided that such Person would be eligible for appointment as a successor Rights Agent under the provisions of Section 21. In case at the time such successor Rights Agent shall succeed to the agency created by this Agreement, any of the Right Certificates shall have been countersigned but not delivered, any such successor Rights Agent may adopt the countersignature of the predecessor Rights Agent and deliver such Right Certificates so countersigned; and in case at that time any of the Right Certificates shall not have been countersigned, any successor Rights Agent may countersign such Right Certificates either in the name of the predecessor Rights Agent or in the name of the successor Rights Agent; and in all such cases such Right Certificates shall have the full force provided in the Right Certificates and in this Agreement.

In case at any time the name of the Rights Agent shall be changed and at such time any of the Right Certificates shall have been countersigned but not delivered, the Rights Agent may adopt the countersignature under its prior name and deliver Right Certificates so countersigned; and in case at that time any of the Right Certificates shall not have been countersigned, the Rights Agent may countersign such Right Certificates either in its prior name or in its changed name; and in all such cases such Right Certificates shall have the full force provided in the Right Certificates and in this Agreement.

Section 20. Rights and Duties of Rights Agent. The Rights Agent undertakes to perform only the duties and obligations expressly imposed by this Agreement (and no implied duties) upon the following terms and conditions, by all of which the Company and the holders of Right Certificates by their acceptance thereof, shall be bound:

(a) The Rights Agent may consult with legal counsel (who may be legal counsel for the Company or an employee of the Rights Agent), and the advice or opinion of such counsel shall be full and complete authorization and protection to the Rights Agent and the Rights Agent shall incur no liability for or in respect of any action taken, suffered or omitted by it and in accordance with such advice or opinion.

(b) Whenever in the performance of its duties under this Agreement the Rights Agent shall deem it necessary or desirable that any fact or matter be proved or established by the Company prior to taking, suffering or omitting to take any action hereunder such fact or matter (unless other evidence in respect thereof be herein specifically prescribed) may be deemed to be conclusively proved and established by a certificate signed by any one of the Chairman of the Board, the Chief Executive Officer, the President, any Vice President, the Treasurer or the Secretary of the Company and delivered to the Rights Agent, and such certificate shall be full and complete authorization and protection to the Rights Agent and the Rights Agent shall incur no liability for or in respect of any action taken, suffered or omitted by it in good faith under the provisions of this Agreement in reliance upon such certificate.

(c) The Rights Agent shall be liable hereunder to the Company and any other Person only for its own gross negligence, bad faith or willful misconduct (which gross negligence, bad faith or willful misconduct must be determined by an order, judgment, decree or ruling of a court of competent jurisdiction). Anything to the contrary notwithstanding, in no event shall the Rights Agent be liable for special, punitive, indirect, consequential or incidental loss or damage of any kind whatsoever (including but not limited to lost profits), even if the Rights Agent has been advised of the likelihood of such loss or damage. Any liability of the Rights Agent under this Agreement will be limited to the amount equal to thirty-six (36) times the monthly fees paid by the Company to the Rights Agent.

(d) The Rights Agent shall not be liable for or by reason of any of the statements of fact or recitals contained in this Agreement or in the Right Certificates (except its countersignature thereof) or be required to verify the same, but all such statements and recitals are and shall be deemed to have been made by the Company only.

(e) The Rights Agent shall not have any liability for or be under any responsibility in respect of the validity of this Agreement or the execution and delivery hereof (except the due execution hereof by the Rights Agent) or in respect of the validity or execution of any Right Certificate (except its countersignature thereof); nor shall it be responsible for any breach by the Company of any covenant or condition contained in this Agreement or in any Right Certificate; nor shall it be responsible for any change in the exercisability of the Rights (including the Rights becoming void pursuant to Section 11(a)(ii) hereof) or any change or adjustment in the terms of the Rights (including the manner, method or amount thereof) provided for in Section 3, 11, 13, 23 or 24, or the ascertaining of the existence of facts that would require any such change or adjustment (except with respect to the exercise of Rights evidenced by Right Certificates after actual notice that such change or adjustment is required); nor shall it by any act hereunder be deemed to make any representation or warranty as to the authorization or reservation of any Preferred Shares to be issued pursuant to this Agreement or any Right Certificate or as to be issued pursuant to this Agreement or any Right Certificate or as to whether any Preferred Shares will, when issued, be validly authorized and issued, fully paid and nonassessable.

(f) The Company agrees that it will perform, execute acknowledge and deliver or cause to be performed, executed, acknowledged and delivered all such further and other acts, instruments and assurances as may reasonably be required by the Rights Agent for the carrying out or performing by the Rights Agent of the provisions of this Agreement.

(g) The Rights Agent is hereby authorized and directed to accept instructions with respect to the performance of its duties hereunder from any one of the Chairman of the Board, the Chief Executive Officer, the President, any Vice President, the Secretary or the Treasurer of the Company, and to apply to such officers for advice or instructions in connection with its duties, and such instructions shall be full authorization and protection to the Rights Agent and it shall not be liable for any action taken, suffered or omitted to be taken by it in accordance with instructions of any such officer or for any delay in acting while waiting for those instructions. The Rights Agent shall be fully authorized and protected in relying upon the most recent instructions received by any such officer. Any application by the Rights Agent for written instructions from the Company may, at the option of the Rights Agent, set forth in writing any action proposed to be taken, suffered or omitted by the Rights Agent under this Rights Agreement and the date on and/or after which such action shall be taken or suffered or such omission shall be effective. The Rights Agent shall not be liable for any action taken or suffered by, or omission or, the Rights Agent in accordance with a proposal included in any such application on or after the date specified therein (which date shall not be less than five Business Days after the date any such officer of the Company actually receives such application, unless any such officer shall have consented in writing to an earlier date) unless, prior to taking, suffering or omitting any such action (or the effective date in case of an omission), the Rights Agent has received written instructions in response to such application specifying the action to be taken, suffered or omitted.

(h) The Rights Agent and any shareholder, Affiliate, director, officer or employee of the Rights Agent may buy, sell or deal in any of the Rights or other securities of the Company or become pecuniarily interested in any transaction in which the Company may be interested, or contract with or lend money to the Company or otherwise act as fully and freely as though the Rights Agent were not the Rights Agent under this Agreement. Nothing herein shall preclude the Rights Agent or any such shareholder, Affiliate, director, officer or employee from acting in any other capacity for the Company or for any other Person.

(i) The Rights Agent may execute and exercise any of the rights or powers hereby vested in it or perform any duty hereunder either itself (through its directors, officers and employees) or by or through its attorneys or agents, and the Rights Agent shall not be answerable or accountable for any act, default, neglect or misconduct of any such attorneys or agents or for any loss to the Company or any other Person resulting from any such act, default, neglect or misconduct, absent gross negligence or bad faith in the selection and continued employment thereof (which gross negligence or bad faith must be determined by an order, judgment, decree or ruling of a court of competent jurisdiction).

(j) No provision of this Agreement shall require the Rights Agent to expend or risk its own funds or otherwise incur any financial liability in the performance of any of its duties hereunder or in the exercise of its rights if it believes that repayment of such funds or adequate indemnification against such risk or liability is not assured to it.

(k) If, with respect to any Right Certificate surrendered to the Rights Agent for exercise or transfer, the certificate attached to the form of assignment or form of election to purchase, as the case may be, has not been completed, the Company and the Rights Agent will deem the beneficial owner of the rights evidenced by such Right Certificate to be an Acquiring Person or an Affiliate or Associate thereof and such assignment or election to purchase will not be honored.

Section 21. Change of Rights Agent. The Rights Agent or any successor Rights Agent may resign and be discharged from its duties under this Agreement upon 30 days' notice in writing mailed to the Company and to each transfer agent of the Common Shares or Preferred Shares known to the Rights Agent by registered or certified mail, and to the holders of the Right Certificates by first-class mail. The Company may remove the Rights Agent or any successor Rights Agent upon 30 days' notice in writing, mailed to the Rights Agent upon 30 days' notice in writing, mailed to the Rights Agent or successor Rights Agent, as the case may be, and to each transfer agent of the Common Shares or Preferred Shares by registered or certified mail, and to the holders of the Right Certificates by first-class mail. If the Rights Agent shall resign or be removed or shall otherwise become incapable of acting, the Company shall appoint a successor to the Rights Agent. If the Company shall fail to make such appointment within a period of 30 days after giving notice of such removal or after it has been notified in writing of such resignation or incapacity by the resigning or incapacitated Rights Agent or by the holder of a Right Certificate (which holder shall, with such notice, submit such holder's Right Certificate for inspection by the Company), then the registered holder of any Right Certificate may apply to any court of competent jurisdiction for the appointment of a new Rights Agent. Any successor Rights Agent, whether appointed by the Company or by such a court, shall be, or shall be affiliated with, a Person organized and doing business under the laws of the United States or of the State of Texas or of the State of New York or of the State of Delaware (or of any other state of the United States so long as such Person is authorized to do business as a banking institution in the State of Texas or the State of New York or the State of Delaware), in good standing, having a principal office in the State of Texas or in the State of New York or in the State of Delaware, which is authorized under such laws to exercise corporate trust or stock transfer powers and is subject to supervision or examination by federal or state authority and which has at the time of its appointment as Rights Agent a combined capital and surplus of at least \$50 million. After appointment, the successor Rights Agent shall be vested with the same powers, rights, duties and responsibilities as if it had been originally named as Rights Agent without further act or deed; but the predecessor Rights Agent shall deliver and transfer to the successor Rights Agent any property at the time held by it hereunder, and execute and deliver any further assurance, conveyance, act or deed necessary for the purpose. Not later than the effective date of any such appointment the Company shall file notice thereof in writing with the predecessor Rights Agent and each transfer agent of the Common Shares or Preferred Shares, and mail a notice thereof in writing to the registered holders of the Right Certificates. Failure to give any notice provided for in this Section 21, however, or any defect therein, shall not affect the legality or validity of the resignation or removal of the Rights Agent or the appointment of the successor Rights Agent, as the case may be.

Section 22. Issuance of New Right Certificates. Notwithstanding any of the provisions of this Agreement or of the Rights to the contrary, the Company may, at its option, issue new Right Certificates evidencing Rights in such form as may be approved by its Board of Directors to reflect any adjustment or change in the Purchase Price per share and the number of kind or class of shares or other securities or property purchasable under the Right Certificates made in accordance with the provisions of this Agreement.

Section 23. Redemption. (a) The Board of Directors of the Company may, at its option, at any time prior to such time as any Person becomes an Acquiring Person redeem all but not less than all the then outstanding Rights at a redemption price of \$0.005 per Right, appropriately adjusted to reflect any stock split, stock dividend or similar transaction occurring after the Record Date (such redemption price being hereinafter referred to as the "Redemption Price"). The redemption of the Rights by the Board of Directors of the Company may be made effective at such time, on such basis and with such conditions as the Board of Directors of the Company, in its sole discretion, may establish.

(b) Immediately upon the action of the Board of Directors of the Company ordering the redemption of the Rights pursuant to paragraph (a) of this Section 23, and without any further action and without any notice, the right to exercise the Rights will terminate and the only right thereafter of the holders of Rights shall be to receive the Redemption Price. The Company shall promptly give public notice (with prompt written notice thereof to the Rights Agent) of any such redemption; provided, however, that the failure to give, or any defect in, any such notice shall not affect the validity of such redemption. Within 10 days after the action of the Board of Directors ordering the redemption of the Rights, the Company shall give notice of such redemption to the holders of the then outstanding Rights by mailing such notice to all such holders at their last addresses as they appear upon the registry books of the Rights Agent or, prior to the Distribution Date, on the registry books of the transfer agent for the Common Shares. Any notice which is mailed in the manner herein provided shall be deemed given, whether or not the holder receives the notice. Each such notice of redemption will state the method by which the payment of the Redemption Price will be made. Neither the Company nor any of its Affiliates or Associates may redeem, acquire or purchase for value any Rights at any time in any manner other than that specifically set forth in this Section 23 or in Section 24 hereof, and other than in connection with the purchase of Common Shares prior to the Distribution Date.

Section 24. Exchange. (a) The Board of Directors of the Company may, at its option, at any time after any Person becomes an Acquiring Person, exchange all or part of the then outstanding and exercisable Rights (which shall not include Rights that have become void pursuant to the provisions of Section 11(a)(ii) hereof) for Series A Common Shares at an exchange ratio of one Series A Common Share per Right, appropriately adjusted to reflect any adjustment in the number of Rights pursuant to Section 11(i), stock split, stock dividend or similar transaction occurring after the date hereof (such exchange ratio being hereinafter referred to as the "Exchange Ratio").

(b) Immediately upon the action of the Board of Directors of the Company ordering the exchange of any Rights pursuant to paragraph (a) of this Section 24 and without any further action and without any notice, the right to exercise such Rights shall terminate and the only right thereafter of a holder of such Rights shall be to receive that number of Series A Common Shares equal to the number of such Rights held by such holder multiplied by the Exchange Ratio. The Company shall promptly give public notice (with prompt written notice thereof to the Rights Agent) of any such exchange; provided, however, that the failure to give, or any defect in, such notice shall not affect the validity of such exchange. The Company promptly shall mail a notice of any such exchange to all of the holders of such Rights at their last addresses as they appear upon the registry books of the Rights Agent. Any notice which is mailed in the manner herein provided shall be deemed given, whether or not the holder receives the notice. Each such notice of exchange will state the method by which the exchange of the Series A Common Shares for Rights will be effected, and, in the event of any partial exchange, the number of Rights which will be exchanged. Any partial exchange shall be effected pro rata based on the number of Rights (other than Rights which have become void pursuant to the provisions of Section 11(a)(ii) hereof) held by each holder of Rights.

(c) In the event that there shall not be sufficient Series A Common Shares issued but not outstanding or authorized but unissued to permit any exchange of Rights as contemplated in accordance with this Section 24, the Company shall take all such action as may be necessary to authorize additional Series A Common Shares for issuance upon exchange of the Rights. In the event the Company shall, after good faith effort, be unable to take all such action as may be necessary to authorize such additional Series A Common Shares, the Company shall substitute, for each Series A Common Share that would otherwise be issuable upon exchange of a Right, a number of Preferred Shares or fraction thereof such that the current per share market price of one Preferred Share multiplied by such number or fraction is equal to the current per share market price of one Series A Common Share as of the date of issuance of such Preferred Shares or fraction thereof.

(d) The Company shall not be required to issue fractions of Series A Common Shares or to distribute certificates which evidence fractional Series A Common Shares. In lieu of such fractional Series A Common Shares, the Company shall pay to the registered holders of the Right Certificates with regard to which such fractional Series A Common Shares would otherwise be issuable an amount in cash equal to the same fraction of the current market value of a whole Series A Common Share. For the purposes of this paragraph (d), the current market value of a whole Series A Common Share shall be the closing price of a Series A Common Share (as determined pursuant to the second sentence of Section 11(d)(i) hereof) for the Trading Day immediately prior to the date of exchange pursuant to this Section 24.

Section 25. Notice of Certain Events. (a) In case the Company shall, at any time after the Distribution Date, propose (i) to pay any dividend payable in stock of any class to the holders of its Preferred Shares or to make any other distribution to the holder of its Preferred Shares (other than a regular quarterly cash dividend) or (ii) to offer to the holder of its Preferred Shares rights or warrants to subscribe for or to purchase any additional Preferred Shares or shares of stock of any class or any other securities, rights or options, or (iii) to effect any reclassification of its Preferred Shares (other than a reclassification involving only the subdivision of outstanding Preferred Shares), or (iv) to effect any consolidation or merger into or with,

or to effect any sale or other transfer (or to permit one or more of its subsidiaries to effect any sale or other transfer), in one or more transactions, of 50% or more of the assets or earning power of the Company and its subsidiaries (taken as a whole) to, any other Person, or (v) to effect the liquidation, dissolution or winding up of the Company, or (vi) to declare or pay any dividend on the Common Shares payable in Common Shares or to effect a subdivision, combination or consolidation of the Common Shares (by reclassification or otherwise than by payment of dividends in Common Shares), then, in each such case, the Company shall give to the Rights Agent and to each holder of a Right Certificate, in accordance with Section 26 hereof, a notice of such proposed action, which shall specify the record date for the purposes of such stock dividend, or distribution of rights or warrants, or the date on which such reclassification, consolidation, merger, sale, transfer, liquidation, dissolution, or winding up is to take place and the date of participation therein by the holders of the Common Shares and/or Preferred Shares, if any such date is to be fixed, and such notice shall be so given in the case of any action covered by clause (i) or (ii) above at least 10 days prior to the record date for determining holders of the Preferred Shares for purposes of such action, and in the case of any such other action, at least 10 days prior to the date of the taking of such proposed action or the date of participation therein by the holders of the Common Shares and/or Preferred Shares, whichever shall be the earlier

(b) In case any of the events set forth in Section 11(a)(ii) of this Agreement shall occur, then, in any such case, the Company shall as soon as practicable thereafter give to the Rights Agent and to each holder of a Right Certificate, in accordance with Section 26 hereof, a notice of the occurrence of such event, which shall specify the event and the consequences of the event to holders of Rights under Section 11(a)(ii) hereof.

Section 26. Notices. Notices or demands authorized by this Agreement to be given or made by the Rights Agent or by the holder of any Right Certificate to or on the company shall be sufficiently given or made if sent by first-class mail, postage prepaid, addressed (until another address is filed in writing with the Rights Agent) as follows:

A. H. Belo Corporation
400 South Record Street
Dallas, TX 75202
Attention: Corporate Secretary

Subject to the provisions of Section 21 hereof, any notice of demand authorized by this Agreement to be given or made by the Company or by the holder of any Right Certificate to or on the Rights Agent shall be sufficiently given or made if sent by first-class mail, postage prepaid, addressed (until another address is filed in writing with the Company) as follows:

Mellon Investor Services LLC
480 Washington Boulevard
Jersey City, NJ 07310
Attention: Relationship Manager

With a copy to:

Mellon Investor Services LLC
480 Washington Boulevard
Jersey City, NJ 07310
Attention: General Counsel

Notices or demands authorized by this Agreement to be given or made by the Company or the Rights Agent to the holder of any Right Certificate shall be sufficiently given or made if sent by first-class mail, postage prepaid, addressed to such holder at the address of such holder as shown on the registry books of the Company.

Section 27. Supplements and Amendments. The Company may from time to time supplement or amend this Agreement without the approval of any holders of Right Certificates in order to cure any ambiguity, to correct or supplement any provision contained herein which may be defective or inconsistent with any other provisions herein, or to make any other provisions with respect to the Rights which the Company may deem necessary or desirable, any such supplement or amendment to be evidenced by a writing signed by the Company and the Rights Agent; provided, however, that, from and after such time as any Person becomes an Acquiring Person, this Agreement shall not be amended in any manner which would adversely affect the interests of the holders of Rights. Without limiting the foregoing, the Company may at any time prior to such time as any Person becomes an Acquiring Person amend this Agreement to lower the thresholds set forth in Section 1(a) and 3(a) hereof to not less than 10% (the "Reduced Threshold"); provided, however, that no Person who beneficially owns a number of Common Shares equal to or greater than the Reduced Threshold shall become an Acquiring Person unless such Person shall, after the public announcement of the Reduced Threshold (with prompt written notice thereof to the Rights Agent), increase its beneficial ownership of the then outstanding Common Shares (other than as a result of an acquisition of Common Shares by the Company) to an amount equal to or greater than the greater of (x) the Reduced Threshold or (y) the sum of (i) the lowest beneficial ownership of such Person as a percentage of the outstanding Common Shares as of any date on or after the date of the public announcement of such Reduced Threshold plus (ii) .001%. The Rights Agent may, but shall not be obligated to, enter into any supplement or amendment that affects the Rights Agent's own rights, duties, obligations or immunities under this Agreement; provided that the Rights Agent shall not unreasonably refuse to enter into any such supplement or amendment.

Section 28. Successors. All the covenants and provisions of this Agreement by or for the benefit of the Company or the Rights Agent shall bind and inure to the benefit of their respective successors and assigns hereunder.

Section 29. Benefits of this Agreement. Nothing in this Agreement shall be construed to give to any Person or corporation other than the Company, the Rights Agent and the registered holders of the Right Certificates (and, prior to the Distribution Date, the Common Shares) any legal or equitable right, remedy or claim under this Agreement; but this Agreement shall be for the sole and exclusive benefit of the Company, the Rights Agent and the registered holders of the Right Certificates (and, prior to the Distribution Date, the Common Shares).

Section 30. Severability. If any term, provision, covenant or restriction of this Agreement is held by a court of competent jurisdiction or other authority to be invalid, void or unenforceable, the remainder of the terms, provisions covenants and restrictions of this Agreement shall remain in full force and effect and shall in no way be affected, impaired or invalidated.

Section 31. Governing Law. This Agreement and each Right Certificate issued hereunder shall be deemed to be a contract made under the laws of the State of Delaware and for all purposes shall be governed by and construed in accordance with the laws of such State applicable to contracts to be made and performed entirely within such State, except that the rights, duties and obligations of Mellon Investor Services LLC under this Agreement shall be governed by the laws of the State of New York without reference to the choice of law doctrine of such state.

Section 32. Counterparts. This Agreement may be executed in any number of counterparts and each of such counterparts shall for all purposes be deemed to be an original, and all such counterparts shall together constitute but one and the same instrument.

Section 33. Descriptive Headings. Descriptive headings of the several sections of this Agreement are inserted for convenience only and shall not control or affect the meaning or construction of any of the provisions hereof.

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be duly executed and their respective corporate seals to be hereunto affixed and attested, all as of the day and year first above written.

Attest:

By: /s/ Donald F. Cass, Jr.
Title: Donald F. Cass Jr.
Executive Vice President and Secretary

Attest:

By: /s/ Jacqueline Kretzu
Title: Jacqueline Kretzu
Assistant Treasurer

A. H. BELO CORPORATION

By: /s/ Alison K. Engel
Name and Title: Alison K. Engel
Senior Vice President/Chief Financial Officer and Treasurer

MELLON INVESTOR SERVICES LLC

By: /s/ Steven Myers
Name and Title: Steven Myers
Vice President

FORM
of
CERTIFICATE OF DESIGNATIONS
of
SERIES A JUNIOR PARTICIPATING PREFERRED STOCK
of
A. H. BELO CORPORATION
(Pursuant to Section 151 of the
Delaware General Corporation Law)

A. H. Belo Corporation, a corporation organized and existing under the General Corporation Law of the State of Delaware (hereinafter called the "Corporation"), hereby certifies that the following resolution was adopted by the Board of Directors of the Corporation as required by Section 151 of the General Corporation Law at a meeting duly called and held on January 11, 2008:

RESOLVED, that pursuant to the authority granted to and vested in the Board of Directors of this Corporation (hereinafter called the "Board of Directors" or the "Board") in accordance with the provisions of the Certificate of Incorporation, the Board of Directors hereby creates a series of Preferred Stock of the Corporation (the "Preferred Stock"), and hereby states the designation and number of shares, and fixes the relative rights, preferences, and limitations thereof as follows:

Series A Junior Participating Preferred Stock:

Section 1. Designation and Amount. The shares of such series shall be designated as "Series A Junior Participating Preferred Stock" (the "Series A Preferred Stock") and the number of shares constituting the Series A Preferred Stock shall be 125,000. Such number of shares may be increased or decreased by resolution of the Board of Directors; provided, that no decrease shall reduce the number of shares of Series A Preferred Stock to a number less than the number of shares then outstanding plus the number of shares reserved for issuance upon the exercise of outstanding options, rights or warrants or upon the conversion of any outstanding securities issued by the Corporation convertible into Series A Preferred Stock.

Section 2. Dividends and Distributions.

(a) Subject to the rights of the holders of any shares of any series of Preferred Stock (or any similar stock) ranking prior and superior to the Series A Preferred Stock with

respect to dividends, the holders of shares of Series A Preferred Stock, in preference to the holders of (1) Series A Common Stock, par value \$0.01 per share, and (2) Series B Common Stock, par value \$0.01 (together the "Common Stock"), of the Corporation, and of any other junior stock, shall be entitled to receive, when, as and if declared by the Board of Directors out of funds legally available for the purpose, quarterly dividends payable in cash on the first day of March, June, September and December in each year (each such date being referred to herein as a "Quarterly Dividend Payment Date"), commencing on the first Quarterly Dividend Payment Date after the first issuance of a share or fraction of a share of Series A Preferred Stock, in an amount per share (rounded to the nearest cent) equal to the greater of (a) \$1 or (b) subject to the provision for adjustment hereinafter set forth, 200 times the aggregate per share amount of all cash dividends, and 200 times the aggregate per share amount (payable in kind) of all non-cash dividends or other distributions, other than a dividend payable in shares of Common Stock or a subdivision of the outstanding shares of Common Stock (by reclassification or otherwise), declared on the Common Stock since the immediately preceding Quarterly Dividend Payment Date or, with respect to the first Quarterly Dividend Payment Date, since the first issuance of any share or fraction of a share of Series A Preferred Stock. In the event the Corporation shall at any time declare or pay any dividend on the Common Stock payable in shares of Common Stock, or effect a subdivision or combination or consolidation of the outstanding shares of Common Stock (by reclassification or otherwise than by payment of a dividend in shares of Common Stock) into a greater or lesser number of shares of Common Stock, then in each such case the amount to which holders of shares of Series A Preferred Stock were entitled immediately prior to such event under clause (b) of the preceding sentence shall be adjusted by multiplying such amount by a fraction, the numerator of which is the number of shares of Common Stock outstanding immediately after such event and the denominator of which is the number of shares of Common Stock that were outstanding immediately prior to such event.

(b) The Corporation shall declare a dividend or distribution on the Series A Preferred Stock as provided in paragraph (A) of this Section immediately after it declares a dividend or distribution on the Common Stock (other than a dividend payable in shares of Common Stock); provided that, in the event no dividend or distribution shall have been declared on the Common Stock during the period between any Quarterly Dividend Payment Date and the next subsequent Quarterly Dividend Payment Date, a dividend of \$1 per share on the Series A Preferred Stock shall nevertheless be payable on such subsequent Quarterly Dividend Payment Date.

(c) Dividends shall begin to accrue and be cumulative on outstanding shares of Series A Preferred Stock from the Quarterly Dividend Payment Date next preceding the date of issue of such shares, unless the date of issue of such shares is prior to the record date for the first Quarterly Dividend Payment Date, in which case dividends on such shares shall begin to accrue from the date of issue of such shares, or unless the date of issue is a Quarterly Dividend Payment Date or is a date after the record date for the determination of holders of shares of Series A Preferred Stock entitled to receive a quarterly dividend and before such Quarterly Dividend Payment Date, in either of which events such dividends shall begin to accrue and be cumulative from such Quarterly Dividend Payment Date. Accrued but unpaid dividends shall not bear interest. Dividends paid on the shares of Series A Preferred Stock in an amount less than the total amount of such dividends at the time accrued and payable on such shares shall be allocated pro rata on a share-by-share basis among all such shares at the time outstanding. The Board of

Directors may fix a record date for the determination of holders of shares of Series A Preferred Stock entitled to receive payment of a dividend or distribution declared thereon, which record date shall be not more than 60 days prior to the date fixed for the payment thereof.

Section 3. Voting Rights. The holders of shares of Series A Preferred Stock shall have the following voting rights:

(a) Subject to the provision for adjustment hereinafter set forth, each share of Series A Preferred Stock shall entitle the holder thereof to 200 votes on all matters submitted to a vote of the stockholders of the Corporation. In the event the Corporation shall at any time declare or pay any dividend on the Common Stock payable in shares of Common Stock, or effect a subdivision or combination or consolidation of the outstanding shares of Common Stock (by reclassification or otherwise than by payment of a dividend in shares of Common Stock) into a greater or lesser number of shares of Common Stock, then in each such case the number of votes per share to which holders of shares of Series A Preferred Stock were entitled immediately prior to such event shall be adjusted by multiplying such number by a fraction, the numerator of which is the number of shares of Common Stock outstanding immediately after such event and the denominator of which is the number of shares of Common Stock that were outstanding immediately prior to such event.

(b) Except as otherwise provided herein, in any other Certificate of Designations creating a series of Preferred Stock or any similar stock, or by law, the holders of shares of Series A Preferred Stock and the holders of shares of Common Stock and any other capital stock of the Corporation having general voting rights shall vote together as one class on all matters submitted to a vote of stockholders of the Corporation.

(c) Except as set forth herein, or as otherwise provided by law, holders of Series A Preferred Stock shall have no special voting rights and their consent shall not be required (except to the extent they are entitled to vote with holders of Common Stock as set forth herein) for taking any corporate action.

Section 4. Certain Restrictions.

(a) Whenever quarterly dividends or other dividends or distributions payable on the Series A Preferred Stock as provided in Section 2 are in arrears, thereafter and until all accrued and unpaid dividends and distributions, whether or not declared, on shares of Series A Preferred Stock outstanding shall have been paid in full, the Corporation shall not:

(1) declare or pay dividends, or make any other distributions, on any shares of stock ranking junior (either as to dividends or upon liquidation, dissolution or winding up) to the Series A Preferred Stock;

(2) declare or pay dividends, or make any other distributions, on any shares of stock ranking on a parity (either as to dividends or upon liquidation, dissolution or winding up) with the Series A Preferred Stock, except dividends paid ratably on the Series A Preferred Stock and all such parity stock on which dividends are payable or in arrears in proportion to the total amounts to which the holders of all such shares are then entitled;

(3) redeem or purchase or otherwise acquire for consideration shares of any stock ranking junior (either as to dividends or upon liquidation, dissolution or winding up) to the Series A Preferred Stock, provided that the Corporation may at any time redeem, purchase or otherwise acquire shares of any such junior stock in exchange for shares of any stock of the Corporation ranking junior (either as to dividends or upon dissolution, liquidation or winding up) to the Series A Preferred Stock; or

(4) redeem or purchase or otherwise acquire for consideration any shares of Series A Preferred Stock, or any shares of stock ranking on a parity with the Series A Preferred Stock, except in accordance with a purchase offer made in writing or by publication (as determined by the Board of Directors) to all holders of such shares upon such terms as the Board of Directors, after consideration of the respective annual dividend rates and other relative rights and preferences of the respective series and classes, shall determine in good faith will result in fair and equitable treatment among the respective series or classes.

(b) The Corporation shall not permit any subsidiary of the Corporation to purchase or otherwise acquire for consideration any shares of stock of the Corporation unless the Corporation could, under paragraph (a) of this Section 4, purchase or otherwise acquire such shares at such time and in such manner.

Section 5. Reacquired Shares. Any shares of Series A Preferred Stock purchased or otherwise acquired by the Corporation in any manner whatsoever shall be retired and cancelled promptly after the acquisition thereof. All such shares shall upon their cancellation become authorized but unissued shares of Preferred Stock and may be reissued as part of a new series of Preferred Stock subject to the conditions and restrictions on issuance set forth herein, in the Certificate of Incorporation, or in any other Certificate of Designations creating a series of Preferred Stock or any similar stock or as otherwise required by law.

Section 6. Liquidation, Dissolution or Winding Up. Upon any liquidation, dissolution or winding up of the Corporation, no distribution shall be made (1) to the holders of shares of stock ranking junior (either as to dividends or upon liquidation, dissolution or winding up) to the Series A Preferred Stock unless, prior thereto, the holders of shares of Series A Preferred Stock shall have received \$100 per share, plus an amount equal to accrued and unpaid dividends and distributions thereon, whether or not declared, to the date of such payment, provided that the holders of shares of Series A Preferred Stock shall be entitled to receive an aggregate amount per share, subject to the provision for adjustment hereinafter set forth, equal to 200 times the aggregate amount to be distributed per share to holders of shares of Common Stock, or (2) to the holders of shares of stock ranking on a parity (either as to dividends or upon liquidation, dissolution or winding up) with the Series A Preferred Stock, except distributions made ratably on the Series A Preferred Stock and all such parity stock in proportion to the total amounts to which the holders of all such shares are entitled upon such liquidation, dissolution or winding up. In the event the Corporation shall at any time declare or pay any dividend on the Common Stock payable in shares of Common Stock, or effect a subdivision or combination or consolidation of the outstanding shares of Common Stock (by reclassification or otherwise than by payment of a dividend in shares of Common Stock) into a greater or lesser number of shares of Common Stock, then in each such case the aggregate amount to which holders of shares of

Series A Preferred Stock were entitled immediately prior to such event under the proviso in clause (1) of the preceding sentence shall be adjusted by multiplying such amount by a fraction the numerator of which is the number of shares of Common Stock outstanding immediately after such event and the denominator of which is the number of shares of Common Stock that were outstanding immediately prior to such event.

Section 7. Consolidation, Merger, etc. In case the Corporation shall enter into any consolidation, merger, combination or other transaction in which the shares of Common Stock are exchanged for or changed into other stock or securities, cash and/or any other property, then in any such case each share of Series A Preferred Stock shall at the same time be similarly exchanged or changed into an amount per share, subject to the provision for adjustment hereinafter set forth, equal to 200 times the aggregate amount of stock, securities, cash and/or any other property (payable in kind), as the case may be, into which or for which each share of Common Stock is changed or exchanged. In the event the Corporation shall at any time declare or pay any dividend on the Common Stock payable in shares of Common Stock, or effect a subdivision or combination or consolidation of the outstanding shares of Common Stock (by reclassification or otherwise than by payment of a dividend in shares of Common Stock) into a greater or lesser number of shares of Common Stock, then in each such case the amount set forth in the preceding sentence with respect to the exchange or change of shares of Series A Preferred Stock shall be adjusted by multiplying such amount by a fraction, the numerator of which is the number of shares of Common Stock outstanding immediately after such event and the denominator of which is the number of shares of Common Stock that were outstanding immediately prior to such event.

Section 8. No Redemption. The shares of Series A Preferred Stock shall not be redeemable.

Section 9. Rank. The Series A Preferred Stock shall rank, with respect to the payment of dividends and the distribution of assets, junior to all series of any other class of the Corporation's Preferred Stock.

Section 10. Amendment. The Certificate of Incorporation of the Corporation shall not be amended in any manner which would materially alter or change the powers, preferences or special rights of the Series A Preferred Stock so as to affect them adversely without the affirmative vote of the holders of at least two-thirds of the outstanding shares of Series A Preferred Stock, voting together as a single class.

IN WITNESS WHEREOF, this Certificate of Designations is executed on behalf of the Corporation by its Chairman of the Board and attested by its Secretary this 11 day of January, 2008.

Chairman of the Board

Attest:

Secretary

Form of Right Certificate

Certificate No. R-

__ Rights

NOT EXERCISABLE AFTER JANUARY 11, 2018 OR EARLIER IF REDEMPTION OR EXCHANGE OCCURS. THE RIGHTS ARE SUBJECT TO REDEMPTION AT \$0.005 PER RIGHT AND TO EXCHANGE ON THE TERMS SET FORTH IN THE AGREEMENT.

Right Certificate

A. H. BELO CORPORATION

This certifies that _____, or registered assigns, is the registered owner of the number of Rights set forth above, each of which entitles the owner thereof, subject to the terms, provisions and conditions of the Agreement, dated as of January 11, 2008 (the "Agreement"), between A. H. Belo Corporation, a Delaware corporation (the "Company"), and Mellon Investor Services LLC, a New Jersey limited liability company, as rights agent (the "Rights Agent"), to purchase from the Company at any time after the Distribution Date (as such term is defined in the Agreement) and prior to 5:00 P.M., Dallas, Texas time, on January 11, 2018 at the office of the Rights Agent designated for such purpose, or at the office of its successor as Rights Agent, one two-hundredth of a fully paid non-assessable share of Series A Junior Participating Preferred Stock of the Company (the "Preferred Shares"), at a purchase price of \$80 per one two-hundredth of a Preferred Share (the "Purchase Price"), upon presentation and surrender of this Right Certificate with the Form of Election to Purchase duly executed. The number of Rights evidenced by this Right Certificate (and the number of one two-hundredths of a Preferred Share which may be purchased upon exercise hereof) set forth above, and the Purchase Price set forth above, are the number and Purchase Price as of the Record Date, based on the Preferred Shares as constituted at such date. As provided in the Agreement, the Purchase Price and the number of one two-hundredths of a Preferred Share which may be purchased upon the exercise of the Rights evidenced by this Right Certificate are subject to modification and adjustment upon the happening of certain events.

This Right Certificate is subject to all of the terms, provisions and conditions of the Agreement, which terms, provisions and conditions are hereby incorporated herein by reference and made a part hereof and to which Agreement reference is hereby made for a full description of the rights, limitations of rights, obligations, duties and immunities hereunder of the Rights Agent, the Company and the holders of the Right Certificates. Copies of the Agreement are on file at the principal executive offices of the Company and the offices of the Rights Agent.

This Right Certificate, with or without other Right Certificates, upon surrender at the office of the Rights Agent designated for such purpose, may be exchanged for another Right Certificate or Right Certificates of like tenor and date evidencing Rights entitling the holder to purchase a like aggregate number of Preferred Shares as the Rights evidenced by the Right Certificate or Right Certificates surrendered shall have entitled such holder to purchase. If this Right Certificate shall be exercised in part, the holder shall be entitled to receive upon surrender hereof another Right Certificate or Right Certificates for the number of whole Rights not exercised.

Subject to the provisions of the Agreement, the Rights evidenced by this Right Certificate (i) may be redeemed by the Company at a redemption price of \$0.005 per Right or (ii) may be exchanged in whole or in part for Preferred Shares or shares of the Company's Common Stock, par value \$0.01 per share.

No fractional Preferred Shares will be issued upon the exercise of any Right or Rights evidenced hereby (other than fractions which are integral multiples of one two-hundredth of a Preferred Share, which may, at the election of the Company, be evidenced by depository receipts), but, in lieu thereof, a cash payment will be made, as provided in the Agreement.

No holder of this Right Certificate shall be entitled to vote or receive dividends or be deemed for any purpose the holder of the Preferred Shares or of any other securities of the Company which may at any time be issuable on the exercise hereof, nor shall anything contained in the Agreement or herein be construed to confer upon the holder hereof, as such, any of the rights of a stockholder of the Company or any right to vote for the election of directors or upon any matter submitted to stockholders at any meeting thereof, or to give or withhold consent to any corporate action, or to receive notice of meetings or other actions affecting stockholders (except as provided in the Agreement), or to receive dividends or subscription rights, or otherwise, until the Right or Rights evidenced by this Right Certificate shall have been exercised as provided in the Agreement.

This Right Certificate shall not be valid or obligatory for any purpose until it shall have been countersigned by the Rights Agent.

WITNESS the facsimile signature of the proper officers of the Company and its corporate seal. Dated as of January 11, 2008.

ATTEST:

A. H. BELO CORPORATION

Name:
Title:

By _____
Name:
Title:

Countersigned:

MELLON INVESTOR SERVICES LLC

By _____
Name:
Title:

[Form of Reverse Side of Right Certificate]

FORM OF ASSIGNMENT

(To be executed by the registered holder if such holder desires to transfer the Right Certificate.)

FOR VALUE RECEIVED _____ hereby sells, assigns and transfers unto _____

(Please print name and address of transferee)

_____ this Right Certificate, together with all right, title and interest therein, and does hereby irrevocably constitute and appoint _____ Attorney, to transfer the within Right Certificate on the books of the within-named Company, with full power of substitution.

Dated: _____

Signature

Signature Guaranteed:

All Guarantees must be made by a financial institution (such as a bank or broker) which is a participant in the Securities Transfer Agents Medallion Program ("STAMP"), the New York Stock Exchange, Inc. Medallion Signature Program ("MSP"), or the Stock Exchanges Medallion Program ("SEMP") and must not be dated. Guarantees by a notary public are not acceptable.

The undersigned hereby certifies that the Rights evidenced by this Right Certificate are not beneficially owned by an Acquiring Person or an Affiliate or Associate thereof (as defined in the Agreement).

Signature

NOTICE

The signature to the foregoing Assignment and Certificate must correspond to the name as written upon the face of this Rights Certificate in every particular, without alteration or enlargement or any change whatsoever.

FORM OF ELECTION TO PURCHASE

(To be executed if holder desires to exercise
Rights represented by the Right Certificate.)

To: A. H. Belo Corporation

The undersigned hereby irrevocably elects to exercise _____ Rights represented by this Right Certificate to purchase the Preferred Shares issuable upon the exercise of such Rights and requests that certificates for such Preferred Shares be issued in the name of:

Please insert social security
or other identifying number

(Please print name and address)

If such number of Rights shall not be all the Rights evidenced by this Right Certificate, a new Right Certificate for the balance remaining of such Rights shall be registered in the name of and delivered to:

Please insert social security
or other identifying number

(Please print name and address)

Dated: _____

Signature

Signature Guaranteed:

All Guarantees must be made by a financial institution (such as a bank or broker) which is a participant in the Securities Transfer Agents Medallion Program (“STAMP”), the New York Stock Exchange, Inc. Medallion Signature Program (“MSP”), or the Stock Exchanges Medallion Program (“SEMP”) and must not be dated. Guarantees by a notary public are not acceptable.

The undersigned hereby certifies that the Rights evidenced by this Right Certificate are not beneficially owned by an Acquiring Person or an Affiliate or Associate thereof (as defined in the Agreement).

Signature

NOTICE

The signature in the Form of Assignment or Form of Election to Purchase, as the case may be, must conform to the name as written upon the face of this Right Certificate in every particular, without alteration or enlargement or any change whatsoever.

In the event the certification set forth above in the Form of Assignment or the Form of Election to Purchase, as the case may be, is not completed, the Company and the Rights Agent will deem the beneficial owner of the Rights evidenced by this Right Certificate to be an Acquiring Person or an Affiliate or Associate thereof (as defined in the Agreement) and such Assignment or Election to Purchase will not be honored.

B-5

SUMMARY OF RIGHTS TO PURCHASE
PREFERRED SHARES

Introduction

On January 11, 2008, the Board of Directors of our Company, A. H. Belo Corporation, a Delaware corporation, declared a dividend of one preferred share purchase right (a “Right”) for each outstanding share of (1) Series A common stock, par value \$0.01 per share and (2) Series B common stock, par value \$0.01 per share. The dividend is payable on each share of common stock issued in the spin-off distribution (the “Spin-Off”) to the shareholders of Belo Corp.

Our Board has adopted this Rights Agreement to protect stockholders from coercive or otherwise unfair takeover tactics. In general terms, it works by imposing significant dilution upon any person or group which acquires 15% or more of our outstanding common stock without the approval of our Board. The Rights Agreement should not interfere with any merger or other business combination approved by our Board.

For those interested in the specific terms of the Rights Agreement as made between our Company and Mellon Investor Services LLC as the Rights Agent, on January 11, 2008, we provide the following summary description. Please note, however, that this description is only a summary, and is not complete, and should be read together with the entire Rights Agreement, which has been filed with the Securities and Exchange Commission as an exhibit to a Registration Statement on Form 10 dated January 11, 2008. A copy of the agreement is available free of charge from our Company.

The Rights. Our Board authorized the issuance of a Right with respect to each share of common stock issued on the effective date of the Spin-Off. The Rights will initially trade with, and will be inseparable from, the common stock. The Rights are evidenced only by certificates that represent shares of common stock. New Rights will accompany any new shares of common stock we issue after the Spin-Off until the Distribution Date described below.

Exercise Price. Each Right will allow its holder to purchase from our Company one two-hundredth of a share of Series A Junior Participating Preferred Stock (“Preferred Share”) for \$80, once the Rights become exercisable. This portion of a Preferred Share will give the stockholder approximately the same dividend, voting, and liquidation rights as would one share of common stock. Prior to exercise, the Right does not give its holder any dividend, voting, or liquidation rights.

Exercisability. The Rights will not be exercisable until

- 10 days after the public announcement that a person or group has become an “Acquiring Person” by obtaining beneficial ownership of 15% or more of our outstanding common stock, or, if earlier,

-
- 10 business days (or a later date determined by our Board before any person or group becomes an Acquiring Person) after a person or group begins a tender or exchange offer which, if completed, would result in that person or group becoming an Acquiring Person.

We refer to the date when the Rights become exercisable as the "Distribution Date." Until that date, the common stock certificates will also evidence the Rights, and any transfer of shares of common stock will constitute a transfer of Rights. After that date, the Rights will separate from the common stock and be evidenced by book-entry credits or by Rights certificates that we will mail to all eligible holders of common stock. Any Rights held by an Acquiring Person are void and may not be exercised.

Our Board may reduce the threshold at which a person or group becomes an Acquiring Person to not less than 10% of the outstanding common stock.

Consequences of a Person or Group Becoming an Acquiring Person.

- *Flip In.* If a person or group becomes an Acquiring Person, all holders of Rights except the Acquiring Person may, for \$80, purchase shares of our common stock with a market value of \$150, based on the market price of the common stock prior to such acquisition.
- *Flip Over.* If our Company is later acquired in a merger or similar transaction after a person or group has become an Acquiring Person, all holders of Rights except the Acquiring Person may, for \$80, purchase shares of the acquiring corporation with a market value of \$150 based on the market price of the acquiring corporation's stock prior to such merger.

Preferred Share Provisions.

Each one two-hundredth of a Preferred Share, if issued:

- will not be redeemable.
- will entitle holders to quarterly dividend payments of \$0.005 per share, or an amount equal to the dividend paid on one share of common stock, whichever is greater.
- will entitle holders upon liquidation either to receive \$0.50 per share or an amount equal to the payment made on one share of common stock, whichever is greater.
- will have one vote.
- if shares of our common stock are exchanged via merger, consolidation, or a similar transaction, will entitle holders to a per share payment equal to the payment made on one share of common stock.

The value of one two-hundredth interest in a Preferred Share should approximate the value of one share of common stock.

Expiration. The Rights will expire on January 11, 2018.

Redemption. Our Board may redeem the Rights for \$0.005 per Right at any time before any person or group becomes an Acquiring Person. If our Board redeems any Rights, it must redeem all of the Rights. Once the Rights are redeemed, the only right of the holders of Rights will be to receive the redemption price of \$0.005 per Right. The redemption price will be adjusted if we have a stock split or stock dividends of our common stock.

Exchange. After a person or group becomes an Acquiring Person, our Board may extinguish the Rights by exchanging one share of common stock or an equivalent security for each Right, other than Rights held by the Acquiring Person.

Anti-Dilution Provisions. Our Board may adjust the purchase price of the Preferred Shares, the number of Preferred Shares issuable and the number of outstanding Rights to prevent dilution that may occur from a stock dividend, a stock split, a reclassification of the Preferred Shares or common stock. No adjustments to the Exercise Price of less than 1% will be made.

Amendments. The terms of the Rights Agreement may be amended by our Board without the consent of the holders of the Rights. However, our Board may not amend the Rights Agreement to lower the threshold at which a person or group becomes an Acquiring Person to below 10% of our outstanding common stock. In addition, the Board may not cause a person or group to become an Acquiring Person by lowering this threshold below the percentage interest that such person or group already owns. After a person or group becomes an Acquiring Person, our Board may not amend the agreement in a way that adversely affects holders of the Rights.

TAX MATTERS AGREEMENT

By and between

BELO CORP.

and

A. H. BELO CORPORATION

Dated as of February __, 2008

TABLE OF CONTENTS

ARTICLE I	DEFINITIONS	1
Section 1.01	Definition of Terms	1
ARTICLE II	PAYMENT OF TAXES	6
Section 2.01	Income Taxes	6
Section 2.02	Spin-Off Taxes	7
Section 2.03	Other Taxes	7
Section 2.04	Other Income Taxes	8
Section 2.05	Allocation of Certain Income Taxes and Income Tax Items	8
Section 2.06	Refunds	9
Section 2.07	Carrybacks	10
ARTICLE III	PREPARATION AND FILING OF TAX RETURNS	11
Section 3.01	Belo Responsibility	11
Section 3.02	A. H. Belo Responsibility	11
Section 3.03	Tax Accounting Practices	12
Section 3.04	Right to Review Tax Returns	12
ARTICLE IV	TAX-FREE STATUS OF DISTRIBUTION	12
Section 4.01	Covenants	12
Section 4.02	Procedures Regarding Opinions and Rulings	15
ARTICLE V	TAX CONTESTS; INDEMNIFICATION; COOPERATION	15
Section 5.01	Notice	15
Section 5.02	Control of Tax Contests	15
Section 5.03	Indemnification Payments	17
Section 5.04	Interest on Late Payments	17
Section 5.05	Treatment of Payments	17
Section 5.06	Expenses	18
Section 5.07	Cooperation	18
Section 5.08	Confidentiality	19
Section 5.09	Retention of Tax Records	19
ARTICLE VI	RESOLUTION OF DISPUTES	19
Section 6.01	Tax Disputes	19

ARTICLE VII	MISCELLANEOUS PROVISIONS	20
Section 7.01	Disposition of A. H. Belo Subsidiaries	20
Section 7.02	Complete Agreement; Representations	20
Section 7.03	Costs and Expenses	20
Section 7.04	Governing Law	20
Section 7.05	Notices	20
Section 7.06	Amendment, Modification or Waiver	21
Section 7.07	No Assignment; Binding Effect	22
Section 7.08	Counterparts	22
Section 7.09	Specific Performance	22
Section 7.10	Texas Forum	22
Section 7.11	WAIVER OF JURY TRIAL	23
Section 7.12	Interpretation; Conflict With Ancillary Agreements	23
Section 7.13	Severability	23
Section 7.14	Survival	23

TAX MATTERS AGREEMENT dated as of February __, 2008 (this "Agreement") between Belo Corp, a Delaware corporation ("Belo") and A. H. Belo Corporation., a Delaware corporation whose sole shareholder is Belo ("A. H. Belo" and, together with Belo, each, a "Party" and collectively, the "Parties").

WHEREAS, as of the date of this Agreement, the Belo affiliated group includes A. H. Belo and its subsidiaries;

WHEREAS, the Parties (or their predecessors-in-interest) have entered into the Separation and Distribution Agreement, pursuant to which Belo has contributed to A. H. Belo the stock and assets associated with the A. H. Belo Business (as defined herein) in exchange for shares of common stock of A. H. Belo (the "Contribution");

WHEREAS, Belo intends to distribute on a pro rata basis to its shareholders all of the shares of stock of A. H. Belo (the "Distribution");

WHEREAS, in order to effect the Contribution and Distribution the Parties have engaged in various internal transfers of assets and stock (the "Related Reorganizations");

WHEREAS, the Parties intend that the Contribution, Distribution and Related Reorganizations qualify for non-recognition of gain or loss pursuant to one or more of Sections 368(a), 351, 354, 355, 361 or 1032 of the U.S. Internal Revenue Code of 1986, as amended (the "Code");

WHEREAS, as a result of and upon the Distribution, A. H. Belo and its subsidiaries will cease to be members of the Belo Group; and

WHEREAS, the Parties desire to allocate the Tax responsibilities, liabilities and benefits of transactions that occur on or prior to, and that may occur after, the date on which the Distribution occurs (the "Distribution Date") and to provide for and address certain other Tax matters.

NOW, THEREFORE, in consideration of the mutual covenants and agreements contained herein, the Parties (each on behalf of itself and each of its Affiliates) hereby agree as follows:

ARTICLE I DEFINITIONS

Section 1.01 Definition of Terms. The following terms shall have the following meanings (such meanings to apply equally to both the singular and the plural forms of the terms defined). All Section and Exhibit references are to this Agreement unless otherwise stated. Capitalized terms used in this Agreement but not defined herein shall have the meanings ascribed to such terms in the Separation and Distribution Agreement.

"Action" means any claim, demand, action, cause of action, suit, countersuit, arbitration, litigation, inquiry, proceeding or investigation by or before any Governmental Authority or any arbitration or mediation tribunal or authority.

“Active Trade or Business” means the active trade or business of A. H. Belo and its subsidiaries as described in the Ruling.

“Adjustment Request” means any formal or informal claim or request filed with any governmental authority for any Refund, underpayment or overpayment of Tax or any change in available Tax Attributes.

“Affiliate” of any Person means any entity that, after the Distribution, is directly or indirectly “controlled” by any of (i) the Person in question, (ii) any Person of which the Person in question is an Affiliate under clause (i), or (iii) any Affiliate under clause (i) of a Person described in clause (ii). For purposes of this definition, “control” means the possession, directly or indirectly, of the power to direct or cause the direction of the management and policies of a Person, whether through ownership of voting securities or other interests, by contract or otherwise.

“Agreement” has the meaning set forth in the recitals.

“A. H. Belo” has the meaning set forth in the recitals.

“A. H. Belo Business” means the newspaper business and related businesses as more fully described in Belo’s SEC Form 10 Information Statement provided in connection with the Distribution.

“A. H. Belo Capital Stock” means (i) all classes or series of capital stock of A. H. Belo, including common stock and all other instruments treated as equity in A. H. Belo for U.S. federal Income Tax purposes and (ii) all options, warrants and other rights to acquire such capital stock.

“A. H. Belo Group” means A. H. Belo and each of its Subsidiaries and Affiliates as of the date hereof, and any corporation or other entity that may become part of such Group from time to time.

“Ancillary Agreement” has the meaning set forth in the Separation and Distribution Agreement.

“Belo” has the meaning set forth in the recitals.

“Belo Consolidated Group” means the affiliated group of corporations (within the meaning of Section 1504 of the Code) of which Belo is the common parent on or prior to the Distribution Date.

“Belo Group” means Belo and each of its Affiliates and Subsidiaries, and any corporation or other entity that may become part of such Group from time to time. For the avoidance of doubt, the Belo Group excludes any entity that is a member of the A. H. Belo Group.

“Code” has the meaning set forth in the recitals.

“Contribution” has the meaning set forth in the recitals.

“Distribution” has the meaning set forth in the recitals.

“Distribution Date” has the meaning set forth in the recitals.

“Final Determination” means the final resolution of liability for any Tax for any taxable period by or as a result of (i) a final and unappealable decision, judgment, decree or other order by any court of competent jurisdiction; (ii) a final settlement with the IRS, a closing agreement or accepted offer in compromise under Code Sections 7121 or 7122, or a comparable arrangement under the laws of another jurisdiction; (iii) any allowance of a Refund in respect of an overpayment of Tax, but only after the expiration of all periods during which such amount may be recovered by the Taxing Authority imposing the Tax; or (iv) any other final disposition, including by reason of the expiration of the applicable statute of limitations.

“Governmental Authority” means any federal, state, local, foreign or international court, government, department, commission, board, bureau or agency, or any other regulatory, self-regulatory, administrative or governmental organization or authority, including the New York Stock Exchange, Inc.

“Group” means the Belo Group and/or the A. H. Belo Group, as the context requires.

“Income Taxes” means all federal, state, local, and foreign income or franchise Taxes or other Taxes based on income or net worth.

“Indemnifying Party” has the meaning set forth in Section 5.01.

“Indemnitee” has the meaning set forth in Section 5.01.

“IRS” means the U.S. Internal Revenue Service.

“Joint Return” means any Return that includes both a member of the Belo Group and a member of the A. H. Belo Group.

“Law” means any applicable foreign, federal, national, state, provincial or local law (including common law), statute, ordinance, rule, regulation, code or other requirement enacted, promulgated, issued or entered into, or act taken, by a Governmental Authority.

“Other Taxes” means all Taxes other than Income Taxes, including (but not limited to) transfer, sales, use, excise, payroll, property, and unemployment Taxes.

“Party” or “Parties” has the meaning set forth in the recitals.

“Past Practices” has the meaning set forth in Section 3.03(a).

“Person” means any natural person, corporation, general or limited partnership, limited liability company or partnership, joint stock company, joint venture, association, trust,

bank, trust company, land trust, business trust or other organization, whether or not a legal entity, and any Governmental Authority.

“Post-Distribution Tax Period” means any taxable period (or portion thereof) beginning after the Distribution Date.

“Pre-Distribution Tax Period” means any taxable period (or portion thereof) ending on or before the close of the Distribution Date.

“Proposed Acquisition Transaction” has the meaning set forth in Section 4.02(b)(i).

“Refund” means any cash refund of Taxes or reduction of Taxes by means of credit, deduction, offset or otherwise.

“Reportable Transaction” means a reportable or listed transaction as defined in Section 6011 of the Code or the Treasury Regulations promulgated thereunder.

“Restricted Period” means the period beginning on the date of this Agreement and ending on, and including, the last day of the two-year period following the Distribution Date.

“Ruling” means all private letter rulings granted by the IRS or any other taxing authority relating to the Transactions (whether granted prior to, on or after the date hereof), requests for such rulings, including all supplemental ruling requests and information submissions, and any exhibit to any of the foregoing.

“Satisfactory Guidance” means either a ruling from the IRS or an Unqualified Tax Opinion, at the election of A. H. Belo, in either case reasonably satisfactory to Belo in both form and substance, including with respect to any underlying assumptions or representations. Satisfactory Guidance shall not include an Unqualified Tax Opinion with respect to which Belo’s counsel, of recognized national standing, provides an opinion to Belo that the conclusions in such Unqualified Tax Opinion are not free from doubt. For the avoidance of doubt, this definition is intended to allow Belo to prevent A. H. Belo from taking the action that is the subject of a ruling from the IRS or an Unqualified Tax Opinion, if Belo determines in good faith that there is any Tax risk to it from such action based upon either (1) any uncertainty concerning any underlying assumptions or representations in such ruling or opinion or (2) any legal uncertainty referred to in advice it receives from its counsel.

“Separate Return” means (i) in the case of the A. H. Belo Group, a Tax Return of any member of that Group (including any consolidated, combined, affiliated or unitary Return) that does not include, for all or any portion of the relevant taxable period, any member of the Belo Group and (ii) in the case of the Belo Group, a Tax Return of any member of that Group (including any consolidated, combined, affiliated or unitary Return) that does not include, for all or any portion of the relevant taxable period, any member of the A. H. Belo Group.

“Separation and Distribution Agreement” means the Separation and Distribution Agreement, as amended from time to time, by and between Belo and A. H. Belo dated as of _____, 2008.

“Spin-Off Taxes” means all (i) Taxes of any member of the Belo Group or the A. H. Belo Group resulting from, or arising in connection with, the failure of the Related Reorganizations, Contribution or the Distribution to have Tax-Free Status, (ii) Taxes of the type described in clause (i) of any third party for which any member of the Belo Group or the A. H. Belo Group is or becomes liable, and (iii) reasonable out of pocket legal, accounting and other advisory and court fees in connection with liability for Taxes described in clauses (i) or (ii).

“Straddle Period” means any taxable period beginning on or before the Distribution Date and ending after the Distribution Date.

“Tax Advisor” means a U.S. Tax counsel or other Tax advisor of recognized national standing reasonably acceptable to both Parties.

“Tax Attribute” means a net operating loss, net capital loss, investment credit, foreign Tax credit, excess charitable contribution, general business credit or any other item of loss, deduction or credit that could reduce a Tax liability.

“Tax Contest” means an audit, review, examination or any other administrative or judicial proceeding with the purpose or effect of determining or redetermining Taxes (including any administrative or judicial review of any Adjustment Request).

“Tax Dispute” means any dispute arising in connection with this Agreement.

“Tax-Free Status” means the qualification of the Related Reorganizations, Contribution and Distribution (i) as one or more transactions qualifying for non-recognition of gain pursuant to Code Sections 355(a) and 368(a)(1)(D) or 351, (ii) in which the A. H. Belo stock (and other stock distributed in the Related Reorganizations) is “qualified property” for purposes of Code Sections 355(c) and 361(c), (iii) in which Belo, A. H. Belo and the shareholders of Belo recognize no income or gain for U.S. federal Income Tax purposes pursuant to Code Sections 354, 355, 361 and 1032 and (iv) that qualifies for tax-free treatment under comparable provisions of state and local law. For the avoidance of doubt, recognition of income or gain that relates to items described in Sections 2.03(c)(i)(A) or 2.04 or to intercompany items shall not cause the Distribution to fail to achieve Tax-Free Status.

“Tax Item” means any item of income, gain, loss, deduction, credit, recapture of credit, or any other item (including the basis or adjusted basis of property) which increases or decreases Income Taxes paid or payable in any taxable period.

“Tax Opinions/Rulings” means (i) any Ruling and (ii) the opinions of Tax Advisors relating to the Transactions including, without limitation, those issued either at the time of the Distribution or to allow a Party to take actions otherwise prohibited under this Agreement.

“Tax Return” or “Return” means any return, filing, report, questionnaire, information statement, claim for Refund, or other document required or permitted to be filed, including any amendments that may be filed, for any taxable period with any Taxing Authority.

“Taxes” means all forms of taxation or duties imposed, or required to be collected or withheld, including charges, together with any related interest, penalties or other additional

amounts. For the avoidance of doubt, the term “Taxes” does not include amounts to be paid to any Governmental Authority pursuant to escheat law.

“Taxing Authority” means any Governmental Authority imposing Taxes.

“Transactions” means the Contribution, the Distribution, the Related Reorganizations, the transactions contemplated by the Separation and Distribution Agreement and any other transfer of assets (whether by contribution, sale or otherwise) between any member of the Belo Group and any member of the A. H. Belo Group in connection with the Contribution or the Distribution.

“Unqualified Tax Opinion” means an unqualified “will” opinion of a Tax Advisor that permits reliance by Belo. The Tax Advisor, in issuing its opinion, shall be permitted to rely on the validity and correctness, as of the date given, of any previously issued Tax Opinions/Rulings, unless such reliance would be unreasonable under the circumstances.

ARTICLE II PAYMENT OF TAXES

Section 2.01 Income Taxes.

(a) Except as otherwise provided hereinafter in this Section 2.01 and in Sections 2.02 and 2.04, Belo shall be responsible for all Income Taxes (i) of A. H. Belo and its Affiliates for any Pre-Distribution Tax Period; (ii) of A. H. Belo and its Affiliates for any Straddle Period, but only to the extent allocated to Belo pursuant to Section 2.05; or (iii) imposed under Treasury Regulation Section 1.1502-6 or under any comparable or similar provision of state, local or foreign laws or regulations on A. H. Belo or an Affiliate solely as a result of such company being a member of a consolidated, combined, or unitary group with Belo or any Belo Affiliate during any Tax period. Provided, however that (x) any liability for Taxes (and related expenses) resulting from a redetermination on audit examination (or other proceeding) of any gain recognized as a result of the Distribution pursuant to Treasury Regulation § 1.1502-13 (or any predecessor provision), or comparable provision of state law, shall be shared one-third by Belo and two-thirds by A. H. Belo and (y) pursuant to the historic tax sharing policy of the Belo Consolidated Group, A. H. Belo shall bear and shall reimburse Belo therefor as provided in Section 3.02(b) (xx) the A. H. Belo Group’s share of the Income Tax liability for the period from January 1, 2008 through the Distribution Date reported on the consolidated federal income tax return (and any similar state return) of Belo and its subsidiaries and (yy) the entire amount reported on each 2008 Separate Return of the A. H. Belo Group or any member thereof.

(b) A. H. Belo shall be responsible for all Income Taxes (i) of A. H. Belo and its Affiliates which are not the responsibility of Belo pursuant to Section 2.01(a) (including, without limitation, Income Taxes for Post-Distribution Tax Periods of A. H. Belo and its Affiliates); and (ii) of Belo and its Affiliates attributable to acts or omissions of A. H. Belo or its Affiliates taken after the Distribution (other than acts or omissions that are (x) in the ordinary course of business, (y) otherwise contemplated by the Separation and Distribution Agreement or any Ancillary Agreement or (z) specifically addressed in Section 2.02, below, which shall govern liability for Spin-Off Taxes).

Section 2.02 Spin-Off Taxes.

(a) A. H. Belo shall be liable, and shall indemnify the Belo Group, for any Spin-Off Taxes that are attributable to (i) any inaccurate statement or representation of fact or intent (or omission to state a material fact) in a letter or certificate that is provided by any member of the A. H. Belo Group after the date hereof, and that forms the basis for the Tax Opinions/Rulings; (ii) any act or omission by the A. H. Belo Group after the date of this Agreement inconsistent with the covenants set forth in this Agreement; or (iii) any other act or omission by the A. H. Belo Group after the date of this Agreement (except for acts disclosed in any Ruling request submitted to the IRS prior to the date hereof), including any act or omission that would have resulted in A. H. Belo being in breach of Section 4.01(b) but for the receipt by A. H. Belo of a Ruling from the IRS, an Unqualified Tax Opinion or a waiver.

(b) Belo shall be liable, and shall indemnify the A. H. Belo Group, for any Spin-Off Taxes attributable to (i) any inaccurate statement or representation of fact or intent (or omission to state a material fact) in a letter or certificate that is provided by any member of the Belo Group after the date hereof and that forms the basis for the Tax Opinions/Rulings; (ii) any act or omission by the Belo Group after the date of this Agreement inconsistent with the covenants set forth in this Agreement; or (iii) any other act or omission (except for acts disclosed in any Ruling request submitted to the IRS prior to the date hereof) by the Belo Group after the date of this Agreement.

(c) Liability for any Spin-Off Taxes described in both paragraphs (a) and (b) shall be shared by Belo and A. H. Belo according to relative fault. If neither Party is at fault, they shall share the liability equally.

Section 2.03 Other Taxes.

(a) Subject to Section 2.03(c), below, Belo shall be responsible for all Other Taxes attributable to Belo and its Affiliates (other than A. H. Belo and its Affiliates) and to its business activities other than the A. H. Belo Business, or resulting from the Transactions, for all Pre-Distribution Tax Periods, Straddle Periods, and Post-Distribution Tax Periods.

(b) Subject to Section 2.03(c), below, A. H. Belo shall be responsible for all Other Taxes attributable to A. H. Belo and its Affiliates or to the A. H. Belo Business for all Pre-Distribution Tax Periods, Straddle Periods, and Post-Distribution Tax Periods.

(c) In each case the responsibilities of 2.03(a) and 2.03(b) shall be consistent with the principles described below:

(i) Transfer Taxes.

(A) Except as otherwise provided in this Agreement or the other Ancillary Agreements, the Belo Group shall be liable, and shall indemnify the A. H. Belo Group, for any stamp, sales, use, gross receipts, value-added, real estate transfer or other transfer Taxes imposed in connection with the Transactions.

(B) If business operations or assets of a Belo entity are transferred to an A. H. Belo entity as part of the Transactions, the transferee shall assume any and all liabilities for stamp, sales, use, gross receipts, value-added, real estate transfer and other transfer Taxes associated with such transferred operations (but not such liabilities specifically relating to the Transactions) and will have sole responsibility for satisfying such liabilities.

(C) With respect to Refund claims pending on the Distribution Date involving any sales, use, gross receipts or other similar Taxes, (x) in the case of a Refund received by Belo and payable to A. H. Belo pursuant to the terms hereof, the amount of such payment shall be net of all contingent fee expenses and Taxes paid by Belo and related to such Refund, or (y) in the event that A. H. Belo receives a Refund due any member of the A. H. Belo Group directly from the relevant Taxing Authority, it shall reimburse Belo for all contingent fee expenses and Taxes paid by Belo with respect to such Refund. For the avoidance of doubt, A. H. Belo shall not be liable for any contingent fee expenses or Taxes related to Refunds received prior to the Distribution Date.

(ii) Property Taxes. If property is transferred between legal entities, the transferee shall assume any and all liabilities for real and personal property Taxes associated with such transferred property and will have sole responsibility for satisfying such liabilities.

(iii) Payroll Taxes. If an employee moves from one employer to another, the “new” employer shall assume any and all employment related Taxes attributable to such transferred employee and will have sole responsibility for satisfying such liabilities.

Section 2.04 Certain Income Taxes. Without regard to anything to the contrary in this Article II, Belo shall be liable, and shall indemnify the A. H. Belo Group, for all Taxes arising as a result of the Transactions from (i) excess loss accounts taken into account under Code Section 1502, (ii) Code Section 357(c) or (iii) Code Section 361(b), in each case, including under similar state and local law provisions. Any Taxes attributable to deferred intercompany gains that are triggered as a result of the Transactions shall be the responsibility of Belo and shall not be included in determining the A. H. Belo Group’s Income Tax liability. To the extent there are adjustments to the amount of any deferred intercompany gain triggered as a result of the Distribution, Belo and A. H. Belo shall, pursuant to Section 2.01(a), be responsible for paying the additional Tax associated with any increase in the amount of gain in the ratio of one-third and two-thirds, respectively, and Belo shall be entitled to any Refund attributable to any reduction of gain except to the extent the Refund is attributable to an increase in the amount of such gain, in which case the Refund or portion thereof shall be shared between Belo and A. H. Belo in recordance with the above ratio.

Section 2.05 Allocation of Certain Income Taxes and Income Tax Items.

(a) If Belo, A. H. Belo or any of their respective Affiliates is permitted but not required under applicable U.S. federal, state, local or foreign Tax laws to treat the Distribution Date as the last day of a taxable period, then the Parties shall treat such day as the last day of a taxable period under such applicable Tax law, and shall file any elections necessary or appropriate to such treatment; provided that this Section 2.05(a) shall not be construed to require Belo to change its taxable year.

(b) Transactions occurring, or actions taken, on the Distribution Date but after the Distribution outside the ordinary course of business by, or with respect to, A. H. Belo or any of its Affiliates shall be deemed subject to the “next day rule” of Treasury Regulation Section 1.1502-76(b)(1)(ii)(B) (and under any comparable or similar provision under state, local or foreign laws or regulations, provided that if there is no comparable or similar provision under state, local or foreign laws or regulations, then the transaction will be deemed subject to the “next day rule” of Treasury Regulation Section 1.1502-76(b)(1)(ii)(B)) and as such shall for purposes of this Agreement be treated (and consistently reported by the Parties) as occurring in a Post-Distribution Tax Period of A. H. Belo or an A. H. Belo Affiliate, as appropriate.

(c) Any Taxes for a Straddle Period with respect to A. H. Belo and/or its Affiliates (or entities in which A. H. Belo and/or one of its Affiliates has an ownership interest) shall, for purposes of this Agreement, be apportioned between Belo and A. H. Belo based on the portion of the period ending on and including the Distribution Date and the portion of the period beginning after the Distribution Date, and each such portion of such period shall be deemed to be a taxable period (whether or not it is in fact a taxable period). Any allocation of income or deductions required to determine any Income Taxes for a Straddle Period shall be made by means of a closing of the books and records of A. H. Belo and its Affiliates as of the close of business on the Distribution Date; provided that (i) Belo may elect to allocate Tax Items (other than any extraordinary Tax Items) ratably in the month in which the Distribution occurs (and if Belo so elects, A. H. Belo shall so elect) as described in Treasury Regulation Section 1.1502-76(b)(2)(iii) and corresponding provisions of state, local, and foreign Tax laws; and (ii) subject to (i), exemptions, allowances or deductions that are calculated on an annual basis, and not on a closing of the books method, (including, but not limited to, depreciation and amortization deductions) shall be allocated between the period ending on and including the Distribution Date and the period beginning after the Distribution Date based on the number of days for the portion of the Straddle Period ending on and including the Distribution Date, on the one hand, and the number of days for the portion of the Straddle Period beginning after the Distribution Date, on the other hand.

(d) Tax Attributes determined on a consolidated or combined basis for taxable periods ending before or including the Distribution Date shall be allocated to Belo and its Affiliates, and A. H. Belo and its Affiliates, in accordance with the Code and the Treasury Regulations (and any applicable state, local, or foreign law or regulation). Belo shall reasonably determine the amounts and proper allocation of such attributes, and the Tax basis of the assets and liabilities transferred to A. H. Belo in connection with the Transactions, as of the Distribution Date; provided that A. H. Belo shall be entitled to participate in such determination. Belo and A. H. Belo agree to compute their Tax liabilities for taxable periods after the Distribution Date consistent with that determination and allocation, and treat the Tax Attributes and Tax Items as reflected on any federal (or applicable state, local or foreign) Income Tax Return filed by the Parties as presumptively correct.

Section 2.06 Refunds. Except as provided in Section 2.07:

(a) Belo shall be entitled to all Refunds with respect to any Tax for which Belo is responsible under Sections 2.01, 2.02, 2.03, or 2.04. A. H. Belo shall be entitled to all Refunds with respect to any Tax for which A. H. Belo is responsible under Sections 2.01, 2.02,

2.03, or 2.04. Belo shall be entitled to any Refund resulting from change of accounting method granted by the IRS for 2007 or 2008.

(b) A. H. Belo and Belo shall each forward to the other Party, or reimburse such other Party for, any Refunds received by the first Party and due to such other Party pursuant to this Section (net of all contingent fees and Taxes payable by the first Party and related to such Refund). Where a Refund is received in the form of a deduction from, or credit or other offset against other or future Tax liabilities, reimbursement with respect to such Refund shall be due in each case on the due date for payment of the Tax from or against which such Refund has been deducted, credited or otherwise offset.

(c) If one Party reasonably so requests, the other Party (at the first Party's expense) shall file for and pursue any Refund to which the first Party is entitled under this Section; provided that the other Party need not pursue any Refund on behalf of the first Party unless the first Party provides the other Party a certification by an appropriate officer of the first Party setting forth the first Party's belief (together with supporting analysis) that the Tax treatment of the Tax Items on which the entitlement to such Refund is based is more likely than not correct, and is not a Tax Item arising from a Reportable Transaction.

(d) If the other Party pays any amount to the first Party under this Section 2.06 and, as a result of a subsequent Final Determination, the first Party is not entitled to some or all of such amount, the other Party shall notify the first Party of the amount to be repaid to the other Party, and the first Party shall then repay such amount to the other Party, together with any interest, fines, additions to Tax, penalties or any additional amounts imposed by a Taxing Authority relating thereto.

Section 2.07 Carrybacks.

(a) Notwithstanding anything in this Agreement, A. H. Belo shall file (or cause to be filed) on a timely basis any available election to waive the carryback of net operating losses, Tax credits or other Tax Items by A. H. Belo or any Affiliate from a Post-Distribution Tax Period to a Straddle Period or Pre-Distribution Tax Period. Such elections shall include, but not be limited to, the election described in Treasury Regulation Section 1.1502-21(b)(3)(ii)(B), and any analogous election under state, local, or foreign Income Tax laws, to waive the carryback of net operating losses for U.S. federal Income Tax purposes.

(b) If, notwithstanding the provisions of Section 2.07(a), A. H. Belo is required to carryback losses or credits, A. H. Belo shall be entitled to any Refund of any Tax obtained by Belo or a Belo Affiliate as a result of the carryback of losses or credits of A. H. Belo or its Affiliate from any Post-Distribution Tax Period to any Pre-Distribution Tax Period. Such Refund is limited to the net amount received by Belo or a Belo Affiliate, net of any Tax cost incurred by Belo or such Affiliate resulting from such Refund. Upon request by A. H. Belo, Belo shall advise A. H. Belo of an estimate of any Tax cost Belo projects will be associated with any carryback of losses or credits of A. H. Belo or its Affiliates as provided in this Section 2.07(b).

(c) If A. H. Belo has a Tax Item that must be carried back to any Pre-Distribution Tax Period, A. H. Belo shall notify Belo in writing that such Tax Item must be carried back. Such notification shall include a description in reasonable detail of the grounds for the Refund and the amount thereof, and a certification by an appropriate officer of A. H. Belo setting forth A. H. Belo's belief (together with supporting analysis) that the Tax treatment of such Tax Item is more likely than not correct, and is not a Tax Item arising from a Reportable Transaction.

(d) If Belo pays any amount to A. H. Belo under Section 2.07(b) and, as a result of a subsequent Final Determination, A. H. Belo is not entitled to some or all of such amount, Belo shall notify A. H. Belo of the amount to be repaid to Belo, and A. H. Belo shall then repay such amount to Belo, together with any interest, fines, additions to Tax, penalties or any additional amounts imposed by a Taxing Authority relating thereto.

ARTICLE III PREPARATION AND FILING OF TAX RETURNS

Section 3.01 Belo Responsibility.

(a) Subject to paragraph (b) below, Belo shall make all determinations with respect to, have ultimate control over the preparation of and file all (i) Joint Returns and Belo Separate Returns, in each case as it determines to be mandatory or advisable for all taxable periods, (ii) A. H. Belo Separate Returns that are Income Tax Returns for all Pre-Distribution Tax Periods and (iii) at Belo's election, A. H. Belo Separate Returns that are Income Tax Returns for all Straddle Periods provided that Belo provides written notice to A. H. Belo 45 days after the end of such Straddle Period that Belo is exercising its right to prepare such Tax Return.

(b) If, in connection with the preparation of any Return, Belo materially modifies any information relating to, or provided in, the pro forma federal and state Income Tax Returns or other information related to members of the A. H. Belo Group prepared by A. H. Belo and provided to Belo pursuant to Section 3.02 below, the portions of the Returns that include such information shall be submitted to A. H. Belo no later than 30 days prior to the due date (including extensions) for filing of such federal Returns and 20 days prior to the due date (including extensions) for filing of such state Returns (or if such due date is within 30 days following the Distribution Date, as promptly as practicable following the Distribution Date). Within 10 days after delivery of any such revised portions of any Return, A. H. Belo shall provide comments to Belo in writing to the extent A. H. Belo objects to any revisions that could reasonably be expected to adversely impact any member of the A. H. Belo Group. Such A. H. Belo comments shall be incorporated into the Return upon the consent of Belo, not to be unreasonably withheld. If A. H. Belo does not so notify Belo of any objection, A. H. Belo shall be considered to have consented to the filing of such Return. The dates for submissions to A. H. Belo required in this section may be modified by mutual agreement of Belo and A. H. Belo.

Section 3.02 A. H. Belo Responsibility.

(a) A. H. Belo shall make all determinations with respect to, have ultimate control over the preparation of and file all Tax Returns (other than those described in Section

3.01) for the A. H. Belo Group as it determines to be mandatory or advisable and for all taxable periods. A. H. Belo shall prepare and provide to Belo all pro forma federal and state Income Tax Returns and other information related to members of the A. H. Belo Group required to complete any Tax Return which is the responsibility of Belo pursuant to Section 3.01, in the format reasonably requested by Belo, and at least 110 days prior to the due date (including extensions) of the relevant federal Return and at least 100 days prior to the due date (including extensions) of the relevant state Return. The dates for submissions to Belo required in this section may be modified by mutual agreement of Belo and A. H. Belo.

(b) In the case of any Tax Return that is the responsibility of Belo pursuant to Section 3.01(a) and that relates to an Income Tax that is the obligation of A. H. Belo, A. H. Belo shall pay to Belo the amount of the provision for such Income Tax no later than 10 days prior to the due date (including extensions) for the filing of such Tax Return.

Section 3.03 Tax Accounting Practices.

(a) Except as provided in Section 3.03(b), any Tax Return for any Pre-Distribution Tax Period or Straddle Period, to the extent it relates to members of the A. H. Belo Group, shall be prepared in accordance with practices, accounting methods, elections, conventions and Tax positions used with respect to the Tax Return in question for periods prior to the Distribution (“Past Practices”), and, in the case of any item the treatment of which is not addressed by Past Practices, in accordance with generally acceptable Tax accounting practices. Notwithstanding the foregoing, for any Tax Return described in the preceding sentence, (i) a Party will not be required to follow Past Practices with either the written consent of the other Party (not to be unreasonably withheld) or a “should” level opinion from a Tax Advisor that the proposed method of reporting is correct and (ii) Belo shall have the right to determine which entities will be included in any consolidated, combined, affiliated or unitary Return that it is responsible for filing.

(b) The Parties shall report the Transactions for all Tax purposes in a manner consistent with the Tax Opinions/Rulings, unless, and only to the extent, an alternative position is required pursuant to a Final Determination. Belo shall determine the Tax treatment to be reported on any Tax Return of any Tax issue relating to the Transactions that is not covered by the Tax Opinions/Rulings.

Section 3.04 Right to Review Tax Returns. Upon request, each Party shall make available to the other Party the portion of Pre-Distribution Tax Period Tax Returns that relates to the A. H. Belo Group that the first Party is responsible for preparing under this Article III.

ARTICLE IV
TAX-FREE STATUS OF DISTRIBUTION

Section 4.01 Covenants.

(a) Each of A. H. Belo and Belo will not take or fail to take, or permit its Affiliates to take or fail to take, any action (which includes the undertaking of any transaction) where that action or omission would (i) violate, be inconsistent with or cause to be untrue any

covenant, representation or statement in any Tax Opinions/Rulings or a letter or certificate that forms the basis therefor, or (ii) prevent, or be reasonably likely to prevent, or be inconsistent with, the Tax-Free Status.

(b) During the Restricted Period, except as provided in paragraph (c), A. H. Belo shall not, and shall not permit its Affiliates to, in a single transaction or in a series of transactions:

(i) permit any transaction or series of transactions (or any agreement, understanding or arrangement to enter into a transaction or series of transactions) as determined for purposes of Code Section 355(e), in connection with which (A) any member of the A. H. Belo Group would merge or consolidate with any Person other than any other member of the A. H. Belo Group, (B) any member of the A. H. Belo Group would form one or more joint ventures with any Person other than any other member of the A. H. Belo Group in which, in the aggregate, more than 10% of the gross assets of the A. H. Belo Group are transferred to such joint ventures or (C) any Person would (directly or indirectly) acquire, or have the right to acquire, from any other Person or Persons, a more than 10% interest in A. H. Belo Capital Stock (a “Proposed Acquisition Transaction”). For these purposes, any recapitalization, repurchase or redemption of A. H. Belo Capital Stock shall be treated as an indirect acquisition of such stock by any non-exchanging shareholder to the extent such shareholder’s percentage interest in the issuer increases by vote or value. Notwithstanding the foregoing, a Proposed Acquisition Transaction shall not include (w) the adoption by A. H. Belo of a shareholder rights plan that meets the requirements of IRS Revenue Ruling 90-11, (x) issuances of A. H. Belo Capital Stock pursuant to an employee stock purchase agreement or equity compensation plan that Belo has notified A. H. Belo in writing is acceptable to Belo in its sole discretion (for the avoidance of doubt, (i) any modification or amendment to such agreement or plan is also subject to the prior written consent of Belo and (ii) Belo’s approval is required for the underlying purchase agreement or plan but not for each issuance of stock pursuant thereto), (y) transfers on an established market of A. H. Belo Capital Stock described in Safe Harbor VII of Treasury Regulation Section 1.355-7(d) or (z) issuances of A. H. Belo Capital Stock described in Safe Harbor IX (relating to acquisitions by a retirement plan of an employer) of Treasury Regulation Section 1.355-7(d);

(ii) liquidate or partially liquidate, including by way of merger or consolidation, any member of the A. H. Belo Group other than A. H. Belo;

(iii) liquidate or partially liquidate A. H. Belo;

(iv) cause or permit the A. H. Belo Group to cease to engage in the Active Trade or Business;

(v) sell or transfer assets, other than inventory sold or transferred in the ordinary course of business, constituting (A) 50% or more of the gross assets that are held by any member of the A. H. Belo Group and are used in the Active Trade or Business and are relied upon to satisfy the requirements of Code Section 355(b), (B) 50% or more of the consolidated gross assets of the A. H. Belo Group that are used in an Active Trade or Business (such percentages to be measured based on fair market value as of the Distribution Date) or (C) any

lesser amount if that sale or transfer could reasonably be expected to result in a significant and material change to, or termination of, the Active Trade or Business immediately after the Distribution Date; or

(vi) amend its certificate of incorporation (or other organizational documents), or take any other action, affecting the relative voting rights of the separate classes of A. H. Belo Capital Stock; provided, however, that this clause (vi) shall not be deemed to be violated upon A. H. Belo's adoption of a shareholder rights plan that meets the requirements of IRS Revenue Ruling 90-11.

(c) Notwithstanding paragraph (b):

(i) clauses (i) through (vi) of paragraph (b) shall not apply upon the prior written consent of Belo, which consent may not be withheld if Belo determines in good faith that A. H. Belo has provided it with Satisfactory Guidance concluding that the proposed actions will not result in Spin-Off Taxes;

(ii) clause (v) of paragraph (b) shall not apply after the six month anniversary of the Distribution Date;

(iii) for purposes of clause (i), if A. H. Belo provides Belo an Unqualified Tax Opinion that is intended to be Satisfactory Guidance concerning a Proposed Acquisition Transaction, then such Opinion may be based on the assumption that Belo did not have any agreement, understanding, arrangement or substantial negotiations, within the meaning of Treasury Regulations Section 1.355-7(h), with the counterparty to the Proposed Acquisition Transaction within the two year period preceding the Distribution Date and such assumption shall not prevent such Unqualified Tax Opinion from being considered Satisfactory Guidance by the Parties, provided that (x) such assumption must be based on a certificate of such counterparty that such assumption is true to the best of its knowledge and belief, and (y) Belo may deem such Opinion not to be Satisfactory Guidance if, in its reasonable judgment, there is a risk that such assumption is not correct; and

(iv) In the event that A. H. Belo intends to consummate any Proposed Acquisition Transaction after the end of the Restricted Period but before the end of 30 months after the Distribution Date, then either (x) A. H. Belo shall be permitted to consummate such proposed Acquisition Transaction, provided that A. H. Belo shall provide Belo with an unconditional certification that it did not have any agreement, understanding, arrangement or substantial negotiations, within the meaning of Treasury Regulations Section 1.355-7(h), with the counterparty to such transaction within 12 months after the Distribution Date, and Belo after reasonable due investigation is satisfied with the correctness of such certification, or (y) such Proposed Acquisition Transaction shall be subject to the provisions under Sections 4.01(b) and (c).

(d) Notwithstanding anything herein to the contrary, for purposes of paragraph (c), no Ruling shall be obtained from the IRS if Belo determines that there is a reasonable possibility that such an action could have a significant adverse impact on any member of the Belo Group.

Section 4.02 Procedures Regarding Opinions and Rulings.

(a) Subject to Section 4.01(d), if A. H. Belo may take certain actions conditioned upon the receipt of Satisfactory Guidance, Belo, at the request of A. H. Belo, shall use commercially reasonable efforts to expeditiously obtain, or assist A. H. Belo in obtaining, such Satisfactory Guidance. Belo shall not be required to take any action pursuant to this Section 4.02(a) if A. H. Belo fails to certify, upon request, that all information and representations relating to any member of the A. H. Belo Group in the relevant documents are true, correct and complete. A. H. Belo shall reimburse Belo for all reasonable out-of-pocket costs and expenses incurred by the Belo Group in obtaining Satisfactory Guidance.

(b) Belo shall have the right to obtain a Ruling from the IRS (or any other Taxing Authority) or an Unqualified Tax Opinion at any time in its sole discretion. Belo shall reimburse A. H. Belo for all reasonable out-of-pocket costs and expenses incurred by the A. H. Belo Group in obtaining such a Ruling or Unqualified Tax Opinion.

(c) Belo shall have exclusive control over the process of obtaining any Ruling relating to the Transactions and neither A. H. Belo nor any of its Affiliates shall independently seek any guidance concerning the Transactions from any Taxing Authority at any time. In connection with any Ruling relating to the Transactions that can reasonably be expected to affect A. H. Belo liabilities under this Agreement, Belo shall (i) keep A. H. Belo informed of all material actions taken or proposed to be taken by Belo, (ii) reasonably in advance of the submission of any Ruling request provide A. H. Belo with a draft thereof, consider A. H. Belo's comments on such draft, and provide A. H. Belo with a final copy, and (iii) provide A. H. Belo with notice reasonably in advance of, and permit A. H. Belo to attend, any formally scheduled meetings with the IRS (subject to the approval of the IRS) that relate to such Ruling.

ARTICLE V
TAX CONTESTS; INDEMNIFICATION; COOPERATION

Section 5.01 Notice.

(a) Within 15 days after a Party (the "Indemnitee") becomes aware of the existence of a Tax Contest that may give rise to an indemnification claim under this Agreement by it against the other Party (the "Indemnifying Party"), the Indemnitee shall promptly notify the Indemnifying Party of the Tax Contest, and thereafter shall promptly forward or make available to the Indemnifying Party copies of notices and communications with a Taxing Authority relating to such Tax Contest.

(b) The Indemnifying Party shall not be responsible for any increase in amounts to which the Indemnitee is otherwise entitled to the extent that such increase results solely from the failure of the Indemnitee to provide timely notice as required pursuant to Section 5.01(a).

Section 5.02 Control of Tax Contests.

(a) Except as otherwise provided in paragraphs (b) and (c):

(i) Belo shall control, and have sole discretion in handling, settling or contesting, any Tax Contest relating to any Joint Returns, as well as any Separate Returns or other Return if any such Return is related to Taxes for which Belo is responsible pursuant to Article II, or the Tax treatment of the Transactions, provided that (x) Belo shall act in good faith in connection with its control of any such Tax Contests and (y) A. H. Belo shall have the right to participate in and advise on (including, without limitation, the opportunity to review and comment upon Belo's communications with the Taxing Authority, which comments shall be incorporated upon the consent of Belo, not to be unreasonably withheld) such items for which A. H. Belo could be liable under Article II as a result of such Tax Contest; and

(ii) If A. H. Belo disagrees with Belo's decision to settle a Tax Contest that may reasonably be expected materially to affect amounts for which A. H. Belo is liable under Article II, A. H. Belo shall have the right to contest its liability to Belo under Article II notwithstanding the settlement. A. H. Belo shall provide written notice to Belo of its intention to contest its liability as a result of any settlement (and its irrevocable election described below) prior to the time such settlement is entered into. Any such contest by A. H. Belo shall be made under the procedures set forth in Article VI. Under those procedures, A. H. Belo may irrevocably elect, in its sole discretion, to require the Tax Advisor or the arbitrator to determine either (x) the amount of a settlement with the relevant Taxing Authority that would most accurately reflect the litigation risk of the relevant issue, or (y) the most likely outcome of the issue if it were litigated without a settlement. In either such case, A. H. Belo shall be liable to Belo, or Belo shall be liable to A. H. Belo, based solely on the determination of the Tax Advisor or the arbitrator as if a settlement or litigation implementing such determination had actually occurred, without regard to the actual settlement. For the avoidance of doubt, this clause (ii) shall not limit Belo's ability to settle a Tax Contest.

(b) A. H. Belo shall control and have sole discretion in handling, settling or contesting, any Tax Contest for a Pre-Distribution Tax Period to the extent such Tax Contest relates solely to Taxes that are the responsibility of A. H. Belo pursuant to Article II; provided that Belo shall have the right to participate in and advise on all aspects of such Tax Contests and may coordinate discussions with the relevant Taxing Authority with respect thereto.

(c) Belo and A. H. Belo shall jointly control Tax Contests relating to Tax liability arising from the failure of the Transactions to qualify for tax-free treatment under Code Sections 355 or 361, if there is a reasonable likelihood that A. H. Belo would be liable to Belo under Article II as a result of such Tax Contest. Neither Party shall have the right to settle any such Tax Contest without the consent of the other Party; provided that Belo may settle any such Tax Contest without the consent of A. H. Belo if Belo waives any claim for indemnification with respect thereto.

(d) Except as otherwise provided in paragraph (a), (b) or (c), A. H. Belo shall have sole control over any Tax Contest that relates to A. H. Belo Separate Returns for any Post-Distribution Tax Period.

(e) Any out-of-pocket costs incurred in handling, settling or contesting a Tax Contest shall be borne ratably by the Parties based on their ultimate liability under this Agreement for the Taxes to which the Tax Contest relates; provided, however, that if A. H. Belo

contests a settlement made by Belo as provided in clause (ii) of paragraph (a), A. H. Belo shall bear the costs relating to A. H. Belo's contest of such settlement unless A. H. Belo substantially prevails in such contest.

Section 5.03 Indemnification Payments.

(a) An Indemnitee shall be entitled to make a claim for payment pursuant to this Agreement when the Indemnitee determines that it is entitled to such payment and the amount of such payment (including, for the avoidance of doubt, the finalization of a Return before filing). The Indemnitee shall provide to the Indemnifying Party notice of such claim within 10 days of the date on which it first so becomes entitled to claim such payment, including a description of such claim and a detailed calculation of the amount of the indemnification payment that is claimed, provided, however, that no delay on the part of the Indemnitee in notifying the Indemnitor shall relieve the Indemnitor from any obligation hereunder unless (and then solely to the extent) the Indemnitor is actually and materially prejudiced thereby. Except as provided in paragraph (b), the Indemnifying Party shall make the claimed payment to the Indemnitee within 10 days after receiving such notice, unless the Indemnifying Party reasonably disputes its liability for, or the amount of, such payment.

(b) If the Indemnitee will be obligated to make the payment described in paragraph (a) to a Taxing Authority or other third Party (including expenses reimbursable under this Agreement), the Indemnifying Party shall not be obligated to pay the Indemnitee more than 5 days before the Indemnitee incurs such expense or makes such payment. If the Indemnitee's claim for payment arises from a payment that the Indemnifying Party will receive from a third Party, such as a Refund, the Indemnifying Party shall not be obligated to pay the Indemnitee until 5 days after the Indemnifying Party receives such payment.

(c) In the case of a claim under Article II where no payment will be made to or received from a Taxing Authority, paragraph (b) shall be applied to the payments that would be made to or from a Taxing Authority if the A. H. Belo Group was treated as a standalone group for all taxable periods.

Section 5.04 Interest on Late Payments. Interest shall accrue with respect to any indemnification payment (including any disputed payment that is ultimately required to be made), not made within the period for payment, at [_____] percent per annum compounded quarterly.

Section 5.05 Treatment of Payments.

(a) The amount of all indemnification obligations under this Agreement shall be decreased to take into account the Tax benefits to the Indemnitee of the deductibility of any indemnified item (whether or not any Tax benefit is actually received for a deductible item and assuming the highest applicable taxable rate) and shall be increased where necessary so that, after all the required deductions (whether or not any Tax benefit is actually received for a deductible item and assuming the highest applicable taxable rate) have been made and Taxes imposed, the Indemnitee receives the amount it would have been entitled to receive under this Agreement in the absence of such deductions and Taxes.

(b) Any payments made to one Party by another Party pursuant to (i) this Agreement or (ii) the Separation and Distribution Agreement (if payment made pursuant to the Separation and Distribution Agreement relates to taxable periods (or portions thereof) ending on or before the Distribution) shall be treated by the Parties for all Tax purposes as a distribution by, or capital contribution to, A. H. Belo, as the case may be, made immediately prior to the Distribution, except to the extent otherwise required by a Final Determination.

Section 5.06 Expenses. Except as otherwise provided herein, each Party and its Affiliates shall bear their own expenses incurred in connection with preparation of Tax Returns, Tax Contests, and other matters under this Agreement.

Section 5.07 Cooperation. Each member of the Belo Group and the A. H. Belo Group shall cooperate fully with all reasonable requests from the other Party in connection with the preparation and filing of Tax Returns and Adjustment Requests, Tax Contests and other matters covered by this Agreement.

(a) Such cooperation shall include:

(i) the retention until the expiration of the applicable statute of limitations, and the provision upon request, of Tax Returns, books, records (including information regarding ownership and Tax basis of property), documentation and other information relating to the Tax Returns, including accompanying schedules, related workpapers, and documents relating to Rulings or other determinations by Taxing Authorities;

(ii) the execution of any document that may be necessary or reasonably helpful in connection with any Tax Contest, the filing of a Tax Return or Adjustment Request by a member of the Belo Group or the A. H. Belo Group, obtaining a Tax opinion or private letter ruling (except as otherwise provided in Section 4.02(c)), or other matters covered by this Agreement, including certification (provided in such form as may be required by applicable law or reasonably requested and made to the best of a Party's knowledge) of the accuracy and completeness of the information it has supplied;

(iii) the use of the Parties' reasonable best efforts to obtain any documentation that may be necessary or reasonably helpful in connection with any of the foregoing;

(iv) the use of the Parties' reasonable best efforts to make the applicable Party's current or former directors, officers, employees, agents and facilities available on a reasonable and mutually convenient basis in connection with the foregoing matters; and

(v) making determinations with respect to actions described in Section 4.01(c) as promptly as practicable including, without limitation, making determinations within 10 days with respect to modifications and amendments of employee stock purchase agreements or equity compensation plans under Section 4.01(b)(i)(x).

(b) If a Party fails to comply with any of its obligations set forth in this Section 5.07 upon reasonable request and notice by the other Party, and such failure results in the

imposition of additional Taxes, the nonperforming Party shall be liable in full for such additional Taxes.

Section 5.08 Confidentiality. Any information or documents provided under this Agreement shall be kept confidential by the recipient-Party, except as may otherwise be necessary in connection with the filing of Tax Returns or with any Tax Contest. In addition, if Belo or A. H. Belo determines that providing such information could be commercially detrimental, violate any law or agreement or waive any privilege, the Parties shall use reasonable best efforts to permit compliance with the obligations under this Agreement in a manner that avoids any such harm or consequence.

Section 5.09 Retention of Tax Records. A. H. Belo may request from Belo and retain copies of (i) with respect to any Joint Return, all pro forma federal and state Tax Returns, supporting schedules and workpapers related to members of the A. H. Belo Group, and (ii) any Separate Returns for any A. H. Belo Group members, including supporting schedules and workpapers. If either Belo or A. H. Belo intends to dispose of documentation with respect to any Pre-Distribution Tax Period, including books, records, Tax Returns and all supporting schedules and information relating thereto (after the expiration of the applicable statute of limitations), of any member of the other Group, or in the case of the A. H. Belo Group any member included in a Joint Return, they shall provide written notice to the other Party describing the documentation to be disposed of 30 days prior to taking such action. The other Party may arrange to take delivery of the documentation described in the notice at its own expense during the succeeding 30 day period.

ARTICLE VI RESOLUTION OF DISPUTES

Section 6.01 Tax Disputes. The Parties will endeavor, and will cause their respective Affiliates to endeavor, to resolve in an amicable manner all disputes arising in connection with this Agreement. The Parties shall negotiate in good faith to resolve any Tax Dispute for not less than 45 days. Upon written notice of either Party after 45 days, the matter will be referred to a Tax Advisor acceptable to both Parties. The Tax Advisor may, in its discretion, obtain the services of any third-party necessary to assist it in resolving the dispute. The Tax Advisor shall furnish written notice to the Parties of its resolution of the dispute as soon as practicable, but in any event no later than 45 days after its acceptance of the matter for resolution. Any such resolution by the Tax Advisor will be binding on the Parties and the Parties shall take, or cause to be taken, any action necessary to implement the resolution. All fees and expenses of the Tax Advisor shall be shared equally by Belo, on the one hand, and A. H. Belo, on the other hand. If, having determined that the dispute must be referred to a Tax Advisor, after 45 days the Parties are unable to find a Tax Advisor willing to adjudicate the dispute in question and whom the Parties in good faith find acceptable, then the dispute will be submitted for arbitration to the American Arbitrators Association, provided, however, that only an arbitrator that qualifies as a Tax Advisor shall be selected.

ARTICLE VII
MISCELLANEOUS PROVISIONS

Section 7.01 Disposition of A. H. Belo Subsidiaries. In the event that A. H. Belo disposes of the stock of a subsidiary that is not a Party to this Agreement (i) without receiving compensation equal to the fair market value of such subsidiary, prior to the disposition, such subsidiary shall deliver to Belo an executed agreement, in a form reasonably acceptable to Belo, agreeing to be bound by this Agreement as if it had been an original Party hereto or (ii) in an exchange intended to result in the receipt of compensation equal to the fair market value of such subsidiary, prior to the disposition, such subsidiary shall deliver to Belo an executed agreement, in a form reasonably acceptable to Belo, agreeing to be bound by Sections 5.07, 5.08, 5.09 and Article VII of this Agreement as if it had been an original Party hereto.

Section 7.02 Complete Agreement; Representations.

(a) Except as explicitly stated herein, this Agreement, together with the exhibits and schedules hereto constitutes the entire agreement between the Parties with respect to the subject matter hereof and shall supersede all previous negotiations, commitments and writings with respect to such subject matter.

(b) Belo represents on behalf of itself and each other member of the Belo Group and A. H. Belo represents on behalf of itself and each other member of the A. H. Belo Group as follows:

(i) each such Person has the requisite corporate or other power and authority and has taken all corporate or other action necessary in order to execute, deliver and perform this Agreement and to consummate the transactions contemplated by this Agreement; and

(ii) this Agreement has been duly executed and delivered by such Person (if such Person is a Party) and constitutes a valid and binding agreement of it enforceable in accordance with the terms thereof (assuming the due execution and delivery thereof by the other Party), except as such enforceability may be limited by bankruptcy, fraudulent conveyance, insolvency, reorganization, moratorium and other Laws relating to creditors' rights generally and by general equitable principles.

Section 7.03 Costs and Expenses. All costs and expenses incurred in connection with the negotiation, preparation, execution and performance of this Agreement and the transactions contemplated hereby shall be borne as provided in the Separation and Distribution Agreement.

Section 7.04 Governing Law. This Agreement and any dispute arising out of, in connection with or relating to this Agreement shall be governed by and construed in accordance with the Laws of the State of Texas, without giving effect to the conflicts of laws principles thereof.

Section 7.05 Notices. All notices, requests, claims, demands and other communications hereunder must be in writing and will be deemed to have been duly given only

if delivered personally or by facsimile transmission or mailed (first class postage prepaid) to the Parties at the following addresses or facsimile numbers:

If to Belo or any member of the Belo Group, to:

Belo Corp.
400 South Record Street
Dallas, TX 75202
Attn: Chief Executive Officer
Facsimile: [intentionally left blank]

with a copy to:

Belo Corp.
400 South Record Street
Dallas, TX 75202
Attn: Chief Financial Officer
Facsimile: [intentionally left blank]

If to A. H. Belo or any member of the A. H. Belo Group, to:

A. H. Belo Corporation
400 South Record Street
Dallas, TX 75202
Attn: Chief Executive Officer
Facsimile: [intentionally left blank]

with a copy to:

A. H. Belo Corporation
400 South Record Street
Dallas, TX 75202
Attn: Chief Financial Officer
Facsimile: [intentionally left blank]

All such notices, requests and other communications will (i) if delivered personally to the address as provided in this section, be deemed given upon delivery, (ii) if delivered by facsimile transmission to the facsimile number as provided in this section, be deemed given upon receipt and (iii) if delivered by mail in the manner described above to the address as provided in this section, be deemed given upon receipt (in each case regardless of whether such notice, request or other communication is received by any other Person to whom a copy of such notice, request or other communication is to be delivered pursuant to this section). Any party from time to time may change its address, facsimile number or other information for the purpose of notices to that party by giving notice specifying such change to the other party.

Section 7.06 Amendment, Modification or Waiver.

(a) Prior to the Distribution, this Agreement may be amended, modified, waived, supplemented or superseded, in whole or in part, by Belo in its sole discretion by execution of a written amendment delivered to A. H. Belo. Subsequent to the Distribution, this Agreement may be amended, modified, supplemented or superseded only by an instrument signed by duly authorized signatories of both Parties.

(b) Following the Distribution, any term or condition of this Agreement may be waived at any time by the Party that is entitled to the benefit thereof, but no such waiver shall be effective unless set forth in a written instrument duly executed by or on behalf of the Party waiving such term or condition. No waiver by any Party of any term or condition of this Agreement, in any one or more instances, shall be deemed or construed as a waiver of the same or any other term or condition of this Agreement on any future occasion. All remedies, either under this Agreement or by Law or otherwise afforded, will be cumulative and not alternative.

Section 7.07 No Assignment; Binding Effect. Neither this Agreement nor any of the rights, interests or obligations under this Agreement shall be assigned, in whole or in part, by operation of law or otherwise by any of the Parties without the prior written consent of the other Party; provided, however, that no such consent shall be required in the event of a merger, consolidation or sale of either Belo or A. H. Belo. Subject to the preceding sentence, this Agreement is binding upon, inures to the benefit of and is enforceable by the Parties hereto and their respective successors and assigns.

Section 7.08 Counterparts. This Agreement may be executed in any number of counterparts, each of which shall be deemed an original, but all of which together shall constitute one and the same instrument.

Section 7.09 Specific Performance. From and after the Distribution, in the event of any actual or threatened default in, or breach of, any of the terms, conditions and provisions of this Agreement, the Parties agree that the Party or Parties to this Agreement who are or are to be thereby aggrieved shall have the right to specific performance and injunctive or other equitable relief of its or their rights under this Agreement, in addition to any and all other rights and remedies at law or in equity, and all such rights and remedies shall be cumulative. The Parties agree that, from and after the Distribution, the remedies at law for any breach or threatened breach of this Agreement, including monetary damages, are inadequate compensation for any loss, that any defense in any action for specific performance that a remedy at law would be adequate is hereby waived, and that any requirements for the securing or posting of any bond with such remedy are hereby waived.

Section 7.10 Texas Forum. Each of the Parties agrees that, except as otherwise provided in Section 6.01, all Actions arising out of or in connection with this Agreement, or for recognition and enforcement of any judgment arising out of or in connection with this Agreement, shall be tried and determined exclusively in the state or federal courts in the State of Texas, County of Dallas, and each of the Parties hereby irrevocably submits with regard to any such action or proceeding for itself and in respect to its property, generally and unconditionally, to the exclusive jurisdiction of the aforesaid courts. Each of the Parties hereby expressly waives any right it may have to assert, and agrees not to assert, by way of motion, as a defense, counterclaim or otherwise, in any such action or proceeding: (a) any claim that it is not subject

to personal jurisdiction in the aforesaid courts for any reason; (b) any claim that it or its property is exempt or immune from jurisdiction of any such court or from any legal process commenced in such courts; and (c) any claim that (i) any of the aforesaid courts is an inconvenient or inappropriate forum for such action or proceeding, (ii) venue is not proper in any of the aforesaid courts and (iii) this Agreement, or the subject matter hereof, may not be enforced in or by any of the aforesaid courts. Each of the Parties agrees that mailing of process or other papers in connection with any such action or proceeding in the manner provided in Section 7.05 or any other manner as may be permitted by Law shall be valid and sufficient service thereof.

Section 7.11 WAIVER OF JURY TRIAL. EACH PARTY ACKNOWLEDGES AND AGREES THAT ANY CONTROVERSY THAT MAY ARISE UNDER THIS AGREEMENT IS LIKELY TO INVOLVE COMPLICATED AND DIFFICULT ISSUES, AND THEREFORE EACH PARTY HEREBY IRREVOCABLY AND UNCONDITIONALLY WAIVES ANY RIGHT SUCH PARTY MAY HAVE TO A TRIAL BY JURY. EACH PARTY CERTIFIES AND ACKNOWLEDGES THAT (i) NO REPRESENTATIVE, AGENT OR ATTORNEY OF ANY PARTY HAS REPRESENTED, EXPRESSLY OR OTHERWISE, THAT SUCH PARTY WOULD NOT, IN THE EVENT OF LITIGATION, SEEK TO ENFORCE THE WAIVER IN THIS SECTION, (ii) SUCH PARTY UNDERSTANDS AND HAS CONSIDERED THE IMPLICATIONS OF SUCH WAIVER, (iii) SUCH PARTY MAKES SUCH WAIVER VOLUNTARILY AND (iv) SUCH PARTY HAS BEEN INDUCED TO ENTER INTO THIS AGREEMENT BY, AMONG OTHER THINGS, THE MUTUAL WAIVERS, AGREEMENTS AND CERTIFICATIONS HEREIN.

Section 7.12 Interpretation; Conflict With Ancillary Agreements. The language of this Agreement shall be construed according to its fair meaning and shall not be strictly construed for or against any Party. Notwithstanding the foregoing, the purposes of Article IV are to ensure the Tax-Free Status and, accordingly, the Parties agree that the language thereof shall be interpreted in a manner that serves this purpose to the greatest extent possible. The Article and Section headings contained in this Agreement are solely for the purpose of reference, are not part of the agreement of the Parties and shall not in any way affect the meaning or interpretation of this Agreement. If, and to the extent, the provisions of this Agreement conflict with the Separation and Distribution Agreement, or any Ancillary Agreement, the provisions of this Agreement shall control.

Section 7.13 Severability. If any provision of this Agreement is held to be illegal, invalid or unenforceable under any present or future Law, the remaining provisions of this Agreement will remain in full force and effect and will not be affected by the illegal, invalid or unenforceable provision or by its severance herefrom.

Section 7.14 Survival. Except with respect to Sections 5.07, 5.08 and 5.09 which shall remain in effect without limitation as to time, the provisions in this Agreement shall be unconditional and absolute and shall remain in effect until the expiration of the statute of limitations for all taxable periods that end before or include the date on which the Distribution occurs and the resolution of all disputes under this Agreement that arose during such periods.

IN WITNESS WHEREOF, the Parties have caused this Agreement to be duly executed as of the date first above written.

SERVICES AGREEMENT

by and between

BELO CORP.

and

A. H. BELO CORPORATION

dated

February ____, 2008

TABLE OF CONTENTS

	Page
ARTICLE I DEFINITIONS	2
Section 1.01 Definitions	2
Section 1.02 General Interpretive Principles	4
ARTICLE II SERVICES	4
Section 2.01 Belo Services	4
Section 2.02 Newspaper Holdco Services	5
Section 2.03 Standard of Performance for Belo Services	5
Section 2.04 Standard of Performance for Newspaper Holdco Services	5
Section 2.05 Omitted Belo Services	6
Section 2.06 Omitted Newspaper Holdco Services	7
Section 2.07 Interruption of Services	7
Section 2.08 Access	8
Section 2.09 Transition of Responsibilities	8
ARTICLE III FEES AND EXPENSES	9
Section 3.01 Fees and Expenses	9
Section 3.02 Billing and Payment; No Set-off	9
Section 3.03 Additional Costs	9
Section 3.04 Late Payments	10
Section 3.05 Taxes	10
ARTICLE IV CONFIDENTIALITY	13
Section 4.01 Confidentiality Obligations	13
ARTICLE V NO WARRANTY; LIMITATION OF LIABILITY; INDEMNIFICATION; ESCALATION	14
Section 5.01 Warranties and Disclaimer of Warranty by Belo	14
Section 5.02 Warranties and Disclaimer of Warranty by Newspaper Holdco	15
Section 5.03 Third Parties and Belo Services	15
Section 5.04 Third Parties and Newspaper Holdco Services	16
Section 5.05 Obligation to Re-perform Belo Services	16
Section 5.06 Obligation to Re-perform Newspaper Holdco Services	17
Section 5.07 Limitation of Liability	17
Section 5.08 Belo Indemnity	18
Section 5.09 Newspaper Holdco Indemnity	18
Section 5.10 Negotiation	19
ARTICLE VI ACCESS TO INFORMATION	19
Section 6.01 Access to Belo Records	19
Section 6.02 Access to Newspaper Holdco Records	19
Section 6.03 Cooperation and Procedures	20

ARTICLE VII TERM; TERMINATION	21
Section 7.01 Term	21
Section 7.02 Early Termination	21
Section 7.03 Breach of Agreement	21
Section 7.04 Sums Due	21
Section 7.05 Effect of Termination	22
ARTICLE VIII MISCELLANEOUS	22
Section 8.01 Notices	22
Section 8.02 Entire Agreement	23
Section 8.03 Waiver	23
Section 8.04 Amendment	23
Section 8.05 Independent Contractors	24
Section 8.06 No Third Party Beneficiary	24
Section 8.07 No Assignment; Binding Effect	24
Section 8.08 Headings	24
Section 8.09 Submission to Jurisdiction; Waivers	24
Section 8.10 Severability	25
Section 8.11 Governing Law	25
Section 8.12 Counterparts	25
Section 8.13 Order of Precedence	25
Section 8.14 Ownership of and License to Data	25
Exhibit A Belo Services and Newspaper Holdco Services	

SERVICES AGREEMENT

This SERVICES AGREEMENT (this “**Agreement**”) dated as of February __, 2008, by and between Belo Corp., a Delaware corporation (“**Belo**”), and A. H. Belo Corporation, a Delaware corporation (“**Newspaper Holdco**,” and, together with Belo, each a “**Party**” and collectively, the “**Parties**”).

RECITALS

WHEREAS, the Board of Directors of Belo has determined that it is in the best interests of Belo and its shareholders to separate the Newspaper Holdco Business (as defined below) and the Belo Business (as defined below) into two separate public companies, on the terms and subject to the conditions set forth in the Separation and Distribution Agreement (as defined below), in order to, among other things, (i) create more focused organizations better able to respond to different industry dynamics and therefore better able to tailor strategic initiatives and priorities; (ii) allow the investment community to evaluate Belo and Newspaper Holdco separately relative to the performance of their peers; (iii) allow Newspaper Holdco greater flexibility to create a capital structure and deploy capital more closely aligned with its strategic priorities; and (iv) allow Newspaper Holdco to provide its management and employees incentive compensation more directly linked to its individual financial performance;

WHEREAS, in order to effectuate the foregoing, Belo and Newspaper Holdco have entered into a Separation and Distribution Agreement, dated as of February __, 2008 (the “**Separation and Distribution Agreement**”), pursuant to which and subject to the terms and conditions set forth therein, the Newspaper Holdco Business shall be separated from the Belo Business and the Newspaper Holdco Common Stock shall be distributed on a pro rata basis to the shareholders of Belo; and

WHEREAS, in connection therewith and in order to ensure an orderly transition under the Separation and Distribution Agreement, Belo desires to provide, through the Belo Service Providers (as defined below), to Newspaper Holdco and its relevant Affiliates, as applicable, with certain services (the “**Belo Services**”) with respect to the operations of Newspaper Holdco and its relevant Affiliates following the Distribution Date, and Newspaper Holdco desires to provide, through the Newspaper Holdco Service Providers (as defined below), to Belo and its Affiliates, as applicable, with certain services (the “**Newspaper Holdco Services**”) with respect to the operations of Belo and its relevant Affiliates following the Distribution Date, as such Belo Services and Newspaper Holdco Services are more fully described in (i) separate schedules to be agreed to and delivered by the Parties hereto on the date hereof or from time to time thereafter (all such schedules, including any appendices, exhibits or other attachments thereto, the “**Schedules**,” and each, a “**Schedule**”), or (ii) separate agreements to be entered into by the Parties or their respective Service Providers on the date hereof or from time to time thereafter (“**Additional Agreements**”). The general scope of the initial Belo Services and Newspaper Holdco Services is reflected on Exhibit A attached hereto.

NOW, THEREFORE, in consideration of the promises and covenants set forth herein and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, Belo and Newspaper Holdco hereby agree as follows:

ARTICLE I
DEFINITIONS

Section 1.01 Definitions. Capitalized terms used herein, but not defined herein shall have the meanings assigned to such terms in the Separation and Distribution Agreement, as it may be amended from time to time in accordance with the terms thereof, and the following terms shall have the meanings set forth below:

“**Additional Agreements**” shall have the meaning assigned to it in the recitals.

“**Additional Belo Service**” shall have the meaning assigned to it in Section 2.05.

“**Additional Newspaper Holdco Service**” shall have the meaning assigned to it in Section 2.06.

“**Affiliate**” means, with respect to any specified Person, any other Person that directly, or indirectly through one or more intermediaries, controls, is controlled by or is under common control with, such specified Person; provided, however, that for purposes of this Agreement, no member of either Group shall be deemed to be an Affiliate of any member of the other Group. As used herein, “control” means the possession, directly or indirectly, of the power to direct or cause the direction of the management and policies of such entity, whether through ownership of voting securities or other interests, by contract or otherwise.

“**Agreement**” shall have the meaning assigned to it in the preamble.

“**Auditing Standard No. 2**” shall have the meaning assigned to it in Section 6.01.

“**Belo**” shall have the meaning assigned to it in the preamble.

“**Belo Business**” means all businesses and operations of the Belo Group, other than the Newspaper Holdco Business.

“**Belo Data**” means all data relating primarily to the Belo Business (including all files, records and other Information relating primarily to the Belo Business that have been uploaded to Software at any time since Belo or Newspaper Holdco began using such Software, whether uploaded prior to, on or after the Distribution Date).

“**Belo Service Providers**” means Belo, its Affiliates and any third party, in each case, to the extent such Person is providing the Belo Services on behalf of Belo pursuant to any Schedule or Additional Agreement.

“**Belo Services**” shall have the meaning assigned to it in the recitals.

“**Belo Transition Plan**” shall have the meaning assigned to it in Section 2.09(c).

“**Dispute Notice**” shall have the meaning assigned to it in Section 5.10.

“**Employee Costs**” means for each employee of a Service Provider, to the extent such employee is providing a service to a Service Recipient pursuant to this Agreement, the gross compensation expense, including any benefit and/or administrative costs, applicable to such employee, based on the ratio of the Service Provider’s estimate of the time spent by the employee on behalf of the Service Recipient divided by the total time worked by the employee.

“**Force Majeure Event**” means any act of God, fire, flood, storm or explosion; any strike, lockout or other labor disturbance; any material shortage of facilities, labor, materials or equipment; any delay in transportation, breakdown or accident; any change in Law; any riot, war, act of terror, rebellion or insurrection; any embargo or fuel or energy shortage; any interruption in telecommunications or utilities services; or any other event, in each case beyond the reasonable control of a Party and that actually prevents, hinders or delays such Party from performing its obligations under this Agreement or the Additional Agreements.

“**Loss**” shall have the meaning assigned to it in Section 5.08.

“**Newspaper Holdco**” shall have the meaning assigned to it in the preamble.

“**Newspaper Holdco Business**” means the business and operations conducted by the Newspaper Holdco Group from time to time, whether at or after the Effective Time, including the business and operations conducted by the Newspaper Holdco Group, as more fully described in the Information Statement, including, without limitation, the assets, operations, personnel and related activities connected with the “Belo Interactive Media” and “Belo Technology” organizations, at or after the Effective Time.

“**Newspaper Holdco Data**” means all data relating primarily to the Newspaper Holdco Business (including all files, records and other Information relating primarily to the Newspaper Holdco Business that have been uploaded to Software at any time since Belo or Newspaper Holdco began using such Software, whether uploaded prior to, on or after the Distribution Date).

“**Newspaper Holdco Service Providers**” means Newspaper Holdco, its Affiliates and any third party, in each case, to the extent such Person is providing the Newspaper Holdco Services on behalf of Newspaper Holdco pursuant to any Schedule or Additional Agreement.

“**Newspaper Holdco Services**” shall have the meaning assigned to it in the recitals.

“**Newspaper Holdco Transition Plan**” shall have the meaning assigned to it in Section 2.09(b).

“**Party**” or “**Parties**” shall have the meaning assigned to such terms in the preamble.

“**Prime Rate**” means the “**prime rate**” published in the “**Money Rates**” section of *The Wall Street Journal*. If *The Wall Street Journal* ceases to publish the “**prime rate**,” then the Parties shall mutually agree to an equivalent publication that publishes such “**prime rate**,” and if such “**prime rate**” is no longer generally published or is limited, regulated or administered by a Governmental Authority, then a comparable interest rate index mutually agreed to by the Parties.

“**SAS 70 Audit**” shall have the meaning assigned to it in Section 6.01.

“**Schedules**” shall have the meaning assigned to it in the recitals.

“**Separation and Distribution Agreement**” shall have the meaning assigned to it in the recitals.

“**Service Provider**” means the Belo Service Providers and/or the Newspaper Holdco Service Providers, as the context requires.

“**Service Recipient**” means either Belo or its Affiliates, to the extent Belo is receiving a service from a Newspaper Holdco Service Provider, or Newspaper Holdco or its Affiliates, to the extent Newspaper Holdco is receiving a service from a Belo Service Provider, as the context requires.

“**Services**” means the Belo Services and/or the Newspaper Holdco Services, as the context requires.

“**Services Tax**” shall have the meaning assigned to it in Section 3.05(a)(i).

“**SOX**” means the Sarbanes-Oxley Act of 2002, as amended from time to time.

“**Taxing Authority**” shall have the meaning assigned to it in Section 3.05(a)(ii).

“**Withheld Tax**” shall have the meaning assigned to it in Section 3.05(e).

Section 1.02 General Interpretive Principles. (a) Words in the singular shall include the plural and vice versa, and words of one gender shall include the other gender, in each case, as the context requires, (b) the term “**hereof**,” “**herein**,” “**hereunder**” and “**herewith**” and words of similar import shall, unless otherwise stated, be construed to refer to this Agreement and not to any particular provision of this Agreement, and references to Article, Section, paragraph, exhibit and Schedule are references to the Articles, Sections, paragraphs, exhibits and Schedules to or delivered in connection with this Agreement unless otherwise specified, (c) the word “**including**” and words of similar import when used in this Agreement shall mean “**including, without limitation**,” unless otherwise specified and (d) any reference to any federal, state, local or non-U.S. statute or Law shall be deemed to also refer to all rules and regulations promulgated thereunder, unless the context otherwise requires. Unless the context requires otherwise, references in this Agreement to “Belo” shall be deemed to refer to the applicable member of the Belo Group and to “Newspaper Holdco” shall be deemed to refer to the applicable member of the Newspaper Holdco Group.

ARTICLE II

SERVICES

Section 2.01 Belo Services. During the term of this Agreement, Belo shall provide, or shall cause one or more Belo Service Providers to provide, to Newspaper Holdco and its applicable Affiliates the Belo Services, as such Belo Services are more particularly described in the applicable Schedules, upon the terms and subject to the conditions of this Agreement and such applicable Schedules, or upon the terms set forth in any Additional Agreement.

Section 2.02 Newspaper Holdco Services. During the term of this Agreement, Newspaper Holdco shall provide, or shall cause one or more Newspaper Holdco Service Providers to provide, to Belo and its applicable Affiliates the Newspaper Holdco Services, as such Newspaper Holdco Services are more particularly described in the applicable Schedules, upon the terms and subject to the conditions of this Agreement and such applicable Schedules, or upon the terms set forth in any Additional Agreement.

Section 2.03 Standard of Performance for Belo Services. (a) Belo shall provide, or shall cause to be provided, the Belo Services in a manner and at a level that is substantially similar in all material respects to the typical manner and average level at which such Belo Services were provided to Newspaper Holdco or its Affiliates during the 12 month period prior to the Distribution Date, except to the extent that (i) a different manner or level of a Belo Service is set forth in a Schedule or an Additional Agreement, in which case such Belo Service shall be provided in the manner and level as set forth in each such applicable Schedule or Additional Agreement or (ii) such Belo Service has not been provided during the 12 month period prior to the Distribution Date and the applicable Schedule or Additional Agreement does not set forth a manner or level at which such Belo Service is to be provided, in which case, such Belo Service shall be provided in a commercially reasonable manner.

(b) Notwithstanding Section 2.03(a), Belo may change from time to time the manner and level at which any Belo Service is provided to Newspaper Holdco, including, but not limited to, discontinuing such Belo Service, to the extent that Belo is making a similar change in performing a substantially similar service for itself or its Affiliates and if Belo provides Newspaper Holdco substantially the same notice (in content and timing) as Belo provides itself and its Affiliates with respect to such change (but not less than 90 days prior notice in any case); *provided*, that, Belo may not make any change to the manner and level at which any Belo Service is provided to Newspaper Holdco or its Affiliates if such change would result in a violation, or cause Newspaper Holdco or its Affiliates to be in violation, of applicable Law; *provided, further*, if Newspaper Holdco can demonstrate, in accordance with the terms of this Agreement, that such change is not commercially reasonable and Newspaper Holdco has suffered a material financial harm as a result of such change, Belo shall be required to restore the manner and level at which such Belo Service is provided to Newspaper Holdco to the manner and level required by Section 2.03(a). In the event Belo shall change the manner and level at which any Belo Service is provided to Newspaper Holdco, the Parties shall mutually agree to any necessary adjustments to the applicable Schedule and the applicable fees and expenses for the applicable Belo Service.

(c) Subject to Section 5.05, in no event shall Belo or a Belo Service Provider be liable or accountable, in damages or otherwise, for any error of judgment or any mistake of fact or Law or for any action or omission in connection with the provision of the Belo Services by Belo or any Belo Service Provider that Belo or such Belo Service Provider took or refrained from taking in good faith hereunder, except in the case of Belo's or such Belo Service Provider's intentional breach or gross negligence.

Section 2.04 Standard of Performance for Newspaper Holdco Services. (a) Newspaper Holdco shall provide, or shall cause to be provided, the Newspaper Holdco Services in a manner and at a level that is substantially similar in all material respects to the typical manner and

average level at which such Newspaper Holdco Services were provided to Belo or its Affiliates during the 12 month period prior to the Distribution Date, except to the extent that (i) a different manner or level of a Newspaper Holdco Service is set forth in a Schedule or Additional Agreement, in which case such Newspaper Holdco Service shall be provided in the manner and level as set forth in each such applicable Schedule or Additional Agreement or (ii) such Newspaper Holdco Service has not been provided during the 12 month period prior to the Distribution Date and the applicable Schedule or Additional Agreement does not set forth a manner or level at which such Newspaper Holdco Service is to be provided, in which case, such Newspaper Holdco Service shall be provided in a commercially reasonable manner.

(b) Notwithstanding Section 2.04(a), Newspaper Holdco may change from time to time the manner and level at which any Newspaper Holdco Service is provided to Belo, including, but not limited to, discontinuing such Newspaper Holdco Service, to the extent that Newspaper Holdco is making a similar change in performing a substantially similar service for itself and its Affiliates or if Newspaper Holdco provides Belo substantially the same notice (in content and timing) as Newspaper Holdco provides itself and its Affiliates with respect to such change (but not less than 90 days prior notice in any case); *provided*, that, Newspaper Holdco may not make any change to the manner and level at which any Newspaper Holdco Service is provided to Belo or its Affiliates if such change would result in a violation, or cause Belo or its Affiliates to be in violation, of applicable Law; *provided, further*, if Belo can demonstrate, in accordance with the terms of this Agreement, that such change is not commercially reasonable and Belo has suffered a material financial harm as a result of such change, Newspaper Holdco shall be required to restore the manner and level at which such Newspaper Holdco Service is provided to Belo to the manner and level required by Section 2.04(a). In the event Newspaper Holdco shall change the manner and level at which any Newspaper Holdco Service is provided to Belo, the Parties shall mutually agree to any necessary adjustments to the applicable Schedule and the applicable fees and expenses for the applicable Newspaper Holdco Service.

(c) Subject to Section 5.06, in no event shall Newspaper Holdco or a Newspaper Holdco Service Provider be liable or accountable, in damages or otherwise, for any error of judgment or any mistake of fact or Law or for any action or omission in connection with the provision of the Newspaper Holdco Services by Newspaper Holdco or any Newspaper Holdco Service Provider that Newspaper Holdco or such Newspaper Holdco Service Provider took or refrained from taking in good faith hereunder, except in the case of Newspaper Holdco's or such Newspaper Holdco Service Provider's intentional breach or gross negligence.

Section 2.05 Omitted Belo Services. If, from time to time during the term of this Agreement, Newspaper Holdco determines that the provision of an additional service is reasonably necessary to enable Newspaper Holdco and its Affiliates to operate on a stand-alone basis, and such service (whether or not then currently being provided) is not included in a Schedule or an Additional Agreement (such service, including, without limitation the right to use, or the use of, any Asset in connection with such service, hereinafter referred to as an "**Additional Belo Service**"), then Newspaper Holdco may give written notice thereof to Belo in accordance with Section 8.01 hereof. Upon receipt of such notice by Belo, if Belo is willing to provide such Additional Belo Service (and it shall be under no obligation to do so), the Parties will negotiate in good faith a new Schedule setting forth the Additional Belo Service, the terms and conditions (including any service level requirements) for the provision of such Additional

Belo Service and the fees payable by Newspaper Holdco for such Additional Belo Service, such fees to be consistent with the business purposes of the Parties.

Section 2.06 Omitted Newspaper Holdco Services. If, from time to time during the term of this Agreement, Belo determines that the provision of an additional service is reasonably necessary to enable Belo and its Affiliates to operate on a stand-alone basis, and such service (whether or not then currently being provided) is not included in a Schedule or an Additional Agreement (such service, including, without limitation, the right to use, or the use of, any Asset in connection with such service, herein after referred to as an “**Additional Newspaper Holdco Service**”), then Belo may give written notice thereof to Newspaper Holdco in accordance with Section 8.01 hereof. Upon receipt of such notice by Newspaper Holdco, if Newspaper Holdco is willing to provide the Additional Newspaper Holdco Service (and it shall be under no obligation to do so), the Parties will negotiate in good faith a new Schedule setting forth the Additional Newspaper Holdco Service, the terms and conditions (including any service level requirements) for the provision of such Additional Newspaper Holdco Service and the fees payable by Belo for such Additional Newspaper Holdco Service, such fees to be consistent with the business purposes of the Parties.

Section 2.07 Interruption of Services. (a) If, due to a Force Majeure Event, Belo or a Belo Service Provider is unable, wholly or partially, to perform its obligations hereunder or under any Additional Agreement, then Belo shall be relieved of liability and shall suffer no prejudice for failing to perform or comply during the continuance and to the extent of such whole or partial inability to perform its obligations hereunder so caused by such Force Majeure Event; *provided, that*, (i) Belo gives Newspaper Holdco prompt notice, written or oral (but if oral, promptly confirmed in writing) of such whole or partial inability to perform its obligations hereunder and a reasonably detailed description of the cause thereof and (ii) in the event such whole or partial inability to perform its obligations hereunder is a result of Belo’s or such Belo Service Provider’s capacity or similar limitations, with respect to the allocation of such limited resources, where feasible, Newspaper Holdco and its Affiliates shall be treated no less favorably by Belo or such Belo Service Provider than Belo or any Affiliate of Belo. If Belo fails to promptly give notice of such Force Majeure Event, then Belo shall only be relieved from such performance or compliance from and after the giving of such notice. Belo shall, or shall cause the applicable Belo Service Provider to, use its commercially reasonable efforts to remedy the situation caused by such Force Majeure Event and remove, so far as possible and with reasonable timeliness, the cause of its inability to perform or comply. Belo shall give Newspaper Holdco prompt notice of the cessation of the Force Majeure Event.

(b) If, due to a Force Majeure Event, Newspaper Holdco or a Newspaper Holdco Service Provider is unable, wholly or partially, to perform its obligations hereunder or under any Additional Agreement, then Newspaper Holdco shall be relieved of liability and shall suffer no prejudice for failing to perform or comply during the continuance and to the extent of such whole or partial inability to perform its obligations hereunder so caused by such Force Majeure Event; *provided, that*, (i) Newspaper Holdco gives Belo prompt notice, written or oral (but if oral, promptly confirmed in writing) of such whole or partial inability to perform its obligations hereunder and a reasonably detailed description of the cause thereof and (ii) in the event such whole or partial inability to perform its obligations hereunder is a result of Newspaper Holdco’s or such Newspaper Holdco Service Provider’s capacity or similar limitations, with respect to the

allocation of such limited resources, where feasible, Belo and its Affiliates shall be treated no less favorably by Newspaper Holdco or such Newspaper Holdco Service Provider than Newspaper Holdco or any Affiliate of Newspaper Holdco. If Newspaper Holdco fails to promptly give notice of such Force Majeure Event, then Newspaper Holdco shall only be relieved from such performance or compliance from and after the giving of such notice. Newspaper Holdco shall, or shall cause the applicable Newspaper Holdco Service Provider to, use its commercially reasonable efforts to remedy the situation caused by such Force Majeure Event and remove, so far as possible and with reasonable timeliness, the cause of its inability to perform or comply. Newspaper Holdco shall give Belo prompt notice of the cessation of the Force Majeure Event.

Section 2.08 Access. (a) Newspaper Holdco shall, and shall cause its applicable Affiliates to, make available on a timely basis to each Belo Service Provider such Information reasonably requested by such Belo Service Provider to enable such Belo Service Provider to provide the Belo Services. Newspaper Holdco shall, and shall cause its applicable Affiliates to, provide to the Belo Service Providers reasonable access to the premises of Newspaper Holdco and such Affiliates and the systems, Software and networks located therein, to the extent necessary for the purpose of providing the Belo Services. In connection with such availability and access, Belo shall ensure that it and the other Belo Service Providers comply with applicable Law and Newspaper Holdco's security, confidentiality and other policies and procedures, as may be provided to Belo by Newspaper Holdco in writing from time to time.

(b) Belo shall, and shall cause its applicable Affiliates to, make available on a timely basis to each Newspaper Holdco Service Provider such Information reasonably requested by such Newspaper Holdco Service Provider to enable such Newspaper Holdco Service Provider to provide the Newspaper Holdco Services. Belo shall, and shall cause its applicable Affiliates to, provide to the Newspaper Holdco Service Providers reasonable access to the premises of Belo and such Affiliates and the systems, Software and networks located therein, to the extent necessary for the purpose of providing the Newspaper Holdco Services. In connection with such availability and access, Newspaper Holdco shall ensure that it and the other Newspaper Holdco Service Providers comply with applicable Law and Belo's security, confidentiality and other policies and procedures, as may be provided to Newspaper Holdco by Belo in writing from time to time.

Section 2.09 Transition of Responsibilities. (a) Unless otherwise agreed with respect to specific services, each Party agrees to use its commercially reasonable efforts to reduce or eliminate its and its Affiliates' dependency on each Service as soon as is reasonably practicable. Belo agrees to cooperate with Newspaper Holdco to facilitate the smooth transition of responsibility for the Belo Services to Newspaper Holdco or any third party. Newspaper Holdco agrees to cooperate with Belo to facilitate the smooth transition of responsibility for the Newspaper Holdco Services to Belo or any third party.

(b) In furtherance of Section 2.09(a), Belo and Newspaper Holdco will work in good faith to prepare a plan for Newspaper Holdco to assume responsibility or eliminate the need for the provision of any particular Belo Service that is intended to be provided on only a short-term basis (the "**Newspaper Holdco Transition Plan**").

(c) In furtherance of Section 2.09(a), Belo and Newspaper Holdco will work in good faith to prepare a plan for Belo to assume responsibility or eliminate the need for the provision of any particular Newspaper Holdco Service that is intended to be provided on only a short-term basis (the “ **Belo Transition Plan**”).

ARTICLE III FEES AND EXPENSES

Section 3.01 Fees and Expenses. The fees and expenses for each of the Services to be provided hereunder are set forth in each Schedule or Additional Agreement.

Section 3.02 Billing and Payment; No Set-off. Amounts payable in respect of Services under this Agreement shall be invoiced to the Party receiving such Services monthly in arrears and paid to the Party providing such Services, as directed by such providing Party, which amounts shall be due within 45 days after the date of invoice. All amounts due and payable hereunder shall be invoiced and, except as set forth in any Schedule or in any Additional Agreement, paid in U.S. dollars without offset, set-off, deduction or counterclaim, however arising unless the Parties agree otherwise.

Section 3.03 Additional Costs. (a) Newspaper Holdco shall reimburse Belo for the costs designated in each Schedule and Additional Agreement as reimbursable by Newspaper Holdco. If it is necessary for Belo or any Belo Service Provider to incur any additional costs in connection with the provision of the Belo Services, Belo shall inform Newspaper Holdco of such need before any such additional cost is incurred. Upon mutual written agreement of Newspaper Holdco and Belo, as to the necessity of any such increase, Newspaper Holdco shall advance, or shall cause to be advanced, to Belo an amount equal to the estimated costs and expenses to be reasonably incurred in connection therewith. If the actual costs and expenses incurred by Belo or such Belo Service Provider are greater than the estimated costs, the necessity of increased costs shall again be subject to the mutual written agreement of the Parties, and if the Parties cannot agree, Belo shall return the advance of estimated costs to the extent not previously expended by Belo in connection with the provision of such Belo Service. If the actual costs and expenses incurred by Belo or such Belo Service Provider are less than the estimated costs and expenses, Belo shall repay, to Newspaper Holdco, the difference between the actual and estimated costs and expenses.

(b) Belo shall reimburse Newspaper Holdco for the costs designated in each Schedule and Additional Agreement as reimbursable by Belo. If it is necessary for Newspaper Holdco or any Newspaper Holdco Service Provider to incur any additional costs in connection with the provision of the Newspaper Holdco Services, Newspaper Holdco shall inform Belo of such need before any such additional cost is incurred. Upon mutual written agreement of Belo and Newspaper Holdco, as to the necessity of any such increase, Belo shall advance, or shall cause to be advanced, to Newspaper Holdco an amount equal to the estimated costs and expenses to be reasonably incurred in connection therewith. If the actual costs and expenses incurred by Newspaper or such Newspaper Service Provider are greater than the estimated costs, the necessity of increased costs shall again be subject to the mutual written agreement of the Parties, and if the Parties cannot agree, Newspaper Holdco shall return the advance of estimated costs to

the extent not previously expended by Newspaper Holdco in connection with the provision of such Newspaper Holdco Service. If the actual costs and expenses incurred by Newspaper or such Newspaper Service Provider are less than the estimated costs and expenses, Newspaper Holdco shall repay, to Belo, the difference between the actual and estimated costs and expenses.

Section 3.04 Late Payments. Late payments shall bear interest at a rate per annum equal to the Prime Rate plus 2%; provided, however, no amount due under this Agreement shall be considered late unless such amount remains unpaid 90 days following the date of invoice.

Section 3.05 Taxes.

(a) Separate Statement.

(i) The fees and expenses set forth in the Schedules and to be paid for the services provided pursuant to this Agreement or any Additional Agreement do not include any amount of sales, use, excise, gross receipts, value added, goods and services, or any other transaction or revenue based taxes applicable to the provision of the Services (each such tax, together with any applicable interest, penalties, or additions to tax imposed with respect to such tax, a “**Services Tax**”).

(ii) The Service Provider shall separately state and identify in the invoices, usage reports, and/or descriptive materials provided (electronically or otherwise) to the Service Recipient any amount of Services Taxes that the Service Provider undertakes to collect from the Service Recipient and remit the Services Taxes collected to the appropriate Governmental Authority or other authority responsible for the collection of such Services Taxes (each a “**Taxing Authority**”).

(b) Good Faith Collection and Identification.

(i) The Service Provider shall act in good faith to collect from the Service Recipient and remit to the appropriate Taxing Authority those Services Taxes imposed by the jurisdictions in which the Service Provider is subject to taxation based on the Services provided to collect and remit such Services Taxes; *provided, however*, that the delivery by the Service Recipient to the Service Provider of a resale certificate, exemption certificate, or self-pay permit shall be deemed to be the equivalent of good faith collection and remission.

(ii) The Service Provider shall act in good faith to describe the services rendered pursuant to this Agreement or any Additional Agreement in the invoices, usage reports, and/or descriptive materials provided (electronically or otherwise) to the Service Recipient with specificity sufficient to determine the applicability of Services Taxes.

(iii) The Service Recipient, pursuant to this Agreement or any Additional Agreement, shall act in good faith to identify the physical location and taxing jurisdictions in which it receives the benefit of the Services provided in the purchase orders, usage reports, and/or descriptive materials provided (electronically or otherwise) to the Service Provider to determine the applicability of Services Taxes.

(c) Indemnification.

(i) The Service Recipient, pursuant to this Agreement or any Additional Agreement, shall be solely liable for the payment of any Services Tax applicable to such receipt, without regard to the identity of the Party on whom the Liability for the Services Tax is imposed by statute, regulation, or otherwise, unless the payment of such Services Tax by the Service Recipient is prohibited by Law.

(A) It is the sole responsibility of the Service Recipient pursuant to this Agreement, to provide the Service Provider with all geographic and jurisdictional Information necessary to determine the Services Taxes applicable to the provision of Services under this Agreement, and any failure to provide such Information shall relieve the Service Provider from responsibility for any act or failure to act resulting in the imposition of an incorrect amount of Services Tax or otherwise avoidable multiple impositions of Services Tax.

(B) The failure of the Service Provider to separately state, collect, and/or remit any applicable Services Tax shall not relieve the Service Recipient, pursuant to this Agreement or any Additional Agreement, from Liability for the payment of any applicable Services Tax.

(ii) Except to the extent of the Service Provider's intentional breach or gross negligence, the Service Recipient shall indemnify and hold the Service Provider harmless from any Liability arising from any failure to separately state, collect, and/or remit any applicable Services Tax, plus any reasonable costs, fees, and expenses incurred by the Service Provider in the defense of such Liability.

(iii) The Service Provider shall have no Liability for any over-collection of Services Taxes from the Service Recipient, pursuant to this Agreement, that are remitted to a Taxing Authority as long as such over-collection was made in good faith; provided, however, that if the Service Provider is a necessary party to the filing of a claim for the refund of any over-collected Services Taxes, then the Service Provider shall reasonably cooperate with the Service Recipient pursuant to this Agreement in the preparation and filing of the such refund claim.

(iv) No Limitation on Liability.

(A) Any other provision of this Agreement or any Additional Agreement to the contrary notwithstanding, the indemnification provided pursuant to this Section 3.05(c) shall not be subject to or included in the computation of the maximum liability limitation set forth in either Section 5.07(a) or Section 5.07(b) of this Agreement.

(B) Any other provision of this Agreement or any Additional Agreement to the contrary notwithstanding, the indemnification provided pursuant to this Section 3.05(c) shall not be subject to the restriction on incidental, consequential, and punitive damages set forth in Section 5.07(c) of this

Agreement to the extent that such damages are imposed by or arise as a result of the collection of a Services Tax by a Taxing Authority.

(d) This Agreement contemplates that the legal relationship between the Service Provider and the Service Recipient may vary with the services being provided and that a Service Provider may be simultaneously acting in one or more of the following capacities: (i) purchasing agent, (ii) reseller and/or (iii) provider of services.

(i) In the event the Service Provider purchases services from a third-party provider for use and consumption by the Service Recipient “as acquired” and the contractual relationship with the third-party provider allows for the purchase of the services by both Parties, the Service Provider shall be the appointed purchasing agent of the Service Recipient and the administration of the Services Taxes shall reflect such agency relationship.

(ii) In the event the Service Provider purchases services from a third-party provider for use and consumption by the Service Recipient “as acquired” and the contractual relationship with the third-party provider does not allow for the purchase of the services by both of the Parties, the Service Provider shall resell the services to the Service Recipient and the administration of the Services Taxes shall reflect such reseller relationship.

(iii) In the event the Service Provider either (i) modifies services acquired from a third-party provider for delivery of services to the Service Recipient under this Agreement, (ii) incorporates services acquired from a third-party provider into services for delivery to the Service Recipient under this Agreement, or (iii) provides Services to the Service Recipient without the purchase of services acquired from a third-party provider, the Service Provider shall be deemed to be the provider of the services and the administration of the Services Taxes shall reflect such provision of services by the Service Provider.

(e) Each Party shall withhold and pay over to the Governmental Authority responsible for the collection of any amount of income tax or other assessment, charge, regulatory fee or other amount required by Law to be withheld from payments made to the other Party pursuant to this Agreement (the “**Withheld Tax**”), and the Withheld Tax shall be credited to the account of the Party from whose payment the Withheld Tax was withheld.

(f) Any other provision of this Agreement to the contrary notwithstanding, no Party shall be responsible for any taxes imposed on the other Party measured by income, capital, or resulting from the existence or general Business operations of the other Party other than those resulting from an indemnified Loss including, but not limited to, any amount of Withheld Tax.

(g) It is hereby acknowledged that a Service Provider may pay Services Taxes to a Taxing Authority or a third-party vendor and such Service Provider may not be capable of identifying or communicating Information regarding such payment to the Service Recipient. The Parties shall cooperate to identify purchases on which Services Taxes have been previously paid or remitted to reduce the occurrence of any over-collection of such Services Taxes.

(h) Subject to Sections 5.10 and 8.09, the Parties agree to and shall, from time to time, do and perform such other and further acts, and execute and deliver any and all such other and further instruments as may be required by Law or reasonably requested by the other Party to establish, maintain, and protect the respective rights and remedies of the other Party as provided in this Agreement with respect to Services Taxes and Withheld Taxes.

ARTICLE IV CONFIDENTIALITY

Section 4.01 Confidentiality Obligations. (a) Each Party acknowledges (i) that such Party has in its possession and in connection with the provision of Services hereunder, such Party will receive Information of the other Party that is not available to the general public, and (ii) that such Information may constitute, contain or include material non-public Information of the other Party. Subject to Section 4.01(c), Belo, on behalf of itself and each of its Affiliates, and Newspaper Holdco, on behalf of itself and each of its Affiliates, agrees to hold, and to cause its respective directors, officers, employees, agents, third party contractors, vendors, Service Providers, accountants, counsel and other advisors and representatives to hold, in strict confidence, with at least the same degree of care that such Party applies to its own confidential and proprietary Information pursuant to its applicable policies and procedures in effect as of the Distribution Date, all Information concerning the other Party (or its Business) and such other Party's Affiliates (or their respective Businesses) that is either in its possession (including Information in its possession prior to the Distribution Date) or furnished by the other Party or the other Party's Affiliates or their respective directors, officers, employees, agents, third party contractors, vendors, Service Providers, accountants, counsel and other advisors and representatives at any time pursuant to this Agreement or any Additional Agreement, and will not use such Information other than for such purposes as may be expressly permitted hereunder, except, in each case, to the extent that such Information: (i) is or becomes available to the general public, other than as a result of a disclosure by such Party or its Affiliates or any of their respective directors, officers, employees, agents, third party contractors, vendors, Service Providers, accountants, counsel and other advisors and representatives in breach of this Agreement; (ii) was available to such Party or its Affiliates or becomes available to such Party or its Affiliates, on a non-confidential basis from a source other than the other Party hereto; provided, that, the source of such Information was not bound by a confidentiality obligation with respect to such Information, or otherwise prohibited from transmitting the Information to such Party or its Affiliates by a contractual, legal or fiduciary obligation; or (iii) is independently generated by such Party without use of or reference to any proprietary or confidential Information of the other Party.

(b) No Release, Compliance with Law, Return or Destruction. Each Party agrees not to release or disclose, or permit to be released or disclosed, any such Information to any other Person, except its directors, officers, employees, agents, third party contractors, vendors, Service Providers, accountants, counsel, lenders, investors and other advisors and representatives who need to know such Information in order to provide the Services pursuant to this Agreement, and except in compliance with Section 4.01(c). Notwithstanding anything herein to the contrary, each Party shall advise its directors, officers, employees, agents, third party contractors, vendors, Service Providers, accountants, counsel, lenders, investors and other advisors and representatives

who have been provided with such Information of such Party's confidentiality obligations hereunder and that such Information may constitute, contain or include material non-public Information of the other Party. Each Party shall, and shall cause, its directors, officers, employees, agents, third party contractors, vendors, Service Providers, accountants, counsel, lenders, investors and other advisors and representatives who have been provided with such Information to use such Information only in accordance with (i) the terms of this Agreement or any Additional Agreement and (ii) applicable Law (including federal and state securities Laws). Each Party shall promptly, after receiving a written request of the other Party, return to the other Party all such Information in a tangible form (including all copies thereof and all notes, extracts or summaries based thereon) or certify to the other Party that it has destroyed such Information (and such copies thereof and such notes, extracts or summaries based thereon), as directed by the other Party.

(c) Protective Arrangements. Notwithstanding anything herein to the contrary, in the event that either Party or any of its directors, officers, employees, agents, third party contractors, vendors, Service Providers, accountants, counsel, lenders, investors and other advisors and representatives either determines on the advice of its counsel that it is required to disclose any Information pursuant to applicable Law or the rules or regulations of a Governmental Authority or receives any demand under lawful process or from any Governmental Authority to disclose or provide Information of the other Party that is subject to the confidentiality provisions hereof, such Party shall, if possible, notify the other Party prior to disclosing or providing such Information and shall cooperate at the expense of the requesting Party in seeking any reasonable protective arrangements requested by such other Party. In the event that a protective arrangement is not timely obtained, the Person that received such request (i) may thereafter disclose or provide such Information to the extent required by such Law (as so advised by counsel in a written opinion) or by lawful process or such Governmental Authority, without liability therefor and (ii) shall exercise its commercially reasonable efforts to have confidential treatment accorded any such Information so furnished.

ARTICLE V

NO WARRANTY; LIMITATION OF LIABILITY; INDEMNIFICATION; ESCALATION

Section 5.01 Warranties and Disclaimer of Warranty by Belo. (a) Belo represents and warrants to Newspaper Holdco as of the date hereof and at all times during which the Belo Services are provided to Newspaper Holdco, that:

(i) Subject to the receipt of any required Consents, neither the provision of the Belo Services by any Belo Service Provider, nor the receipt or use thereof by Newspaper Holdco in accordance with the terms and conditions hereof or of any Additional Agreement, shall breach, violate, infringe upon or constitute misappropriation of any Intellectual Property right of any Person. Subject to the terms and conditions hereof, of the Separation and Distribution Agreement, of the other Ancillary Agreements and of the Additional Agreements, the provision of the Belo Services will not confer on Newspaper Holdco any Intellectual Property rights, except as explicitly provided herein or therein.

(ii) The Belo Services will be performed in a timely manner consistent with this Agreement, as each individual Schedule or Additional Agreement may require, by qualified individuals with appropriate subject matter expertise, in a professional and workmanlike manner, conforming to generally accepted industry standards and practices applicable to each individual Schedule or Additional Agreement and in strict accordance with all applicable Laws.

(b) EXCEPT AS EXPRESSLY SET FORTH IN THIS AGREEMENT OR IN ANY ADDITIONAL AGREEMENT, THE BELO SERVICES TO BE PURCHASED UNDER THIS AGREEMENT OR IN ANY ADDITIONAL AGREEMENT ARE PROVIDED AS IS, WHERE IS, WITH ALL FAULTS, AND WITHOUT WARRANTY OR CONDITION OF ANY KIND, EXPRESS OR IMPLIED, INCLUDING ANY WARRANTY OF MERCHANTABILITY OR FITNESS FOR ANY PARTICULAR PURPOSE OR ANY OTHER WARRANTY WHATSOEVER.

Section 5.02 Warranties and Disclaimer of Warranty by Newspaper Holdco. (a) Newspaper Holdco represents and warrants to Belo as of the date hereof and at all times during which the Newspaper Holdco Services are provided to Belo, that:

(i) Subject to the receipt of any required Consents, neither the provision of the Newspaper Holdco Services by any Newspaper Holdco Service Provider, nor the receipt or use thereof by Belo in accordance with the terms and conditions hereof or of any Additional Agreement, shall breach, violate, infringe upon or constitute misappropriation of any Intellectual Property right of any Person. Subject to the terms and conditions hereof, of the Separation and Distribution Agreement, of the other Ancillary Agreements and of the Additional Agreements, the provision of the Newspaper Holdco Services will not confer on Belo any Intellectual Property rights, except as explicitly provided herein or therein.

(ii) The Newspaper Holdco Services will be performed in a timely manner consistent with this Agreement, as each individual Schedule or Additional Agreement may require, by qualified individuals with appropriate subject matter expertise, in a professional and workmanlike manner, conforming to generally accepted industry standards and practices applicable to each individual Schedule or Additional Agreement and in strict accordance with all applicable Laws.

(b) EXCEPT AS EXPRESSLY SET FORTH IN THIS AGREEMENT OR IN ANY ADDITIONAL AGREEMENT, THE NEWSPAPER HOLDCO SERVICES TO BE PURCHASED UNDER THIS AGREEMENT OR IN ANY ADDITIONAL AGREEMENT ARE PROVIDED AS IS, WHERE IS, WITH ALL FAULTS, AND WITHOUT WARRANTY OR CONDITION OF ANY KIND, EXPRESS OR IMPLIED, INCLUDING ANY WARRANTY OF MERCHANTABILITY OR FITNESS FOR ANY PARTICULAR PURPOSE OR ANY OTHER WARRANTY WHATSOEVER.

Section 5.03 Third Parties and Belo Services. (a) Belo and Newspaper Holdco shall cooperate to obtain all required Consents sufficient to enable the Belo Service Providers to perform the Belo Services in accordance with this Agreement or any Additional Agreement for

any third party Software or other Intellectual Property related to the provision of the Belo Services; provided, that, Belo shall not be required to incur any out-of-pocket costs in connection therewith. Newspaper Holdco will cooperate with Belo in obtaining all such required Consents related to the provision of the Belo Services and Newspaper Holdco shall bear any out-of-pocket costs incurred in connection therewith, provided, further, that Newspaper Holdco shall only be required to reimburse Belo for those expenses incurred by Belo that Newspaper Holdco has previously approved in writing. In the event that any such Consent is not obtained, then, unless and until such Consent is obtained, during the term of the applicable Schedule or as specified in an Additional Agreement, the Parties shall cooperate with each other in achieving a reasonable alternative arrangement with respect to such third party Software or Intellectual Property for Newspaper Holdco to continue to process its work and for the Belo Service Providers to perform the Belo Services.

(b) Nothing contained in this Agreement shall preclude Newspaper Holdco from enforcing any rights or benefits available to it or Belo, or availing itself of any rights or defenses available to it or Belo under any third party agreement pursuant to which Belo Services are being provided to Newspaper Holdco.

Section 5.04 Third Parties and Newspaper Holdco Services. (a) Belo and Newspaper Holdco shall cooperate to obtain all required Consents sufficient to enable the Newspaper Holdco Service Providers to perform the Newspaper Holdco Services in accordance with this Agreement or any Additional Agreement for any third party Software or other Intellectual Property related to the provision of the Newspaper Holdco Services; provided, that, Newspaper Holdco shall not be required to incur any out-of-pocket costs in connection therewith. Belo will cooperate with Newspaper Holdco in obtaining all such required Consents related to the provision of the Newspaper Holdco Services and shall bear any out-of-pocket costs in connection therewith; provided, further, that Belo shall only be required to reimburse Newspaper Holdco for those expenses incurred by Newspaper Holdco that Belo has previously approved in writing. In the event that any such Consent is not obtained, then, unless and until such Consent is obtained, during the term of the applicable Schedule or as specified in an Additional Agreement, the Parties shall cooperate with each other in achieving a reasonable alternative arrangement with respect to such third party Software or Intellectual Property for Belo to continue to process its work and for the Newspaper Holdco Service Providers to perform the Newspaper Holdco Services.

(b) Nothing contained in this Agreement shall preclude Belo from enforcing any rights or benefits available to it or Newspaper Holdco, or availing itself of any rights or defenses available to it or Newspaper Holdco under any third party agreement pursuant to which Newspaper Holdco Services are being provided to Belo.

Section 5.05 Obligation to Re-perform Belo Services. In the event of any breach of this Agreement or any Additional Agreement by Belo or any other Belo Service Provider with respect to any failure by Belo or a Belo Service Provider, as applicable, to provide any Belo Service in accordance with the terms of this Agreement or any Additional Agreement, Belo shall, or shall cause the applicable Belo Service Provider to, correct in all material respects such failure, error or defect or re-perform in all material respects such Belo Service at the request of Newspaper Holdco and at the expense of Belo. To be effective, any such request by Newspaper

Holdco must (i) specify in reasonable detail the particular failure, error or defect and (ii) be made no more than 90 days from the date such error or defect was discovered by Newspaper Holdco or should have been discovered by Newspaper Holdco after reasonable inquiry.

Section 5.06 Obligation to Re-perform Newspaper Holdco Services. In the event of any breach of this Agreement or any Additional Agreement by Newspaper Holdco or any other Newspaper Holdco Service Provider with respect to any failure by Newspaper Holdco or a Newspaper Holdco Service Provider, as applicable, to provide any Newspaper Holdco Service in accordance with the terms of this Agreement or any Additional Agreement, Newspaper Holdco shall, or shall cause the applicable Newspaper Holdco Service Provider to, correct in all material respects such failure, error or defect or re-perform in all material respects such Newspaper Holdco Service at the request of Belo and at the expense of Newspaper Holdco. To be effective, any such request by Belo must (i) specify in reasonable detail the particular failure, error or defect and (ii) be made no more than 90 days from the date such error or defect was discovered by Belo or should have been discovered by Belo after reasonable inquiry.

Section 5.07 Limitation of Liability. NOTWITHSTANDING ANYTHING HEREIN TO THE CONTRARY:

(a) EXCEPT FOR ANY LIABILITIES THAT MAY BE INCURRED UNDER SECTION 3.05(c), THE MAXIMUM LIABILITY OF BELO TO, AND (EXCEPT AS SET FORTH IN SECTION 5.05) THE SOLE REMEDY OF, NEWSPAPER HOLDCO AND ITS AFFILIATES (AND THEIR RESPECTIVE DIRECTORS, OFFICERS, AGENTS, VENDORS, NEWSPAPER HOLDCO SERVICE PROVIDERS AND EMPLOYEES) WITH RESPECT TO ANY AND ALL CLAIMS ARISING IN CONNECTION WITH THE PROVISION OF THE BELO SERVICES BY BELO OR ANY BELO SERVICE PROVIDER, REGARDLESS OF THE THEORY UPON WHICH THE LIABILITY IS PREMISED, SHALL NOT EXCEED THE GROSS FEES RECEIVED BY BELO OR THE BELO SERVICE PROVIDER WITH RESPECT TO THE PROVISION OF THE BELO SERVICES TO WHICH SUCH CLAIM RELATES IN THE MONTHLY PERIODS IN WHICH THE ACTION OR OMISSION OF BELO THAT GAVE RISE TO SUCH CLAIM OCCURRED OR WAS PENDING;

(b) EXCEPT FOR ANY LIABILITIES THAT MAY BE INCURRED UNDER SECTION 3.05(c), THE MAXIMUM LIABILITY OF NEWSPAPER HOLDCO TO, AND (EXCEPT AS SET FORTH IN SECTION 5.06) THE SOLE REMEDY OF, BELO AND ITS AFFILIATES (AND THEIR RESPECTIVE DIRECTORS, OFFICERS, AGENTS, VENDORS, BELO SERVICE PROVIDERS AND EMPLOYEES) WITH RESPECT TO ANY AND ALL CLAIMS ARISING IN CONNECTION WITH THE PROVISION OF THE NEWSPAPER HOLDCO SERVICES BY NEWSPAPER HOLDCO OR ANY OTHER NEWSPAPER HOLDCO SERVICE PROVIDER, REGARDLESS OF THE THEORY UPON WHICH THE LIABILITY IS PREMISED, SHALL NOT EXCEED THE GROSS FEES RECEIVED BY NEWSPAPER HOLDCO OR THE NEWSPAPER HOLDCO SERVICE PROVIDER WITH RESPECT TO THE PROVISION OF THE NEWSPAPER HOLDCO SERVICES TO WHICH SUCH CLAIM RELATES IN THE MONTHLY PERIODS IN WHICH THE ACTION OR OMISSION OF NEWSPAPER HOLDCO THAT GAVE RISE TO SUCH CLAIM OCCURRED OR WAS PENDING;

(c) EXCEPT FOR ANY LIABILITIES THAT MAY BE INCURRED UNDER SECTION 3.05(c), IN NO EVENT SHALL EITHER PARTY BE LIABLE TO THE OTHER PARTY OR ITS AFFILIATES (OR THEIR RESPECTIVE DIRECTORS, OFFICERS, AGENTS, SERVICE PROVIDERS OR EMPLOYEES) FOR INCIDENTAL, CONSEQUENTIAL OR PUNITIVE DAMAGES IN CONNECTION WITH THE PERFORMANCE OF THIS AGREEMENT, EVEN IF THE PARTY HAS BEEN ADVISED OF THE POSSIBILITY OF SUCH DAMAGES, AND EACH PARTY HEREBY WAIVES ON BEHALF OF ITSELF, ITS AFFILIATES AND THEIR RESPECTIVE DIRECTORS, OFFICERS, AGENTS, SERVICE PROVIDERS AND EMPLOYEES ANY CLAIM FOR SUCH DAMAGES INCLUDING ANY CLAIM FOR PROPERTY DAMAGE OR LOST PROFITS, WHETHER ARISING IN CONTRACT, TORT OR OTHERWISE;

(d) IN NO EVENT SHALL BELO BE LIABLE FOR THE ACTS OR OMISSIONS OF THIRD PARTY BELO SERVICE PROVIDERS TO THE EXTENT THAT BELO HAS EMPLOYED COMMERCIALY REASONABLE EFFORTS TO INDUCE OR CAUSE SUCH THIRD PARTY BELO SERVICE PROVIDERS TO PROVIDE THE BELO SERVICES IN ACCORDANCE WITH THE MANNER AND LEVELS AGREED TO HEREUNDER; AND

(e) IN NO EVENT SHALL NEWSPAPER HOLDCO BE LIABLE FOR THE ACTS OR OMISSIONS OF THIRD PARTY NEWSPAPER HOLDCO SERVICE PROVIDERS TO THE EXTENT THAT NEWSPAPER HOLDCO HAS EMPLOYED COMMERCIALY REASONABLE EFFORTS TO INDUCE OR CAUSE SUCH THIRD PARTY NEWSPAPER HOLDCO SERVICE PROVIDERS TO PROVIDE THE NEWSPAPER HOLDCO SERVICES IN ACCORDANCE WITH THE MANNER AND LEVELS AGREED TO HEREUNDER.

Section 5.08 Belo Indemnity. Subject to the limitations set forth in Section 5.07, Belo shall indemnify and hold harmless Newspaper Holdco and its Affiliates (and their respective directors, officers, agents, Newspaper Holdco Service Providers and employees) from and against any and all claims, demands, complaints, damages, loss, liability, cost or expense (each of the foregoing, a “**Loss**”) arising out of, relating to or in connection with (i) any Action that determined that the provision by any Belo Service Provider and/or the receipt by Newspaper Holdco or its Affiliates of any Belo Service infringes upon or misappropriates the Intellectual Property of any third party, to the extent that any such Loss is determined to have resulted from Belo’s or such Belo Service Provider’s intentional breach or gross negligence, or (ii) any action or omission by Newspaper Holdco or a Newspaper Holdco Service Provider in providing the Newspaper Holdco Services hereunder, except to the extent any such Loss arises from Newspaper Holdco’s or such Newspaper Holdco Service Provider’s intentional breach or gross negligence.

Section 5.09 Newspaper Holdco Indemnity. Subject to the limitations set forth in Section 5.07, Newspaper Holdco shall indemnify and hold harmless Belo and its Affiliates (and their respective directors, officers, agents, Belo Service Providers and employees) from and against any and all Losses arising out of, relating to or in connection with (i) any Action that determined that the provision by any Newspaper Holdco Service Provider and/or the receipt by Belo or its Affiliates of any Newspaper Holdco Service infringes upon or misappropriates the Intellectual Property of any third party, to the extent that any such Loss is determined to have resulted from Newspaper Holdco’s or such Newspaper Holdco Service Provider’s intentional

breach or gross negligence, or (ii) any action or omission by Belo or a Belo Service Provider in providing the Belo Services hereunder, except to the extent any such Loss arises from Belo's or such Belo Service Provider's intentional breach or gross negligence.

Section 5.10 Negotiation. In the event that any dispute arises between the Parties that cannot be resolved pursuant to the escalation path set forth in a Schedule, if any, or in any Additional Agreement, either Party shall have the right to refer the dispute for resolution to the chief financial officers of each Party by delivering to the other Party a written notice of such referral (a "**Dispute Notice**"). Following receipt of a Dispute Notice, the chief financial officers shall negotiate in good faith to resolve such dispute. In the event that the chief financial officers are unable to resolve such dispute within 30 days after the date of the Dispute Notice, either Party shall have the right to refer the dispute to the chief executive officers of the Parties, who shall negotiate in good faith to resolve such dispute. In the event that the chief executive officers of the Parties are unable to resolve such dispute within 60 days after the date of the Dispute Notice, either Party shall have the right to commence litigation in accordance with Section 8.09 hereof. The Parties agree that all discussions, negotiations and other Information exchanged between the Parties during the foregoing escalation proceedings shall be without prejudice to the legal position of a Party in any subsequent Action.

ARTICLE VI

ACCESS TO INFORMATION

Section 6.01 Access to Belo Records. If requested by Newspaper Holdco, Belo shall and shall cause each Belo Service Provider to permit Newspaper Holdco reasonable access (in addition to the access required by Section 2.08(b)) to its respective books, records, accountants, accountants' work papers, personnel and facilities for the purpose of Newspaper Holdco's testing and verification of the effectiveness of each Belo Service Provider's controls with respect to Belo Services as is reasonably necessary to enable the management of Newspaper Holdco to comply with its obligations under SOX § 404 and to enable Newspaper Holdco's independent public accounting firm to attest to and report on the assessment of the management of Newspaper Holdco in accordance with SOX § 404 and Auditing Standard No. 2, *An Audit of Internal Control Over Financial Reporting Performed in Conjunction with an Audit of Financial Statements* ("Auditing Standard No. 2"), as amended, or as otherwise required by Newspaper Holdco's external auditors; provided, however, that in lieu of providing such access, Belo may, in its sole discretion, instead furnish Newspaper Holdco with a Statement on Auditing Standards (SAS) No. 70, *Service Organizations*, Type II audit ("**SAS 70 Audit**") report; and provided, further, that Belo shall not be required to furnish Newspaper Holdco access to any Information other than Information that relates specifically to Belo Services.

Section 6.02 Access to Newspaper Holdco Records. If requested by Belo, Newspaper Holdco shall and shall cause each Newspaper Holdco Service Provider to permit Belo reasonable access (in addition to the access required by Section 2.08(a)) to its respective books, records, accountants and accountants' work papers, personnel and facilities for the purpose of Belo's testing and verification of the effectiveness of each Newspaper Holdco Service Provider's controls with respect to Newspaper Holdco Services as is reasonably necessary to enable the management of Belo to comply with its obligations under SOX §404 and Belo's independent

public accounting firm to attest to and report on the assessment of the management of Belo in accordance with SOX §404 and Auditing Standard No. 2, as amended, or as otherwise required by Belo's external auditors; provided, however, that in lieu of providing such access, Newspaper Holdco may, in its sole discretion, instead furnish Belo with a SAS 70 Audit report; and provided, further, that Newspaper Holdco shall not be required to furnish Belo access to any Information other than Information that relates specifically to Newspaper Holdco Services.

Section 6.03 Cooperation and Procedures. Without limiting the generality of, and in order to give effect to, the foregoing provisions of Article VI:

(a) the Parties shall cooperate, at the Distribution Date and from time to time thereafter, to identify the significant processes provided by each Party to the other Party in connection with the provision of the Services hereunder;

(b) each Party shall, if necessary under the circumstances, develop and maintain procedures to adequately test, evaluate and document the design and effectiveness of its controls over such significant processes;

(c) each Party as Service Provider shall provide to the other Party, its auditors and any third party that such other Party has retained to assist it with its SOX §404 compliance (subject to such third party's having signed an appropriate confidentiality agreement with the Party that is providing the relevant Information), no later than the 30th day of the last month of each fiscal quarter ending in March, June, September and December during which the Service Provider provided a Service comprising a significant process to the other Party, adequate documentation with respect to the testing of its controls over the significant processes;

(d) in the event any deficiencies are found as a result of the testing, the Service Provider and the Service Recipient shall cooperate in good faith to develop and implement commercially reasonable action plans and timetables to remedy such deficiencies and/or implement adequate compensating controls; provided, however, that if a Party as Service Provider provides a substantially similar service for itself or its Affiliates, then such Party as Service Provider shall not be required to take any actions that are different from the actions that such Party is taking with respect to such services that it provides for itself or its Affiliates, unless the control deficiency is or could reasonably be expected to be a material weakness in the Service Recipient's internal control over financial reporting (and the Service Recipient shall share its analysis in this regard with the Service Provider), in which case the Service Provider shall cooperate in good faith with the Service Recipient to develop and implement in a timely fashion commercially reasonable action plans and timetables to remedy the deficiency and/or implement adequate compensating controls such that the deficiency will not rise to the level of a material weakness; provided further, that, if, as a result of such remedy and/or implementation, the Service Provider is required to take actions that are materially different than the actions that the Service Provider is taking with respect to the substantially similar services that it provides for itself or its Affiliates, the Service Recipient shall be obligated to fund the incremental costs incurred by the Service Provider, including all out-of-pocket incremental costs, plus a reasonable allocation of costs of employees who are diverted from providing services that such employees would otherwise be providing to the Service Provider during the period of such remedy and/or implementation;

(e) the Service Provider shall, if requested by the Service Recipient, make its personnel and testing and documentation available to the auditors of the Service Recipient to enable such auditors to attest to and report on the assessment of internal control over financial reporting of the management of the Service Recipient. The Service Provider shall cooperate and assist the Service Recipient's auditors in performing any process walkthroughs and process testing that such auditor may request of the significant processes; and

(f) in the event that Sections 6.03(a)-(e) hereof do not reasonably enable the Service Recipient to comply with its obligations under SOX §404 and to enable the Service Recipient's registered public accounting firm to attest to and report on the assessment by the management of the Service Recipient in accordance with SOX §404 and Auditing Standard No. 2, then upon reasonable notice, the Service Recipient shall be permitted to conduct, at its own expense, an independent audit of the Service Provider's controls with respect to the Services solely to the extent necessary to accomplish such purpose or purposes.

ARTICLE VII

TERM; TERMINATION

Section 7.01 Term. This Agreement shall commence on the Distribution Date and, unless terminated earlier in accordance with this Article VII, will terminate on the last date on which all Schedules and Additional Agreements have expired or been terminated.

Section 7.02 Early Termination. (a) A Service Recipient may terminate any Service upon 90 days prior notice to the other Party for any or for no reason.

(b) In the event that pursuant to Section 2.07, a Service Provider reduces or suspends the provision of any Service due to a Force Majeure Event and such reduction or suspension continues for 15 days, the other Party may immediately terminate the applicable Schedule and any Additional Agreement, upon written notice and without any reimbursement obligation.

Section 7.03 Breach of Agreement. Subject to Article V, if either Party shall cause or suffer to exist any material breach of any of its obligations under this Agreement, including any failure to make payments when due, and that Party does not cure such default in all material respects within 30 days after receiving written notice thereof from the non-breaching Party, the non-breaching Party may terminate each affected Schedule and Additional Agreement, including the provision of Services pursuant thereto, immediately by providing written notice of termination.

Section 7.04 Sums Due. (a) In the event of a termination (including any termination pursuant to Section 7.02) or expiration of this Agreement or any Additional Agreement (or Services under one or more Schedules or Additional Agreements), Belo shall be entitled to the payment or reimbursement of, and Newspaper Holdco shall, or shall cause its applicable Affiliates to, pay and reimburse Belo, on the date of such termination or expiration (i) all amounts due to Belo or any Belo Service Provider under this Agreement or any Additional Agreement and (ii) all amounts accrued in connection with the provision of Belo Services through the date of such termination or expiration that are not yet due and payable to Belo or any

Belo Service Provider under this Agreement or any Additional Agreement, as if such amounts were due and payable on the date of such termination or expiration.

(b) In the event of a termination (including any termination pursuant to Section 7.02) or expiration of this Agreement or any Additional Agreement (or Services under one or more Schedules or any Additional Agreement), Newspaper Holdco shall be entitled to the payment or reimbursement of, and Belo shall, or shall cause its applicable Affiliates to, pay and reimburse Newspaper Holdco, on the date of such termination or expiration (i) all amounts due to Newspaper Holdco or any Newspaper Holdco Service Provider under this Agreement or any Additional Agreement and (ii) all amounts accrued in connection with the provision of the Newspaper Holdco Services through the date of such termination or expiration that are not yet due and payable to Newspaper Holdco or any Newspaper Holdco Service Provider under this Agreement or any Additional Agreement, as if such amounts were due and payable on the date of such termination or expiration.

Section 7.05 Effect of Termination. Articles I, III, IV, VI and VIII and Sections 5.01(a)(i), 5.01(b), 5.02(a)(i), 5.02(b), 5.07, 5.08, 5.09, 5.10, 7.04 and this 7.05 shall survive any termination of this Agreement.

ARTICLE VIII

MISCELLANEOUS

Section 8.01 Notices. All notices, requests and other communications hereunder (except for routine communications contemplated by certain Schedules) must be in writing and will be deemed to have been duly given only if delivered personally or by facsimile transmission or mailed (first class postage prepaid) to the Parties at the following addresses or facsimile numbers:

If to Belo, to:

Belo Corp.
400 South Record Street
Dallas, Texas 75202
Attn: Chief Executive Officer
Fax No.: [intentionally left blank]

with a copy to:

Belo Corp.
400 South Record Street
Dallas, Texas 75202
Attn: Chief Financial Officer
Fax No.: [intentionally left blank]

If to Newspaper Holdco, to:

A. H. Belo Corporation
400 South Record Street
Dallas, Texas 75202
Attn: Chief Executive Officer
Fax No.: [intentionally left blank]

with a copy to:

A. H. Belo Corporation
400 South Record Street
Dallas, Texas 75202
Attn: Chief Financial Officer
Fax No.: [intentionally left blank]

All such notices, requests and other communications will (i) if delivered personally to the address as provided in this section, be deemed given upon delivery, (ii) if delivered by facsimile transmission to the facsimile number as provided in this section, be deemed given upon receipt and (iii) if delivered by mail in the manner described above to the address as provided in this section, be deemed given upon receipt (in each case regardless of whether such notice, request or other communication is received by any other Person to whom a copy of such notice, request or other communication is to be delivered pursuant to this section). Any party from time to time may change its address, facsimile number or other Information for the purpose of notices to that party by giving notice specifying such change to the other party.

Section 8.02 Entire Agreement. This Agreement, together with all exhibits and Schedules, any Additional Agreement, the Separation and Distribution Agreement and the other Ancillary Agreements, constitutes the entire agreement of the parties with respect to the subject matter hereof and shall supersede all previous negotiations, commitments and writings with respect to such subject matter.

Section 8.03 Waiver. Any term or condition of this Agreement may be waived at any time by the Party that is entitled to the benefit thereof, but no such waiver shall be effective unless set forth in a written instrument duly executed by or on behalf of the Party waiving such term or condition. No waiver by any Party of any term or condition of this Agreement or any Additional Agreement, in any one or more instances, shall be deemed or construed as a waiver of the same or any other term or condition of this Agreement or any Additional Agreement on any future occasion. All remedies, either under this Agreement or any Additional Agreement or by Law or otherwise afforded, will be cumulative and not alternative.

Section 8.04 Amendment. This Agreement and any Additional Agreement may be amended, supplemented, modified or superseded only by a written instrument signed by duly authorized signatories of the Parties hereto or thereto.

Section 8.05 Independent Contractors. In performing the Services, each Service Provider shall operate as and have the status of an independent contractor. No Service Provider's employees shall be considered employees or agents of the other Party, nor shall the employees of any Party be eligible or entitled to any benefits, perquisites or privileges given or extended to any of the other Party's employees in connection with the provision of Services. Nothing contained in this Agreement shall be deemed or construed to create a joint venture or partnership between the Parties. No Party shall have any power to control the activities and/or operations of the other Party. No Party shall have any power or authority to bind or commit any other Party.

Section 8.06 No Third Party Beneficiary. The terms and provisions of this Agreement are intended solely for the benefit of each Party hereto and their respective Affiliates, successors or permitted assigns, and it is not the intention of the Parties to confer third party beneficiary rights upon any other Person.

Section 8.07 No Assignment; Binding Effect. Neither this Agreement (or any Additional Agreement) nor any right, interest or obligation hereunder (or thereunder) may be assigned by any Party hereto (or thereto) without the prior written consent of the other Party hereto (or thereto) and any attempt to do so will be void, except that each Party may assign any or all of its rights, interests and obligations hereunder or under any Additional Agreement to an Affiliate, provided, that, any such Affiliate agrees in writing to be bound by all of the terms, conditions and provisions contained herein and that no assignment by a Party shall relieve such Party of any of its obligations under this Agreement. Subject to the preceding sentence, this Agreement is binding upon, inures to the benefit of and is enforceable by the Parties hereto and their respective successors and permitted assigns.

Section 8.08 Headings. The headings used in this Agreement have been inserted for convenience of reference only and do not define or limit the provisions hereof.

Section 8.09 Submission to Jurisdiction; Waivers. Subject to the prior exhaustion of the negotiation procedures set forth in Section 5.10 and to the fullest extent permitted by applicable Law, each Party hereto (i) agrees that any claim, action or proceeding by such party seeking any relief whatsoever arising out of, relating to or in connection with, this Agreement or the transactions contemplated hereby shall be brought only in the United States District Court for the Northern District of Texas or any Texas State court, in each case, located in Dallas County and not in any other State or Federal court in the United States of America or any court in any other country, (ii) agrees to submit to the exclusive jurisdiction of such courts located in Dallas County for purposes of all legal proceedings arising out of, or in connection with, this Agreement and the transactions contemplated hereby, (iii) waives and agrees not to assert any objection that it may now or hereafter have to the laying of the venue of any such action brought in such a court or any claim that any such action brought in such a court has been brought in an inconvenient forum, (iv) agrees that mailing of process or other papers in connection with any such action or proceeding in the manner provided in Section 8.01 or any other manner as may be permitted by Law shall be valid and sufficient service thereof and (v) agrees that a final judgment in any such action or proceeding shall be conclusive and may be enforced in other jurisdictions by suit on the judgment or in any other manner provided by applicable Law.

Section 8.10 Severability. If any provision of this Agreement is held to be illegal, invalid or unenforceable under any present or future Law, the remaining provisions of this Agreement or any Additional Agreement will remain in full force and effect and will not be affected by the illegal, invalid or unenforceable provision or by its severance herefrom or therefrom.

Section 8.11 Governing Law. This Agreement and any dispute arising out of, in connection with or relating to this Agreement shall be governed by and construed in accordance with the Laws of the State of Texas, without giving effect to the conflicts of laws principles thereof.

Section 8.12 Counterparts. This Agreement and any Additional Agreement may be executed in any number of counterparts, each of which will be deemed an original, but all of which together will constitute one and the same instrument.

Section 8.13 Order of Precedence. In the event of an inconsistency or conflict between this Agreement, a Schedule and any Additional Agreement, the Additional Agreement or Schedule shall prevail over this Agreement, and the Additional Agreement shall prevail over a Schedule. In the event of an inconsistency or conflict between any Additional Agreement and an attachment or exhibit thereto, the Additional Agreement shall prevail over the attachment or exhibit thereto.

Section 8.14 Ownership of and License to Data. (a) It is acknowledged and agreed that (i) Belo retains all right, title and interest in and to all Belo Data and nothing herein shall create or vest in Newspaper Holdco any right, title or interest in or to the Belo Data and (ii) Newspaper Holdco retains all right, title and interest in and to all Newspaper Holdco Data and nothing herein shall create or vest in Belo any right, title or interest in or to the Newspaper Holdco Data: and

(b) Belo hereby grants to Newspaper Holdco a non-exclusive, royalty free, fully paid-up, non-transferable (except to Subsidiaries), worldwide license to use Belo Data solely (i) to provide the Newspaper Holdco Services and (ii) to comply with Newspaper Holdco's obligations under applicable Law with respect to such Belo Data.

(c) Newspaper Holdco hereby grants to Belo a non-exclusive, royalty free, fully paid-up, non-transferable (except to Subsidiaries), worldwide license to use Newspaper Holdco Data solely (i) to provide the Belo Services and (ii) to comply with Belo's obligations under applicable Law with respect to such Newspaper Holdco Data.

IN WITNESS WHEREOF, the Parties have caused this Agreement to be executed as of the date first above written.

BELO CORP.

By: _____

Name: _____

Title: _____

A. H. BELO CORPORATION

By: _____
Name: _____
Title: _____

Belo Services and Newspaper Holdco Services

Information Technology Services
Interactive Media Services
Real Estate Management Services
Internal Audit Services
Media Content and Cross Promotion Services
Web Site Maintenance Services
Legal Services
Employee Benefit Plan Administration Services
Payroll and Other Financial Management Services

EMPLOYEE MATTERS AGREEMENT

by and between

BELO CORP.

and

A. H. BELO CORPORATION

Dated as of February , 2008

TABLE OF CONTENTS

		<u>Page</u>
ARTICLE 1	Definitions and Interpretation	1
1.1	Definitions	1
1.2	General Interpretive Principles	4
ARTICLE 2	General Principles	4
2.1	Employment After the Distribution	4
2.2	Compliance with Employment Laws	5
2.3	Employee Records	6
2.4	Assumption and Retention of Liabilities	6
2.5	Newspaper Holdco Participation in Belo Benefit Plans	7
2.6	Service Credit	8
2.7	Participant Elections and Beneficiary Designations	8
2.8	Cooperation	9
ARTICLE 3	Retirement Plans	9
3.1	The G. B. Dealey Retirement Pension Plan	9
3.2	Savings Plans	9
3.3	Pension Transition Supplement Plan	10
3.4	Nonqualified Deferred Compensation Plans	10
ARTICLE 4	Welfare Benefit Plans	11
4.1	Establishment of Newspaper Holdco Welfare Benefit Plans	11
4.2	Treatment of Claims Incurred	11
4.3	Credit for Co-Pays and Deductibles	11
4.4	COBRA	12
4.5	Third Party Contracts	12
4.6	Flexible Spending Account Benefit Plan	12
ARTICLE 5	Incentive Awards	13
5.1	Stock Options	13
5.2	Restricted Stock Units	13
5.3	Responsibility for Tax Withholding and Reporting	14
5.4	Approval and Terms of New Newspaper Holdco Awards	14
ARTICLE 6	Miscellaneous	14
6.1	Amendment and Termination of Benefit Plans	14
6.2	Complete Agreement; Representations	15
6.3	Costs and Expenses	15
6.4	Governing Law	15
6.5	Notices	15
6.6	Amendment, Modification or Waiver	16
6.7	No Assignment; Binding Effect; No Third-Party Beneficiaries	16
6.8	Counterparts	17
6.9	Negotiation	17
6.10	Specific Performance	17

		<u>Page</u>
6.11	Texas Forum	17
6.12	Interpretation; Conflict With Distribution Agreement	18
6.13	Severability	18
6.14	Effectiveness of the Agreement	18

EMPLOYEE MATTERS AGREEMENT

This Employee Matters Agreement (this “Agreement”), dated as of February __, 2008, is entered into by and between Belo Corp., a Delaware corporation (“Belo”), and A. H. Belo Corporation, a Delaware corporation (“Newspaper Holdco”).

RECITALS

WHEREAS, Belo and Newspaper Holdco have entered into a Separation and Distribution Agreement dated as of the date hereof (the “Distribution Agreement”) providing for, among other things, the distribution by Belo to its shareholders of all of the outstanding shares of Series A common stock and Series B common stock of Newspaper Holdco; and

WHEREAS, Belo and Newspaper Holdco wish to set forth their agreement as to certain employee, benefit and compensation matters in connection with the transactions contemplated by the Distribution Agreement.

NOW, THEREFORE, in consideration of the mutual covenants set forth in this Agreement and the Distribution Agreement, Belo and Newspaper Holdco agree as follows:

ARTICLE 1 DEFINITIONS AND INTERPRETATION

1.1 **Definitions.** Unless otherwise defined in this Agreement, capitalized words and phrases used in this Agreement have the meanings set forth below. Capitalized terms used in this Agreement and not otherwise defined will have the meanings set forth in the Distribution Agreement.

Action has the meaning given that term in the Distribution Agreement.

Affiliate has the meaning given that term in the Distribution Agreement.

Agreement means this Employee Matters Agreement.

Ancillary Agreement has the meaning given that term in the Distribution Agreement.

Belo has the meaning set forth in the preamble to this Agreement.

Belo Employee has the meaning set forth in Section 2.1(a).

Belo Group has the meaning given that term in the Distribution Agreement.

Belo Post-Distribution Stock Value means (i) if the Series A Belo Common Stock is trading in the “ex-distribution” market on the NYSE on the Distribution Date, the per share closing price of the Series A Belo Common Stock in such market on the Distribution Date; and (ii) if the Series A Belo Common Stock is not trading in the “ex-distribution” market on the NYSE on the Distribution Date, the per share opening price of the Series A Belo Common Stock on the NYSE on the first trading day following the Distribution Date.

Belo Pre-Distribution Stock Value means the per share closing price of Series A Belo Common Stock in the “regular way” market on the NYSE on the Distribution Date.

Belo Stock Option means an option issued by Belo to purchase shares of Series B Belo Common Stock.

Benefit Plan means (i) each “employee welfare benefit plan” as defined in Section 3(1) of ERISA, (ii) each “employee pension benefit plan” as defined in Section 3(2) of ERISA and (iii) each other employee benefit plan, arrangement, policy or payroll practice (including sick leave, vacation pay, salary continuation, disability, retirement, deferred compensation, bonus, stock option or other equity-based compensation, hospitalization, medical insurance or life insurance). The term **Belo Benefit Plan** means a Benefit Plan sponsored, maintained, contributed to or required to be contributed to by Belo or a member of the Belo Group, and the term **Newspaper Holdco Benefit Plan** means a Benefit Plan (other than a Belo Benefit Plan) sponsored, maintained, contributed to or required to be contributed to by Newspaper Holdco or a member of the Newspaper Holdco Group.

COBRA means the continuation coverage requirements for “group health plans” as set forth in Section 4980B of the Code and Sections 601 through 608 of ERISA.

Code means the Internal Revenue Code of 1986, as amended, or any successor federal tax law. Reference to a specific Code provision also includes any proposed, temporary or final regulation in force under that provision.

Distribution Agreement has the meaning set forth in the recitals to this Agreement.

Distribution Date has the meaning given that term in the Distribution Agreement.

Effective Time has the meaning given that term in the Distribution Agreement.

Equity Adjustment Ratio means 0.20.

ERISA means the Employee Retirement Income Security Act of 1974, as amended. Reference to a specific provision of ERISA also includes any proposed, temporary or final regulation in force under that provision.

Former Belo Employee means any individual who as of the Effective Time is a former employee of a member of the Belo Group or a member of the Newspaper Holdco Group and whose last employment with the Belo Group or the Newspaper Holdco Group was with a member of the Belo Group. For the avoidance of doubt, the corporate employees of Belo prior to the Effective Time who are named or described in Section 2.1(b) are, for purposes of this Agreement, Newspaper Holdco Employees and *not* Former Belo Employees.

Former Newspaper Holdco Employee means any individual who as of the Effective Time is a former employee of a member of the Belo Group or a member of the Newspaper Holdco Group and whose last employment with the Belo Group or the Newspaper Holdco Group was with a member of the Newspaper Holdco Group.

Law has the meaning given that term in the Distribution Agreement.

Liabilities has the meaning given that term in the Distribution Agreement.

Loss has the meaning given that term in the Distribution Agreement.

Newspaper Holdco has the meaning set forth in the preamble to this Agreement.

Newspaper Holdco Employee has the meaning set forth in Section 2.1(b).

Newspaper Holdco Group has the meaning given that term in the Distribution Agreement.

Newspaper Holdco Stock Option means an option issued by Newspaper Holdco pursuant to Section 5.1(b).

Newspaper Holdco Stock Value means (i) if the Series A Newspaper Holdco Common Stock is trading in the “when-issued” market on the NYSE on the Distribution Date, the per share closing price of the Series A Newspaper Holdco Common Stock in such market on the Distribution Date; and (ii) if the Series A Newspaper Holdco Common Stock is not trading in the “when-issued” market on the NYSE on the Distribution Date, the per share opening price of the Series A Newspaper Holdco Common Stock on the NYSE on the first trading day following the Distribution Date.

NYSE has the meaning given that term in the Distribution Agreement.

Option Conversion Ratio means with respect to each Belo Stock Option outstanding on the Distribution Date the quotient determined by dividing (i) the exercise price of such Belo Stock Option by (ii) the Belo Pre-Distribution Stock Value.

Parties has the meaning given that term in the Distribution Agreement.

Person has the meaning given that term in the Distribution Agreement.

Restricted Stock Unit means a right issued by Belo or Newspaper Holdco representing a contractual entitlement to one share of Series A common stock of the issuer.

Series A Belo Common Stock has the meaning given that term in the Distribution Agreement.

Series A Newspaper Holdco Common Stock has the meaning given that term in the Distribution Agreement.

Series B Belo Common Stock has the meaning given that term in the Distribution Agreement.

Series B Newspaper Holdco Common Stock has the meaning given that term in the Distribution Agreement.

Subsidiary has the meaning given that term in the Distribution Agreement.

Transferred Belo Employee has the meaning set forth in Section 2.6(b)(i).

Transferred Newspaper Holdco Employee has the meaning set forth in Section 2.6(b)(ii).

1.2 General Interpretive Principles. In this Agreement, unless the context clearly indicates otherwise:

(i) words used in the singular include the plural and words used in the plural include the singular;

(ii) references to any Person include such Person's successors and assigns but, if applicable, only if such successors and assigns are permitted by this Agreement, and a reference to such Person's Affiliates or Subsidiaries will be deemed to mean such Person's Affiliates or Subsidiaries following the Distribution;

(iii) references to any gender include the other gender;

(iv) the words "include," "includes" and "including" will be deemed to be followed by the words "without limitation";

(v) the words "herein," "hereunder," "hereof," "hereto" and words of similar import will be deemed references to this Agreement as a whole and not to any particular Section or other provision of this Agreement;

(vi) references to any Law mean such Law (including all rules and regulations promulgated thereunder) as amended, modified, codified or reenacted, in whole or in part, and in effect at the time of determining compliance or applicability;

(vii) any portion of this Agreement obligating a Party to take any action or refrain from taking any action, as the case may be, will mean that such Party will also be obligated to cause its relevant Affiliates to take such action or refrain from taking such action, as the case may be; and

(viii) unless the context requires otherwise, references in this Agreement to "Belo" will be deemed to refer to the applicable member of the Belo Group and to "Newspaper Holdco" will be deemed to refer to the applicable member of the Newspaper Holdco Group.

ARTICLE 2 GENERAL PRINCIPLES

2.1 Employment After the Distribution .

(a) **Belo Employees.** Each individual who, immediately prior to the Effective Time, is actively employed by a member of the Belo Group (a "Belo Employee") will

continue to be an employee of such Belo Group member immediately after the Effective Time. Belo will honor any legal right of any Belo Employee or Former Belo Employee in a leave or other non-working status to return to work by providing such employee or former employee employment on terms that comply with such right.

(b) **Newspaper Holdco Employees.** Each individual who, immediately prior to the Effective Time, is actively employed by a member of the Newspaper Holdco Group (a “Newspaper Holdco Employee”) will continue to be an employee of such Newspaper Holdco Group member immediately after the Effective Time. For the avoidance of doubt, the term “Newspaper Holdco Employee” includes the following corporate employees of Belo and any other corporate employee of Belo who transfers employment to Newspaper Holdco or another member of the Newspaper Holdco Group at or prior to the Effective Time in connection with the Distribution: Robert W. Decherd, Donald F. Cass, Jr., Alison K. Engel and Daniel J. Blizzard. Newspaper Holdco will honor any legal right of any Newspaper Holdco Employee or Former Newspaper Holdco Employee in a leave or other non-working status to return to work by providing such employee or former employee employment on terms that comply with such right.

(c) **Paid Time Off; Leave of Absence Policies.** Newspaper Holdco will recognize and assume all Liability for all vacation, holiday, sick leave, flex days, personal days and other paid time off accrued by Newspaper Holdco Employees as of the Distribution Date, and Newspaper Holdco will credit each Newspaper Holdco Employee with such accruals. In addition, Newspaper Holdco will continue to apply the leave of absence policies maintained by Belo to inactive Newspaper Holdco Employees who are on an approved leave of absence as of the Distribution Date.

(d) **At Will Status.** Notwithstanding the provisions of Section 2.1(a) or Section 2.1(b) or any other provision of this Agreement, nothing in this Agreement will create any obligation on the part of any member of the Belo Group or any member of the Newspaper Holdco Group to continue the employment of any employee for any definite period following the Distribution Date or will change the employment status of any employee from “at will.”

(e) **Separation from Service; Change in Control.** Neither the Distribution nor any of the transactions contemplated by the Distribution Agreement and the Ancillary Agreements will be deemed to be a separation from service or other termination or severance of employment of any Belo Employee or Newspaper Holdco Employee, or a change in control of Belo or any of its Subsidiaries for purposes of any Belo Benefit Plan or of any Newspaper Holdco Benefit Plan, except as otherwise expressly provided in this Agreement.

2.2 Compliance with Employment Laws. As of the Effective Time (i) Belo will be responsible for adopting and maintaining any policies or practices and for all other actions necessary to comply with employment-related Laws and requirements relating to the employment of Belo Employees and the treatment of Former Belo Employees with respect to their former employment with a member of the Belo Group and (ii) Newspaper Holdco will be responsible for adopting and maintaining any policies or practices and for all other actions necessary to comply with employment-related Laws and requirements relating to the employment of Newspaper Holdco Employees and the treatment of Former Newspaper Holdco

Employees with respect to their former employment with a member of the Newspaper Holdco Group.

2.3 Employee Records.

(a) **Records Relating to Belo Employees and Former Belo Employees** . All records and data in any form relating to Belo Employees and Former Belo Employees will be the property of Belo, except that data pertaining to such employees and relating to any period that such employees were employed by a member of the Newspaper Holdco Group will be jointly owned by Belo and Newspaper Holdco.

(b) **Records Relating to Newspaper Holdco Employees and Former Newspaper Holdco Employees** . All records and data in any form relating to Newspaper Holdco Employees and Former Newspaper Holdco Employees will be the property of Newspaper Holdco, except that data pertaining to such employees and relating to any period that such employees were employed by a member of the Belo Group will be jointly owned by Newspaper Holdco and Belo.

(c) **Sharing of Records**. The Parties will provide each other such records and information only as necessary or appropriate to carry out their obligations under Law, this Agreement, the Distribution Agreement or any Ancillary Agreement or for the purposes of administering their respective employee benefit plans and policies. Records and data described in this Section 2.3 which are reasonably requested by a Party will be provided to the other Party as soon as reasonably practicable upon such request, provided that the Party requesting records and data will reimburse the Party providing the records and data for the reasonable costs and expenses associated with the provision of such records and data (including a reasonable allocable share of any compensation and overhead expense of personnel assigned to assist in the provision of such records and data, except to the extent that such cost is insignificant). All information and records regarding employment and personnel matters of employees and former employees of the Parties will be accessed, retained, held, used, copied and transmitted in accordance with all Laws and policies relating to the collection, storage, retention, use, transmittal, disclosure and destruction of such records.

(d) **Maintenance of Records**. Belo and Newspaper Holdco each will comply with all applicable Laws and their respective internal policies in effect from time to time with respect to retaining, destroying, transferring, sharing, copying and permitting access to all records and data described in this Section 2.3.

2.4 Assumption and Retention of Liabilities .

(a) **Belo Liabilities**. As of the Effective Time, except as expressly provided in this Agreement, Belo will assume or retain (i) all Liabilities under all Belo Benefit Plans (other than funded benefit Liabilities), (ii) all Liabilities with respect to the employment or termination of employment of all Belo Employees and Former Belo Employees, in each case to the extent arising in connection with or as a result of employment with or the performance of services to (A) any member of the Belo Group before, on or after the Distribution Date or (B) any member of the Newspaper Holdco Group before the Distribution Date, (iii) all

Liabilities with respect to any other service provider (including any individual who is, or was, an independent contractor, temporary employee, agency employee or leased employee) to the extent such Liabilities relate to, arise out of or result from the Belo Business (as such term is defined in the Distribution Agreement), and (iv) any other Liabilities expressly assigned to Belo under this Agreement.

(b) **Newspaper Holdco Liabilities.** As of the Effective Time, except as expressly provided in this Agreement or in the Distribution Agreement, Newspaper Holdco will assume or retain (i) all Liabilities under all Newspaper Holdco Benefit Plans (other than funded benefit Liabilities), (ii) all Liabilities with respect to the employment or termination of employment of all Newspaper Holdco Employees and Former Newspaper Holdco Employees, in each case to the extent arising in connection with or as a result of employment with or the performance of services to (A) any member of the Newspaper Holdco Group before, on or after the Distribution Date or (B) any member of the Belo Group before the Distribution Date, (iii) all Liabilities with respect to any other service provider (including any individual who is, or was, an independent contractor, temporary employee, agency employee or leased employee) to the extent such Liabilities relate to, arise out of or result from the Newspaper Holdco Business (as such term is defined in the Distribution Agreement), and (iv) any other Liabilities expressly assigned to Newspaper Holdco under this Agreement.

(c) **Employee Claims.** As of the Effective Time, except as expressly provided in this Agreement or the Distribution Agreement, Newspaper Holdco will assume, and be solely responsible for, the administration, investigation and defense of claims, including ERISA, occupational safety and health, employment standards, union grievances, wrongful dismissal, discrimination or human rights and unemployment compensation claims, asserted at any time against Belo or Newspaper Holdco or their respective Affiliates by any Newspaper Holdco Employee or Former Newspaper Holdco Employee to the extent such claims arise out of or relate to employment to a member of the Newspaper Holdco Group or to a member of the Belo Group prior to the Distribution Date. To the extent that any Action relates to a putative or certified class of plaintiffs, which includes both Belo Employees (or Former Belo Employees) and Newspaper Holdco Employees (or Former Newspaper Holdco Employees) and such Action involves employment or benefit plan claims, the reasonable costs and expenses incurred by the Parties in responding to such Action will be allocated among the Parties equitably in proportion to a reasonable assessment of the relative proportion of Belo Employees (or Former Belo Employees) and Newspaper Holdco Employees (or Former Newspaper Holdco Employees) included in or represented by the putative or certified plaintiff class. Any procedures contained in the indemnification and dispute resolution provisions of the Distribution Agreement will apply with respect to each Party's obligations under this Section 2.4(c), to the extent such procedures are not inconsistent with the provisions of Section 6.9.

2.5 Newspaper Holdco Participation in Belo Benefit Plans. As of the Effective Time or such earlier time as provided in Section 3.2, Newspaper Holdco and each other member of the Newspaper Holdco Group will cease to participate as an employer in all Belo Benefit Plans, and Belo and Newspaper Holdco each will take all necessary action before the Distribution Date to cause Newspaper Holdco and each other member of the Newspaper Holdco Group to cease such participation.

2.6 Service Credit.

(a) **Newspaper Holdco Employees.** Except as otherwise provided in this Agreement, for purposes of eligibility, vesting and level of benefits under the Newspaper Holdco Benefit Plans (other than a defined benefit pension plan), Newspaper Holdco will give to each Newspaper Holdco Employee and, if applicable, each Former Newspaper Holdco Employee service credit for any employment with a member of the Belo Group prior to the Distribution Date to the extent that such employment is taken into account under the comparable Belo Benefit Plan.

(b) Transferred Employees.

(i) With respect to a Belo Employee who transfers employment directly to a member of the Newspaper Holdco Group after the Distribution Date and without any intervening employment by an employer unrelated to the Belo Group or the Newspaper Holdco Group (a “ Transferred Belo Employee”), Newspaper Holdco will grant to the Transferred Belo Employee service credit for employment with the Belo Group after the Distribution Date for purposes of eligibility, vesting and, except with respect to a defined benefit pension plan, level of benefits under the Newspaper Holdco Benefit Plans to the extent that such employment was taken into account under the comparable Belo Benefit Plan. In addition, a Transferred Belo Employee will retain all equity awards issued pursuant to a Belo equity plan, and (A) all performance-based equity awards will continue to be earned on the basis of Belo performance as contemplated by such equity award and (B) to the extent the provisions of such equity award relate to the continued employment of the Transferred Employee, employment with the Newspaper Holdco Group will be treated as employment with the Belo Group for purposes of satisfying such provisions.

(ii) With respect to a Newspaper Holdco Employee who transfers employment directly to a member of the Belo Group after the Distribution Date and without any intervening employment by an employer unrelated to the Newspaper Holdco Group or the Belo Group (a “ Transferred Newspaper Holdco Employee”), Belo will grant to the Transferred Newspaper Holdco Employee service credit for employment with the Newspaper Holdco Group after the Distribution Date for purposes of eligibility, vesting and, except with respect to a defined benefit pension plan, level of benefits under the Belo Benefit Plans to the extent that such employment was taken into account under the comparable Newspaper Holdco Benefit Plan. In addition, a Transferred Newspaper Holdco Employee will retain all equity awards issued pursuant to a Newspaper Holdco equity plan, and (A) all performance-based equity awards will continue to be earned on the basis of Newspaper Holdco performance as contemplated by such equity award and (B) to the extent the provisions of such equity award relate to the continued employment of the Transferred Employee, employment with the Belo Group will be treated as employment with the Newspaper Holdco Group for purposes of satisfying such provisions.

2.7 Participant Elections and Beneficiary Designations . All participant elections and beneficiary designations made under any Belo Benefit Plan will continue in effect under the

comparable Newspaper Holdco Benefit Plan until such time as the participant changes his or her elections or beneficiary designations in accordance with the procedures of the relevant plan.

2.8 Cooperation. Each of the Parties will cooperate with the other Party and will use its commercially reasonable efforts to promptly take, or cause to be taken, all actions necessary or appropriate to consummate the transactions contemplated by this Agreement.

ARTICLE 3 RETIREMENT PLANS

3.1 The G. B. Dealey Retirement Pension Plan. Belo will retain sponsorship of The G. B. Dealey Retirement Pension Plan (the "Pension Plan"), a frozen defined benefit plan, and will administer benefits for Newspaper Holdco Employees and Former Newspaper Holdco Employees who participate in the Pension Plan in accordance with the terms of the Pension Plan. The Distribution will cause each Newspaper Holdco Employee to have a separation from service for purposes of commencing benefits under the Pension Plan at or after age 55. Newspaper Holdco will have the right to appoint one or more members of the committees established by Belo from time to time to manage the assets of the Pension Plan. As sponsor of the Pension Plan, Belo will be solely responsible for satisfying the funding obligations with respect to the Pension Plan in accordance with applicable provisions of ERISA and the Code and retains the sole discretion to determine the amount and timing of any contributions required to satisfy such funding obligations. Belo also retains the right, in its sole discretion, to terminate the Pension Plan and to provide for the payment of accrued Pension Plan benefits through insurance contracts or otherwise. Newspaper Holdco will reimburse Belo in advance for 60 percent of each contribution Belo makes to the Pension Plan in accordance with the provisions of this Section 3.1, including without limitation any contribution made to fully fund and terminate the Pension Plan. Belo will notify Newspaper Holdco at least 30 days in advance of the amount of any contribution it will make to the Pension Plan and the date on which such contribution will be made. Newspaper Holdco will remit its share of the contribution by wire transfer to an account designated by Belo no later than one business day prior to the date of the contribution as indicated in such notice. Notwithstanding the foregoing provisions of this Section 3.1, without the prior written consent of Newspaper Holdco, Belo will not adopt any amendment to the Pension Plan that could reasonably be anticipated to increase the funding cost of the Pension Plan except for any amendment required to comply with applicable Law and except for any amendment adopted in connection with Belo's decision to terminate the Pension Plan.

3.2 Savings Plans. Prior to the Distribution Date, Newspaper Holdco will establish the Newspaper Holdco Savings Plan, a defined contribution plan intended to qualify under Section 401(a) and Section 401(k) of the Code, with provisions that are substantially identical to the provisions of the Belo Savings Plan then in effect. Prior to the Distribution Date, Belo will cause the vested and nonvested account balances of Newspaper Holdco Employees and Former Newspaper Holdco Employees to be transferred in kind (including participant loan balances and loan documentation) from the Belo Savings Plan to the Newspaper Holdco Savings Plan, and Newspaper Holdco will cause the Newspaper Holdco Savings Plan to assume and be solely responsible for all Liabilities of the Belo Savings Plan with respect to Newspaper Holdco Employees and Former Newspaper Holdco Employees. Upon the transfer of such account

balances, Newspaper Holdco and each member of the Newspaper Holdco Group will cease to be a participating employer in the Belo Savings Plan.

3.3 Pension Transition Supplement Plan.

(a) **Establishment of the Newspaper Holdco Group Pension Transition Supplement Plan** . Prior to the Distribution Date, Newspaper Holdco will establish the Newspaper Holdco Pension Transition Supplement Plan, a defined contribution plan intended to qualify under Section 401(a) of the Code, with provisions that are substantially identical to the provisions of the Belo Pension Transition Supplement Plan then in effect. As soon as practicable after the later of the Distribution Date or the date on which Belo makes its contribution to the Belo Pension Transition Supplement Plan for the 2007 plan year, Belo will cause the vested and nonvested account balances of Newspaper Holdco Employees and Former Newspaper Holdco Employees to be transferred in kind from the Belo Pension Transition Supplement Plan to the Newspaper Holdco Pension Transition Supplement Plan, and Newspaper Holdco will cause the Newspaper Holdco Pension Transition Supplement Plan to assume and be solely responsible for all Liabilities for plan benefits of the Belo Pension Transition Supplement Plan with respect to Newspaper Holdco Employees and Former Newspaper Holdco Employees. Promptly after the transfer of assets to the Newspaper Holdco Pension Transition Supplement Plan, Newspaper Holdco will reimburse Belo for the aggregate contribution made by Belo to its Pension Transition Supplement Plan for the 2007 plan year for the account of Newspaper Holdco Employees and Former Newspaper Holdco Employees.

(b) **Transferred Employees**. A Transferred Belo Employee who, immediately prior to transferring employment, was eligible to participate in the Belo Transition Supplement Plan and who is an employee of the Newspaper Holdco Group on December 31 of the plan year in which the transfer of employment occurred will be a participant in the Newspaper Holdco Pension Transition Supplement Plan for the entire plan year, and Newspaper Holdco will be responsible for making the pension transition supplement contribution to its plan for the benefit of such employee for such plan year. Conversely, a Transferred Newspaper Holdco Employee who, immediately prior to transferring employment, was eligible to participate in the Newspaper Holdco Transition Supplement Plan and who is an employee of the Belo Group on December 31 of the plan year in which the transfer of employment occurred will be a participant in the Belo Pension Transition Supplement Plan for the entire plan year, and Belo will be responsible for making the pension transition supplement contribution to its plan for the benefit of such employee for such plan year.

3.4 Nonqualified Deferred Compensation Plans .

(a) **Pension Transition Supplement Restoration Plan** . Prior to the Distribution Date, Newspaper Holdco will also establish the Newspaper Holdco Pension Transition Supplement Restoration Plan, a nonqualified deferred compensation plan, with provisions that are substantially identical to the provisions of the Belo Pension Transition Supplement Restoration Plan then in effect. Newspaper Holdco will assume and discharge all Liabilities of Belo under the Belo Pension Transition Supplement Restoration Plan with respect to Newspaper Holdco Employees and Former Newspaper Holdco Employees for the 2007 plan year. No assets will be transferred to Newspaper Holdco in connection with such assumption of

Liabilities. A transferred employee described in Section 3.3(b) who is eligible to participate in the Pension Transition Supplement Plan of Belo or Newspaper Holdco for the plan year in which the transfer of employment occurred will also be eligible to participate in the Pension Transition Supplement Restoration Plan of Belo or Newspaper Holdco, as applicable, for such plan year.

(b) **Other Nonqualified Plans.** Except as provided in Section 3.4(a), (i) Belo will retain all nonqualified deferred compensation Liabilities with respect to Belo Employees and Former Belo Employees, and (ii) Newspaper Holdco will assume or retain all nonqualified deferred compensation Liabilities with respect to Newspaper Holdco Employees and Former Newspaper Holdco Employees.

ARTICLE 4 WELFARE BENEFIT PLANS

4.1 Establishment of Newspaper Holdco Welfare Benefit Plans. Prior to the Distribution Date, Newspaper Holdco will adopt welfare benefit plans that contain substantially the same benefit provisions as in effect for Newspaper Holdco Employees and Former Newspaper Holdco Employees under the Belo welfare benefit plans immediately prior to the Distribution Date, including such plans providing for retiree benefits. Effective as of the Effective Time, Newspaper Holdco Employees and Former Newspaper Holdco Employees will cease to participate in the Belo welfare benefit plans and will be eligible to participate in the Newspaper Holdco welfare benefit plans in accordance with the terms of such plans. Except as provided in Section 4.6, no assets will be transferred on account of any such plans. Welfare benefit plans include plans providing medical, dental, prescription drug and vision benefits, life insurance, accidental death and disability insurance, business travel accident insurance, long-term and short-term disability benefits, long term care, flexible spending accounts, Employee Assistance Plan, wellness and similar types of plans.

4.2 Treatment of Claims Incurred. The Belo welfare benefit plans will retain liability for payment of all covered claims incurred on or before the Distribution Date by Newspaper Holdco Employees and Former Newspaper Holdco Employees and their covered dependents and beneficiaries, and the Newspaper Holdco welfare benefit plans will assume the liability for payment of all covered claims incurred after the Distribution Date by Newspaper Holdco Employees and Former Newspaper Holdco Employees and their covered dependents and beneficiaries.

4.3 Credit for Co-Pays and Deductibles. The Newspaper Holdco welfare benefit plans will give credit in the plan year of the Distribution Date for any amount paid by Newspaper Holdco Employees and Former Newspaper Holdco Employees and their covered dependents or beneficiaries in such year under the Belo welfare benefit plans toward deductibles, co-payments, out-of-pocket maximums or other similar limitations under the Belo welfare benefit plan. Except as otherwise provided in the next sentence, for purposes of any life-time maximum limit on benefits paid with respect to a covered participant, the Newspaper Holdco welfare plans will recognize any benefits paid with respect to a Newspaper Holdco Employee or Former Newspaper Holdco Employee prior to the Distribution Date to the same extent such benefits would be recognized in respect of a participant under the Belo welfare benefit plans. With

respect to any Newspaper Holdco self-funded medical plan, the full lifetime maximum limit with respect to Newspaper Holdco Employees who are plan participants at the Effective Time will be available to such Newspaper Holdco Employees, and no amount of the lifetime maximum limit used by such Newspaper Holdco Employees under any Belo self-funded medical plan will be credited against their lifetime maximum limit under the Newspaper Holdco self-funded medical plan.

4.4 **COBRA.** Effective as of the Effective Time, Newspaper Holdco will assume and satisfy all requirements under COBRA with respect to claims incurred by all Newspaper Holdco Employees and Former Newspaper Holdco Employees and their qualified beneficiaries after the Distribution Date, including such individuals who are receiving COBRA benefits as of the Distribution Date.

4.5 **Third Party Contracts.** Belo and Newspaper Holdco will use commercially reasonable efforts to obligate each third party administrator of the Belo welfare benefit plans, each insurer under a group insurance policy that relates to any of the Belo welfare benefit plans and each Health Maintenance Organization that provides medical services under the Belo welfare benefit plans to enter into a separate contract or policy, as applicable, with Newspaper Holdco providing for substantially similar terms and conditions as are contained in the contracts and policies to which Belo is a party. Such terms and conditions will include the financial and termination provisions, performance standards, methodology, auditing policies, quality measures and reporting requirements. In addition, Belo and Newspaper Holdco will use commercially reasonable efforts to cause each of the insurance companies and third party administrators providing services and benefits under the Belo welfare benefit plans and the Newspaper Holdco welfare benefit plans to maintain the premium and/or administrative rates based on the aggregate number of participants in both the Belo welfare benefit plans and the Newspaper Holdco welfare benefit plans as in effect immediately prior to the Distribution Date through the end of the year in which the Distribution Date occurs. To the extent such efforts are not successful, Belo and Newspaper Holdco each will bear the revised premium or administrative rates attributable to the individuals covered by their respective welfare benefit plans.

4.6 **Flexible Spending Account Benefit Plan .** Effective as of the Effective Time, Newspaper Holdco will establish the Newspaper Holdco Flexible Spending Account Benefit Plan containing provisions that are substantially identical to those of the Belo Flexible Spending Account Benefit Plan then in effect. Prior to the Distribution Date, Belo and Newspaper Holdco will take all actions necessary or appropriate so that, as of the Effective Time, (i) the account balances (whether positive or negative) under the Belo Flexible Spending Account Benefit Plan of Newspaper Holdco Employees and Former Newspaper Holdco Employees who are participants in the Belo Flexible Spending Account Benefit Plan will be transferred to the Newspaper Holdco Flexible Spending Account Benefit Plan and (ii) to the extent not reimbursed by the Belo Flexible Spending Account Benefit Plan as of the Effective Time, Newspaper Holdco Employees will be reimbursed from the Newspaper Holdco Flexible Spending Account Benefit Plan for claims incurred at any time during the plan year of the Belo Flexible Spending Account Benefit Plan in which the Distribution Date occurs on the same basis and the same terms and conditions as under the Belo Flexible Spending Account Benefit Plan. In addition, Belo will transfer to Newspaper Holdco an amount in cash equal to (A) the aggregate payroll deductions credited as of the Effective Time to the accounts of Newspaper Holdco Employees

and Former Newspaper Holdco Employees under the Belo Flexible Spending Account Benefit Plan, reduced by (B) the aggregate claims paid as of the Effective Time by the Belo Flexible Spending Account Benefit Plan on behalf of Newspaper Holdco Employees and Former Newspaper Holdco Employees; provided that if the amount of claims described in clause (B) of this sentence exceeds the aggregate payroll deductions described in clause (A), Newspaper Holdco will pay to Belo an amount in cash equal to the difference.

ARTICLE 5 INCENTIVE AWARDS

5.1 **Stock Options.** Immediately prior to the Effective Time, each Belo Stock Option that is outstanding at such time will be converted into both an adjusted Belo Stock Option and a new Newspaper Holdco Stock Option, each of which will, except as otherwise provided in this Section 5.1, be subject to the same terms and conditions applicable to the Belo Stock Option immediately prior to such adjustment and conversion. The adjustments to the Belo Stock Options and the issuance of the new Newspaper Holdco Stock Options will be effected in a manner intended to satisfy the requirements of Section 424 of the Code and to avoid treatment of such stock options as nonqualified deferred compensation subject to Section 409A of the Code. The adjusted Belo Stock Options and the new Newspaper Holdco Stock Options together will, in the sole and absolute judgment of the Compensation Committee of the Board of Directors of Belo, preserve the intrinsic value of the original Belo Stock Options.

(a) **Adjusted Belo Stock Option.** Each adjusted Belo Stock Option will cover a number of shares of Series B Belo Common Stock equal to the number of such shares subject to the Belo Stock Option immediately prior to its adjustment, and the per share exercise price of the adjusted Belo Stock Option, rounded up to the nearest 1/100th of a cent, will be determined by multiplying the Belo Post-Distribution Stock Value by the Option Conversion Ratio.

(b) **New Newspaper Holdco Stock Option.** Each new Newspaper Holdco Stock Option will cover a number of shares of Series B Newspaper Holdco Common Stock, rounded down to the nearest whole share, equal to the number of shares of Series B Belo Common Stock subject to the corresponding Belo Stock Option multiplied by the Equity Adjustment Ratio, and the per share exercise price of such new stock option, rounded up to the nearest 1/100th of a cent, will be determined by multiplying the Newspaper Holdco Stock Value by the Option Conversion Ratio.

(c) **Vesting.** The adjusted Belo Stock Option and the new Newspaper Holdco Stock Option will take into account all employment (including employment described in Section 2.6(b)) with both the Belo Group and the Newspaper Holdco Group for all purposes, including the determination of when such stock options will vest, become exercisable and expire.

5.2 **Restricted Stock Units.** Each holder of Belo Restricted Stock Units outstanding immediately prior to the Effective Time will retain such Restricted Stock Units and, in addition, at such time will receive a number of new Newspaper Holdco Restricted Stock Units equal to the number of Belo Restricted Stock Units multiplied by the Equity Adjustment Ratio, rounded

down to the nearest whole unit. The Newspaper Holdco Restricted Stock Units will otherwise have substantially the same terms and conditions as the Belo Restricted Stock Units. The Belo Restricted Stock Units outstanding immediately prior to the Effective Time and the Newspaper Holdco Restricted Stock Units issued pursuant to this Section 5.2 will take into account all employment (including employment described in Section 2.6(b)) with both the Belo Group and the Newspaper Holdco Group for purposes of determining when such Restricted Stock Units will vest and be paid. The issuance of the new Newspaper Holdco Restricted Stock Units will be effected in a manner intended not to modify the treatment of such Restricted Stock Units under Section 409A of the Code that applies to the corresponding Belo Restricted Stock Units. The new Newspaper Holdco Restricted Stock Units together with the original Belo Restricted Stock Units will, in the sole and absolute judgment of the Compensation Committee of the Board of Directors of Belo, preserve the intrinsic value of the original Belo Restricted Stock Units.

5.3 Responsibility for Tax Withholding and Reporting. Belo and Newspaper Holdco agree that, unless prohibited by applicable Law, Newspaper Holdco will be responsible for all tax withholding and reporting obligations and will pay the employer's share of any employment tax obligations that arise in connection with the grant, vesting, exercise, transfer or other settlement of the adjusted or new equity awards described in Section 5.1 and Section 5.2 held by Newspaper Holdco Employees and Former Newspaper Holdco Employees. Belo and Newspaper Holdco further agree that, unless prohibited by applicable Law, Belo will be responsible for all tax withholding and reporting obligations and will pay the employer's share of any employment tax obligations that arise in connection with the grant, vesting, exercise, transfer or other settlement of the equity awards held by Belo Employees and Former Belo Employees. If the withholding provisions described above are not permitted by applicable Law, the Parties will make an equitable adjustment to reflect the proper payor.

5.4 Approval and Terms of New Newspaper Holdco Awards. The Newspaper Holdco awards to be granted pursuant to Section 5.1 and Section 5.2 will be granted under a Newspaper Holdco equity incentive plan effective as of the Effective Time, the terms of which will be substantially similar to the terms of the Belo 2004 Executive Compensation Plan in effect immediately prior to the Effective Time. Prior to the Effective Time, Belo will cause Newspaper Holdco to take such actions and obtain such approvals as are necessary or desirable to ensure that the issuance of the new Newspaper Holdco awards on the Effective Time will comply with all applicable tax and securities Laws and stock exchange requirements. Newspaper Holdco will be responsible for any such actions or approvals after the Effective Time, including any required approval by the public shareholders of Newspaper Holdco.

ARTICLE 6 MISCELLANEOUS

6.1 Amendment and Termination of Benefit Plans. The Parties do not intend this Agreement to be an amendment to any Benefit Plan. However, except as otherwise expressly provided herein, nothing in this Agreement will limit the ability of either Party to amend or terminate a Benefit Plan after the Distribution Date.

6.2 Complete Agreement; Representations .

(a) **Entire Agreement.** This Agreement constitutes the entire agreement between the Parties with respect to the subject matter hereof and supersedes all previous negotiations, commitments and writings with respect to such subject matter.

(b) **Representations.** Belo represents on behalf of itself and each other member of the Belo Group, and Newspaper Holdco represents on behalf of itself and each other member of the Newspaper Holdco Group as follows:

(i) each such Person has the requisite corporate or other power and authority and has taken all corporate or other action necessary in order to execute, deliver and perform this Agreement and to consummate the transactions contemplated by this Agreement; and

(ii) this Agreement has been duly executed and delivered by such Person (if such Person is a Party) and constitutes its valid and binding agreement enforceable in accordance with the terms hereof (assuming the due execution and delivery thereof by the other Party), except as such enforceability may be limited by bankruptcy, fraudulent conveyance, insolvency, reorganization, moratorium and other Laws relating to creditors' rights generally and by general equitable principles.

6.3 Costs and Expenses. Except as expressly provided in this Agreement, Belo will bear all direct and indirect costs and expenses incurred in connection with the negotiation, preparation and execution of this Agreement and the transactions contemplated hereby; provided that from and after the Distribution, each Party will bear its own direct and indirect costs and expenses related to its performance of this Agreement or any Ancillary Agreement, and any such expense that constitutes a Reimbursable Expense within the meaning of the Distribution Agreement will be subject to the reimbursement provisions of the Distribution Agreement.

6.4 Governing Law. This Agreement and any dispute arising out of, in connection with or relating to this Agreement will be governed by and construed in accordance with the Laws of the State of Texas, without giving effect to the conflicts of laws principles thereof.

6.5 Notices. All notices, requests, claims, demands and other communications hereunder must be in writing and will be deemed to have been duly given only if delivered personally or by facsimile transmission or mailed (first class postage prepaid) to the Parties at the following addresses or facsimile numbers:

(a) if to Belo or any member of the Belo Group:

Belo Corp.
400 South Record Street
Dallas, Texas 75202
Attention: Chief Executive Officer
Facsimile No.: [intentionally left blank]

With a copy to: Chief Financial Officer
Facsimile No.: [intentionally left blank]

(b) if to Newspaper Holdco or any member of the Newspaper Holdco Group:

A. H. Belo Corporation
400 South Record Street
Dallas, Texas 75202
Attention: Chief Executive Officer
Facsimile No.: [intentionally left blank]

With a copy to: Chief Financial Officer
Facsimile No.: [intentionally left blank]

All such notices, requests and other communications will (i) if delivered personally to the address as provided in this Section 6.5, be deemed given upon delivery, (ii) if delivered by facsimile transmission to the facsimile number as provided in this Section 6.5, be deemed given upon receipt and (iii) if delivered by mail in the manner described above to the address as provided in this Section 6.5, be deemed given upon receipt (in each case regardless of whether such notice, request or other communication is received by any other Person to whom a copy of such notice, request or other communication is to be delivered pursuant to this section). Any Party from time to time may change its address, facsimile number or other information for the purpose of notices to that Party by giving notice specifying such change to the other Party.

6.6 Amendment, Modification or Waiver.

(a) **Amendment.** Prior to the Effective Time, this Agreement may be amended, modified, waived, supplemented or superseded, in whole or in part, by Belo in its sole discretion by execution of a written document delivered to Newspaper Holdco. Subsequent to the Effective Time, this Agreement may be amended, modified, waived, supplemented or superseded, in whole or in part, only by a written document signed by duly authorized signatories of the Parties.

(b) **Waiver.** Any term or condition of this Agreement may be waived at any time by the Party that is entitled to the benefit thereof, but no such waiver will be effective unless set forth in a written instrument duly executed by or on behalf of the Party waiving such term or condition. No waiver by any Party of any term or condition of this Agreement, in any one or more instances, will be deemed or construed as a waiver of the same or any other term or condition of this Agreement on any future occasion. All remedies, either under this Agreement or by Law or otherwise afforded, will be cumulative and not alternative.

6.7 No Assignment; Binding Effect; No Third-Party Beneficiaries .

(a) **Assignment and Successors.** Neither this Agreement nor any right, interest or obligation hereunder may be assigned by either Party without the prior written consent of the other Party, and any attempt to do so will be void, except that each Party may assign any or all of its rights, interests and obligations hereunder to an Affiliate, provided that any such Affiliate agrees in writing to be bound by all of the terms, conditions and provisions contained herein; provided further that no assignment will relieve the assigning Party of any of its obligations under this Agreement, unless expressly so provided. Subject to the preceding

sentence, this Agreement is binding upon, inures to the benefit of and is enforceable by the Parties hereto and their respective successors and permitted assigns.

(b) **No Third-Party Beneficiaries.** The terms and provisions of this Agreement are intended solely for the benefit of each Party and its respective Affiliates, successors or permitted assigns, and it is not the intention of the Parties to confer third-party beneficiary rights upon any other Person.

6.8 Counterparts. This Agreement may be executed in any number of counterparts, each of which will be deemed an original, but all of which together will constitute one and the same instrument.

6.9 Negotiation. In the event that any dispute arises between the Parties that cannot be resolved, either Party will have the right to refer the dispute for resolution to the chief financial officers of the Parties by delivering to the other Party a written notice of such referral (a “**Dispute Notice**”). Following receipt of a Dispute Notice, the chief financial officers of the Parties will negotiate in good faith to resolve such dispute. In the event that the chief financial officers of the Parties are unable to resolve such dispute within 15 business days after the date of the Dispute Notice, either Party will have the right to refer the dispute to the chief executive officers of the Parties, who will negotiate in good faith to resolve such dispute. In the event that the chief executive officers of the Parties are unable to resolve such dispute within 30 business days after the date of the Dispute Notice, either Party will have the right to commence litigation in accordance with the provisions of the Distribution Agreement. The Parties agree that all discussions, negotiations and other Information exchanged between the Parties during the foregoing dispute resolution proceedings will be without prejudice to the legal position of a Party in any subsequent Action.

6.10 Specific Performance. From and after the Distribution, in the event of any actual or threatened default in, or breach of, any of the terms, conditions and provisions of this Agreement, the Parties agree that the Party or Parties to this Agreement who are or are to be thereby aggrieved will have the right to specific performance and injunctive or other equitable relief of its or their rights under this Agreement, in addition to any and all other rights and remedies at law or in equity, and all such rights and remedies will be cumulative. The Parties agree that, from and after the Distribution, the remedies at law for any breach or threatened breach of this Agreement, including monetary damages, are inadequate compensation for any Loss, that any defense in any Action for specific performance that a remedy at law would be adequate is hereby waived, and that any requirements for the securing or posting of any bond with such remedy are hereby waived.

6.11 Texas Forum. Subject to the prior exhaustion of the procedures set forth in Section 6.9 and to the fullest extent permitted by applicable Law, each Party hereto (i) agrees that all Actions arising out of, relating to or in connection with this Agreement or for recognition and enforcement of any judgment arising out of or in connection with this Agreement, or the transactions contemplated hereby, will be brought only in the United States District Court for the Northern District of Texas or any Texas State court, in each case, located in Dallas County and not in any other State or Federal court in the United States of America or any court in any other country, (ii) agrees to submit to the exclusive jurisdiction of such courts located in Dallas County

for purposes of all legal proceedings arising out of, or in connection with, this Agreement and the transactions contemplated hereby, (iii) waives and agrees not to assert any objection that it may now or hereafter have to the laying of the venue of any such action brought in such a court or any claim that any such action brought in such a court has been brought in an inconvenient forum, (iv) agrees that mailing of process or other papers in connection with any such action or proceeding in the manner provided in Section 6.5 or any other manner as may be permitted by Law will be valid and sufficient service thereof and (v) agrees that a final judgment in any such action or proceeding will be conclusive and may be enforced in other jurisdictions by suit on the judgment or in any other manner provided by applicable Law.

6.12 Interpretation; Conflict With Distribution Agreement. The Article and Section headings contained in this Agreement are solely for the purpose of reference, are not part of the agreement of the Parties and will not in any way affect the meaning or interpretation of this Agreement. Except as specifically set forth in this Agreement, the provisions of this Agreement will govern in the event of any conflict between any provision of this Agreement and that of the Distribution Agreement or any Ancillary Agreement.

6.13 Severability. If any provision of this Agreement is held to be illegal, invalid or unenforceable under any present or future Law, the remaining provisions of this Agreement will remain in full force and effect and will not be affected by the illegal, invalid or unenforceable provision or by its severance from this Agreement.

6.14 Effectiveness of the Agreement. Except as provided in Section 3.2, Section 5.1 and Section 5.2, this Agreement will be effective as of the Effective Time.

IN WITNESS WHEREOF, the Parties have caused this Employee Matters Agreement to be duly executed as of the day and year first written above.

BELO CORP.

By _____
Name:
Title:

A. H. BELO CORPORATION

By _____
Name:
Title:

A. H. BELO
2008 INCENTIVE COMPENSATION PLAN

A. H. BELO
2008 INCENTIVE COMPENSATION PLAN

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

A. H. BELO
2008 INCENTIVE COMPENSATION PLAN

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

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

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

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

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

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

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

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

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

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

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

(iii) the shareholders of the Company approve a plan of complete liquidation or dissolution of the Company; or

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

(a) Each grant will specify the number of Performance Shares or Performance Units to which it relates.

(b) The Performance Period with respect to each Performance Share and Performance Unit will be determined by the Committee at the time of grant.

(c) Each grant will specify the Management Objectives that, if achieved, will result in the payment of the Performance Shares or Performance Units.

(d) Each grant will specify the time and manner of payment of Performance Shares or Performance Units which have become payable, which payment may be made in (i) cash, (ii) shares of Common Stock having an aggregate Market Value per Share equal to the aggregate value of the Performance Shares or Performance Units which have become payable or (iii) any combination thereof, as determined by the Committee in its discretion at the time of payment.

(e) Any grant of Performance Shares may specify that the amount payable with respect thereto may not exceed a maximum specified by the Committee on the Date of Grant. Any grant of Performance Units may specify that the amount payable, or the number of shares of Common Stock issued, with respect to the Performance Units may not exceed maximums specified by the Committee on the Date of Grant.

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

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

(h) Each grant will be evidenced by an Evidence of Award, which will contain such terms and provisions as the Committee may determine consistent with the Plan, including without limitation provisions relating to the payment of the Performance Shares or Performance Units in the event of a Change in Control or other similar transaction or event and provisions relating to the Participant's termination of employment or Director's termination of service by reason of retirement, death, disability or otherwise.

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

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

- (a) The Committee will specify the Management Objectives that, if achieved, will result in the payment of the Incentive Compensation Plan Bonus.
- (b) The amount of the Incentive Compensation Plan Bonus will be determined by the Committee based on the level of achievement of the specified Management Objectives. The Incentive Compensation Plan Bonus will be paid to the Participant following the close of the calendar year in which the Performance Period relating to the Incentive Compensation Plan Bonus ends, but not later than the 15th day of the third month following the end of such calendar year, provided the Participant continues to be employed by A. H. Belo or a Subsidiary on the Incentive Compensation Plan Bonus payment date (unless such employment condition is waived by the Company).
- (c) Payment of the Incentive Compensation Plan Bonus may be made in (i) cash, (ii) shares of Common Stock having an aggregate Market Value per Share equal to the aggregate value of the Incentive Compensation Plan Bonus which has become payable or (iii) any combination thereof, as determined by the Committee in its discretion at the time of payment.
- (d) If a Change in Control occurs during a Performance Period, the Incentive Compensation Plan Bonus payable to each Participant for the Performance Period will be determined at the target level of achievement of the Management Objectives, without regard to actual performance, or, if greater, at the actual level of achievement at the time of the closing of the Change in Control, in both instances without proration for less than a full Performance Period. The Incentive Compensation Bonus will be paid not later than 60 days after the closing of the Change in Control.
- (e) Each grant may be evidenced by an Evidence of Award, which will contain such terms and provisions as the Committee may determine consistent with the Plan, including without limitation provisions relating to the Participant's termination of employment by reason of retirement, death, disability or otherwise.

12. Awards for Directors.

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

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

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

(c) For purposes of this Section 12:

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

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

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

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

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

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

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

17. Administration of the Plan.

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

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

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

18. Amendments and Other Matters.

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

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

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

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

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

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

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

A. H. BELO SAVINGS PLAN

Effective February __, 2008

A. H. BELO SAVINGS PLAN

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

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

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

TABLE OF CONTENTS

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

ARTICLE 1

DEFINITIONS

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

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

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

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

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

1.6 **Belo Stock Fund** means the investment fund established under Section 4.1, the assets of which consist exclusively of shares of Company Stock.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

For purposes of this Section 1.21, a "leased employee" means any person who, pursuant to an agreement between a Controlled Group Member and any other person ("leasing

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

ARTICLE 2

PARTICIPATION

2.1 Eligibility to Participate.

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

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

2.2 Exclusions from Participation.

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

(b) **Exclusion after Participation.** A Participant who becomes ineligible under Section 2.2(a) may not elect to have Deferral Contributions made or continued to the Plan and will not be eligible to receive an allocation of Participating Employer matching or profit sharing contributions.

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

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

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

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

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

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

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

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

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

ARTICLE 3
CONTRIBUTIONS

3.1 Elective Deferral Contributions.

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

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

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

3.2 Automatic Deferral Contributions.

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

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

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

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

(b) Amount of Automatic Deferral Contributions .

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

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

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

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

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

(d) Notice to Participants. The Committee will provide to each Participant a written notice of the Participant's rights and obligations under this Section 3.2 and containing such other information as may be necessary to comply with the notice requirements of Code section 401(k)(13).

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

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

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

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

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

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

ARTICLE 4

INVESTMENT OF CONTRIBUTIONS.

4.1 Investment Funds.

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

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

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

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

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

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

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

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

ARTICLE 5

ALLOCATIONS TO PARTICIPANTS' ACCOUNTS

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

5.2 Allocation of Contributions.

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

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

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

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

5.4 Allocation of Trust Fund Income and Loss.

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

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

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

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

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

ARTICLE 6

VESTING

6.1 Determination of Vested Interest.

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

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

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

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

6.2 Forfeiture of Nonvested Amounts. Upon termination of employment, a Participant who has no vested interest in his Matching Contribution Account and his Profit Sharing Account will be deemed to receive a distribution of his vested interest in such Accounts, and the Participant's entire nonvested interest will be forfeited immediately. If the Participant again becomes an Employee before incurring five or more consecutive One Year Breaks in Service, the forfeited amounts will be reinstated to his Account, unadjusted for earnings or losses since the date of forfeiture. If the Participant becomes an Employee after incurring five or more consecutive One Year Breaks in Service, the forfeited amounts will not be reinstated unless the Participant had a balance credited to his Deferral Contribution Account at the time of his termination of employment.

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

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

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

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

ARTICLE 7

DISTRIBUTIONS TO PARTICIPANTS

7.1 Basic Rules Governing Distributions.

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

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

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

7.2 Withdrawals.

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

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

7.3 Hardship Distributions.

(a) General Rule.

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

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

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

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

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

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

7.5 Loans to Participants.

(a) General Provisions.

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

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

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

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

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

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

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

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

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

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

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

7.8 Direct Rollovers.

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

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

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

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

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

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

ARTICLE 8

DISTRIBUTIONS TO BENEFICIARIES

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

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

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

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

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

ARTICLE 9

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

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

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

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

ARTICLE 10

ADMINISTRATION OF THE PLAN AND TRUST AGREEMENT

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

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

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

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

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

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

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

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

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

10.10 Claims Procedure.

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

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

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

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

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

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

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

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

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

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

ARTICLE 11

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

ARTICLE 12

RESTRICTIONS ON DISTRIBUTIONS TO PARTICIPANTS AND BENEFICIARIES

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

12.2 General Restrictions.

(a) **Distributions Prior to a Severance From Employment.** Except for distributions permitted under Article 6 with respect to Participants who attain age 59 ¹/₂ or suffer a hardship, a Participant's interest in the Plan will not be distributed before the Participant's severance from employment with all Controlled Group Members, disability or death, unless the Plan is terminated without the establishment or maintenance by the Participating Employers of another defined contribution plan (except as permitted by Code section 401(k) and the Treasury Regulations thereunder).

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

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

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

(a) **General Rule.** Distribution of a Participant's entire vested and nonforfeitable interest will be made or commence not later than April 1 following the calendar year (i) in which he attains age 70 ¹/₂, or (ii) in which his employment with the Controlled Group terminates, if later, except that a distribution to a Participant who is a 5-percent owner (as such term is defined in Code section 416(i)(1)(B)(i)) with respect to the Plan Year in which he attains age 70 ¹/₂ will be made pursuant to clause (i).

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

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

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

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

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

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

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

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

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

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

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

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

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

(a) Death after Distributions Begin.

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

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

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

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

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

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

(b) Death before Date Distributions Begin.

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

(A) If the Participant's surviving spouse is the Participant's sole designated beneficiary, then distributions to the surviving spouse will begin by December 31 of the calendar year immediately following the calendar year in which the Participant died, or by December 31 of the calendar year in which the Participant would have attained age $70\frac{1}{2}$, if later.

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

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

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

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

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

(iv) **Death of Surviving Spouse.** If the Participant dies before the date distributions begin, the Participant's surviving spouse is the Participant's sole designated beneficiary, and the surviving spouse dies before distributions are required to begin to the surviving spouse under Section 12.6(b)(i)(A), this Section 12.6(b) will apply as if the surviving spouse were the Participant.

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

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

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

ARTICLE 13

TOP-HEAVY PROVISIONS

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

13.3 Minimum Allocation.

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

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

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

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

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

13.4 Minimum Vesting.

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

(b) **Minimum Vesting Schedule.**

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

ARTICLE 14

PARTICIPATION BY CONTROLLED GROUP MEMBERS

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

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

ARTICLE 15

AMENDMENT OF THE PLAN

15.1 Right to Amend the Plan .

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

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

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

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

ARTICLE 16

TERMINATION, PARTIAL TERMINATION AND COMPLETE DISCONTINUANCE OF CONTRIBUTIONS

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

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

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

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

ARTICLE 17

MISCELLANEOUS

17.1 Reversion Prohibited.

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

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

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

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

17.2 Bonding, Insurance and Indemnity.

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

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

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

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

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

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

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

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

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

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

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

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

A. H. BELO CORPORATION

By _____
Name:
Title:

APPENDIX A
PARTICIPATING EMPLOYERS
AS OF FEBRUARY __, 2008

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

**A. H. BELO CORPORATION
CHANGE IN CONTROL SEVERANCE PLAN**

TABLE OF CONTENTS

1.	Purpose of the Plan	1
2.	Definitions	1
3.	Eligibility	6
4.	Effect of a Change in Control on Long-Term Incentive Compensation Awards	7
5.	Termination of Employment	7
6.	Certain Additional Payments by the Company	10
7.	Section 409A	12
8.	No Mitigation or Offset; Enforcement of the Plan	13
9.	Insurance and Indemnification	14
10.	Withholding	14
11.	Default in Payment	14
12.	Term	14
13.	Funding of Benefits	15
14.	Amendment or Modification	15
15.	Successors	15
16.	Severability	16
17.	Survival	16
18.	Notices	16
19.	Governing Law	16
20.	Headings and References	16
21.	Interpretation	16

A. H. BELO CORPORATION
CHANGE IN CONTROL SEVERANCE PLAN

1. Purpose of the Plan. The Board of Directors (the “Board”) of A H. Belo Corporation (the “Company”) recognizes the importance to Company and its shareholders of ensuring that the Company and its subsidiaries have the continued dedication and leadership of the Company’s management team, notwithstanding the possibility, threat or occurrence of a Change in Control (as defined below). The Board recognizes that the possibility of a Change in Control and the uncertainty it may create among management may result in the departure or distraction of management personnel to the detriment of the Company and its shareholders. Therefore, the Board has decided to adopt this Change in Control Severance Plan (the “Plan”) in order to encourage the retention of management and to reduce the level of uncertainty and distraction that is likely to result from a Change in Control or a potential Change in Control. The Plan is intended to qualify for purposes of ERISA (as defined below) as an unfunded welfare plan maintained by the Company for the purpose of providing benefits for a select group of management or highly compensated employees exempt from the reporting and disclosure requirements of ERISA.

2. Definitions. For purposes of the Plan, the following terms have the meanings set forth below:

(a) “Affiliate” means, with respect to any specified Person, any other Person that, directly or indirectly, through one or more intermediaries, controls, is controlled by, or is under common control with, such specified Person.

(b) “Annual Base Salary” means a Participant’s annual base salary at the rate in effect on the Severance Protection Date or such higher rate as may be in effect at any time after the Severance Protection Date.

(c) “Annual Bonus” means, except as otherwise expressly provided in Section 5(b)(ii) and Section 5(b)(iii), the Participant’s annual incentive pay opportunity at the level in effect on the Severance Protection Date or such higher level as may be in effect at any time after the Severance Protection Date.

(d) “Average Annual Bonus Award” means, as of a Participant’s Termination Date, the Average Annual Bonus Award payable or actually paid to the Participant in respect of the three fiscal years preceding such Participant’s Termination Date; provided, however, that (i) if the Participant has not been employed by the Company or a Subsidiary for a sufficient length of time to have been eligible for payment of at least one such annual incentive award, “Average Annual Bonus Award” will then mean the target payout under the then-current annual incentive plan for the fiscal year in which such Participant’s Termination Date occurs, (ii) for any fiscal year during which an annual incentive award that was paid or is payable to the Participant was prorated because of less than a full fiscal year of plan participation or employment, such award will be annualized and (iii) if the Participant was not employed during any one or more of the three fiscal years immediately preceding such Participant’s Termination Date or otherwise was not eligible to receive an annual incentive award for such fiscal year, the

Average Annual Bonus Award will be determined on the basis of the number of fiscal years during such period with respect to which the Participant was eligible to receive such an award.

(e) “Cause” means, with respect to any Participant, the occurrence of any one of the following:

(i) the Participant is convicted of, or pleads guilty or *nolo contendere* to, a felony involving moral turpitude or that involves misappropriation of the assets of the Company or a Subsidiary;

(ii) the Participant commits one or more acts or omissions constituting negligence, fraud or other misconduct that have a materially detrimental effect on the Company or a Subsidiary; or

(iii) the Participant willfully commits a violation of any of the Company’s material policies (including the Company’s code of business conduct and ethics, as in effect from time to time) that is materially detrimental to the best interests of the Company.

For purposes of this Section 2(e), no act or failure to act on the part of the Participant will be considered “willful” unless it is done, or omitted to be done, by the Participant in bad faith or without reasonable belief that the Participant’s action or omission was in the best interests of the Company. The termination of employment of the Participant for Cause will not be effective unless and until there has been delivered to the Participant a copy of a resolution duly adopted by the Compensation Committee at a meeting called and held for such purpose (after reasonable notice is provided to the Participant and the Participant is given an opportunity, together with counsel, to be heard before the Compensation Committee), finding that, in the good faith opinion of the Compensation Committee, the Participant is guilty of the conduct described in clause (i), (ii) or (iii) above and specifying the particulars of such conduct in detail; provided, however, that if the Participant is the Chief Executive Officer of the Company, the foregoing determination will be made by the Board (excluding the Participant) before which the Participant will be entitled to be heard with counsel.

(f) “Change in Control” means the occurrence of any of the following:

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

(ii) the consummation of (A) a merger, consolidation or similar form of corporate transaction involving the Company (each of the events referred to in this

clause (A) being hereinafter referred to as a “Reorganization”) or (B) a sale or other disposition of all or substantially all the assets of the Company (a “Sale”), unless, immediately following such Reorganization or Sale, (1) all or substantially all the individuals and entities who were the “beneficial owners” (as such term is defined in Rule 13d-3 under the Exchange Act (or a successor rule thereto)) of shares of the Company’s common stock or other securities eligible to vote for the election of the Board outstanding immediately prior to the consummation of such Reorganization or Sale (such securities, the “Company Voting Securities”) beneficially own, directly or indirectly, more than 60% of the combined voting power of the then outstanding voting securities of the corporation or other entity resulting from such Reorganization or Sale (including a corporation or other entity that, as a result of such transaction, owns the Company or all or substantially all the Company’s assets either directly or through one or more subsidiaries) (the “Continuing Entity”) in substantially the same proportions as their ownership, immediately prior to the consummation of such Reorganization or Sale, of the outstanding Company Voting Securities (excluding any outstanding voting securities of the Continuing Entity that such beneficial owners hold immediately following the consummation of the Reorganization or Sale as a result of their ownership prior to such consummation of voting securities of any corporation or other entity involved in or forming part of such Reorganization or Sale other than the Company or a Subsidiary), (2) no Person (excluding any employee benefit plan (or related trust) sponsored or maintained by the Continuing Entity or any corporation or other entity controlled by the Continuing Entity) beneficially owns, directly or indirectly, 30% or more of the combined voting power of the then outstanding voting securities of the Continuing Entity and (3) at least a majority of the members of the board of directors or other governing body of the Continuing Entity were Incumbent Directors at the time of the execution of the definitive agreement providing for such Reorganization or Sale or, in the absence of such an agreement, at the time at which approval of the Board was obtained for such Reorganization or Sale;

(iii) the shareholders of the Company approve a plan of complete liquidation or dissolution of the Company; or

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

For purposes of applying the provisions of Section 2(f)(ii)(B)(2) and Section 2(f)(iv) at any time on or after the Effective Date, neither Robert W. Decherd nor any

Person holding voting securities of the Continuing Entity or Company Voting Securities, as applicable, over which Robert W. Decherd has sole or shared voting power will be considered to be the beneficial owner of 30% or more of such voting securities or Company Voting Securities.

(g) “Code” means the Internal Revenue Code of 1986, as amended from time to time, and the regulations promulgated thereunder.

(h) “Compensation Committee” means the Compensation Committee of the Board.

(i) “Disability” means the Participant’s absence for a period of 180 consecutive business days as a result of incapacity due to a physical or mental condition, illness or injury which is determined to be total and permanent by a physician mutually acceptable to the Company and the Participant or the Participant’s legal representative (such acceptance not to be unreasonably withheld) after such physician has completed an examination of the Participant.

(j) “Effective Date” means the date on which Belo Corp. distributes to its shareholders all of the common stock of the Company.

(k) “Exchange Act” means the Securities Exchange Act of 1934, as amended from time to time, or any successor statute thereto.

(l) “Excise Tax” means the excise tax imposed by Section 4999 of the Code, together with any interest or penalties imposed with respect to such tax.

(m) “Good Reason” means, with respect to any Participant and without the Participant’s express written consent, the occurrence of any one or more of the following at any time during the Severance Protection Period:

(i) the failure to elect or reelect or otherwise to maintain the Participant in the office or the position, or a substantially equivalent or better office or position, of or with the Company or a Subsidiary, which the Participant held immediately prior to a Change in Control, or the removal of the Participant as a member of the Board of Directors of the Company (or any successor to the Company) if the Participant was a Director of the Company immediately prior to the Change in Control;

(ii) (A) a significant adverse change in the nature or scope of the authorities, powers, functions, responsibilities or duties attached to the position with the Company and any Subsidiary which the Participant held immediately prior to the Change in Control, (B) a reduction in the aggregate of the Participant’s Annual Base Salary or Annual Bonus received from the Company and any Subsidiary, (C) a reduction in the Participant’s long-term incentive compensation opportunity from the level in effect on the Severance Protection Date or such higher level as may be in effect at any time after the Severance Protection Date or (D) the termination or denial of the Participant’s rights to retirement or welfare benefits or a reduction in the scope or value of such benefits (other than any such reduction that is generally applicable to all employees of the Company), and such change, reduction or termination is not remedied by the Company

within ten business days after receipt by the Company of written notice from the Participant of such change, reduction or termination, as the case may be;

(iii) any change of the Participant's principal place of employment to a location more than 50 miles from the Participant's principal place of employment immediately prior to a Change in Control;

(iv) any failure of the Company to pay the Participant any compensation when due (other than an inadvertent failure that is remedied within ten business days after receipt of written notice from the Participant);

(v) the delivery by the Company or any Subsidiary of a written notice to the Participant of the intent to terminate the Participant's employment for any reason, other than Cause or Disability, regardless of whether such termination is intended to become effective during or after the Severance Protection Period; or

(vi) any failure by the Company to comply with and satisfy Section 15.

The Participant's right to terminate employment for Good Reason will not be affected by the Participant's incapacity due to physical or mental illness. A termination of employment by the Participant for Good Reason for purposes of the Plan will be effective only if the Participant gives the Company written notice ("Notice of Termination for Good Reason") of the termination setting forth in reasonable detail the specific conduct of the Company that constitutes Good Reason and the specific provisions of the Plan on which the Participant relied. Unless the parties agree otherwise, a termination of employment by the Participant for Good Reason will be effective on the 30th day following the date when the Notice of Termination for Good Reason is given, unless the Company elects to treat such termination as effective as of an earlier date; provided, however, that so long as an event that constitutes Good Reason occurs during the Severance Protection Period and the Participant delivers the Notice of Termination for Good Reason at any time prior to the expiration of the Severance Protection Period, the termination of the Participant's employment will be deemed to be a resignation for Good Reason during the Severance Protection Period. If the Company disputes the existence of Good Reason, the Company will have the burden of proof to establish that Good Reason does not exist. If the Participant continues to provide services to the Company after one of the events giving rise to Good Reason has occurred, the Participant will not be deemed to have consented to such event or to have waived the Participant's right to terminate his or her employment at any time during the Severance Period for Good Reason in connection with such event.

(n) "Payment" means any payment, benefit or distribution (or combination thereof) by the Company, any of its Affiliates or any trust established by the Company or its Affiliates, to or for the benefit of a Participant, whether paid, payable, distributed, distributable or provided pursuant to the Plan or otherwise, including any payment, benefit or other right that constitutes a "parachute payment" within the meaning of Section 280G of the Code.

(o) "Person" has the meaning set forth in Section 2(f)(i).

(p) "Separation from Service" means a Participant's separation from service within the meaning of Section 409A of the Code.

(q) “Severance Multiple” will mean, with respect to any Participant, the number that corresponds to such Participant’s Tier (as set forth on Schedule A) as of the Severance Protection Date.

(r) “Severance Protection Date” means the date on which a Change in Control occurs during the Term, except as otherwise provided in Section 3(b).

(s) “Severance Protection Period” means, with respect to any Participant, the period commencing on the Severance Protection Date and ending on the earlier of (i) the second anniversary of the Severance Protection Date and (ii) the Participant’s Termination Date. If a Participant’s Severance Protection Period ends on the Participant’s Termination Date, the Severance Protection Period will be deemed to include such Termination Date.

(t) “Subsidiary” means any entity in which the Company, directly or indirectly, possesses 50% or more of the total combined voting power of all classes of its stock.

(u) “Term” has the meaning set forth in Section 12.

(v) “Termination Date” means the date on which a Participant has a Separation from Service.

(w) “Tier” has the meaning set forth in Section 3.

3. Eligibility.

(a) Employees in Certain Positions. Participants in the Plan (“Participants”) are those employees of the Company and its Subsidiaries (other than an employee who enters into an individual change in control severance agreement with the Company) who are actively employed by the Company or a Subsidiary on or following the Effective Date in a position set forth on Schedule A (each set of positions set forth on Schedule A is referred to the Plan as a “Tier”) and who are designated by the Compensation Committee as eligible to participate in the Plan. Notwithstanding the foregoing, if an employee becomes a Participant prior to the Severance Protection Date but is not actively employed by the Company or a Subsidiary in a position set forth on Schedule A immediately prior to the Severance Protection Date, or if an employee was not employed in a position set forth on Schedule A prior to the Severance Protection Date but became employed in such a position following such date as a result of hiring or promotion, such employee will not be considered a Participant for any purpose under the Plan unless otherwise determined by the Compensation Committee.

(b) Employment Rights. Participation in the Plan does not alter the status of a Participant as an at-will employee, and nothing the Plan will reduce or eliminate the right of the Company and its Subsidiaries to terminate a Participant’s employment at any time for any reason or the right of a Participant to resign at any time for any reason. However, any Separation from Service of a Participant or removal of a Participant from his or her office or position in the Company or any Subsidiary that follows the commencement of any discussion with a Person that ultimately results in a Change in Control will be deemed to be a Separation from Service or removal of the Participant following the Severance Protection Date; provided that if the Separation from Service precedes the Change in Control, then for purposes of determining the

timing of any payments to be made pursuant to Section 5(b), such payments will be measured from the date of the Change in Control rather than from the date of the Participant's Separation from Service.

4. Effect of a Change in Control on Long-Term Incentive Compensation Awards. In the event of a Change in Control during the Term, notwithstanding any provision to the contrary in any of the Company's equity-based, equity-related or other long-term incentive compensation plans, practices, policies and programs each as amended or any award agreements thereunder, (i) all outstanding stock options, stock appreciation rights and similar rights and awards then held by each Participant that are unexercisable or otherwise unvested will automatically become fully vested and immediately exercisable, as the case may be, (ii) all outstanding equity-based, equity-related and other long-term incentive awards then held by such Participant that are subject to performance-based vesting criteria will automatically become fully vested and earned at a deemed performance level equal to the greater of the target performance level or the performance level determined by actual performance through the date ending on the date of the Change in Control and (iii) all other outstanding equity-based, equity-related and long-term incentive awards, to the extent not covered by the foregoing clause (i) or (ii), then held by such Participant that are unvested or subject to restrictions or forfeiture will automatically become fully vested and all restrictions and forfeiture provisions related thereto will lapse.

5. Termination of Employment.

(a) Termination by the Company for Cause; Voluntary Resignation by the Participant without Good Reason. If, during the Severance Protection Period, a Participant's employment is terminated either by the Company or its Subsidiaries for Cause or, except as otherwise provide in Section 5(c), by resignation of the Participant without Good Reason, the Participant will not be entitled to any compensation or benefits under the Plan other than any payments the Company is at the time of such termination or resignation obligated to make pursuant to Section 4 (the "Accrued Rights").

(b) Termination During the Severance Protection Period by the Company without Cause or by the Participant for Good Reason.

(i) Release of Claims. If during the Severance Protection Period a Participant's employment is terminated by the Company or any of its Subsidiaries other than for Cause or Disability or by resignation of the Participant with Good Reason, then, in addition to the Accrued Rights the Participant will be entitled to the payments and benefits set forth in this Section 5(b), provided that the Participant has executed and delivered to the Company a Separation Agreement and Release substantially in the form attached to the Plan as Exhibit A and such release has become effective and irrevocable in accordance with its terms no later than the first day of the seventh month after the Participant's Termination Date. If the Participant fails to furnish such release, or if the release furnished by the Participant has not become effective and irrevocable by the first day of the seventh month after the Participant's Termination Date, the Participant will not be entitled to any payment or benefit under the Plan other than the Accrued Rights.

(ii) Severance Pay. The Company will pay the Participant an amount equal to the Participant's Severance Multiple times the sum of (A) the Participant's Annual Base Salary (determined without regard to any reduction giving rise to Good Reason) and (B) the greater of the Participant's Average Annual Bonus Award and the Participant's Annual Bonus at the target level of performance for the fiscal year that includes the Termination Date in a lump-sum payment payable as soon as practicable on or after the first day of the seventh month after the Participant's Termination Date but in no event later than 30 days after the first day of such seventh month. The foregoing amounts will be reduced by the value of any other cash severance payments relating to salary or bonus continuation the Participant is otherwise eligible to receive upon termination of employment under any severance plan, practice, policy or program of the Company or any Subsidiary, unless such plan, policy or program expressly provides that a cash severance or retention payment is in addition to the payments and benefits under this Plan.

(iii) Annual Bonus. To the extent not paid under the Company's annual bonus plan then in effect, the Company will pay the Participant an amount equal to the Participant's Annual Bonus in effect as of the Participant's Termination Date at a deemed performance level equal to the greater of the target performance level or the performance level determined by actual performance through the Termination Date, without proration for less than a full performance period, in a lump-sum payment payable as soon as practicable on or after the first day of the seventh month after the Participant's Termination Date but in no event later than 30 days after the first day of such seventh month.

(iv) Retirement Plan Benefits. With respect to any employee pension plan (within the meaning of Section 3(2) of ERISA) that is a defined contribution plan in which the Participant was an active participant immediately prior to the Participant's Termination Date, the Company will determine the amount of Company contributions the Participant would have been entitled to receive pursuant to such plan if the Participant (A) had remained an active participant in such plan during the number of years equal to the Participant's Severance Multiple (such period, the "Continuation Period"), and (B) had made pre-tax and after-tax contributions at the highest rate permitted by the plan, based on the terms of the plan in effect on the Termination Date. The Company will make a lump-sum cash payment to the Participant in an amount equal to the amount of such Company contributions as soon as practicable on or after the first day of the seventh month after the Participant's Termination Date but in no event later than 30 days after the first day of such seventh month.

(v) Welfare Benefits. In lieu of continued participation during the Continuation Period (as defined in Section 5(b)(iv)) in the Company's medical and dental benefits, the Company will make a lump-sum cash payment to the Participant in an amount equal to (A) the Company's annual cost of providing such benefits to the Participant and the Participant's spouse and dependents based on the Participant's medical and dental benefit elections in effect immediately prior to the Termination Date multiplied by (B) the number of years in the Continuation Period. For purposes of this Section 5(b)(v), the Company's annual cost of providing medical or dental benefits will

be equal to the COBRA cost of such benefits on the Termination Date determined without regard to the two percent administrative charge, less the rate of employee premiums for such benefits charged to the Participant immediately prior the Termination Date. The Company will make the lump sum payment provided for in this Section 5(b)(v) as soon as practicable on or after the first day of the seventh month after the Participant's Termination Date but in no event later than 30 days after the first day of such seventh month.

(vi) Long-Term Incentive Compensation Awards. Notwithstanding any provision to the contrary in any of the Company's or any of its Subsidiary's equity-based, equity-related or other long-term incentive compensation plans, practices, policies and programs or any award agreements thereunder, (A) all outstanding stock options, stock appreciation rights and similar rights and awards then held by the Executive that are unexercisable or otherwise unvested will automatically become fully vested and immediately exercisable, and all stock options and stock appreciation rights then held by the Executive (whether vested or unvested) will remain exercisable until the earlier of the end of the maximum period of time permissible without the imposition of the Section 409A Tax (as defined in Section 7) and their originally scheduled expiration dates, (B) all outstanding equity-based, equity-related and other long-term incentive awards then held by the Executive that are subject to performance-based vesting criteria will automatically become fully vested and earned at a deemed performance level equal to the greater of the target performance level or the performance level determined by actual performance through the Termination Date and (C) all other outstanding equity-based, equity-related and long-term incentive awards, to the extent not covered by the foregoing clauses (A) and (B), then held by the Executive that are unvested or subject to restrictions or forfeiture will automatically become fully vested and all restrictions and forfeiture provisions related thereto will lapse.

(vii) Outplacement Services. The Participant will be entitled to reimbursement from the Company, upon such Participant's presentation to the Company of a written invoice from the applicable vendor requesting payment, for the cost of profession management support offered by a reputable and experienced vendor selected by the Participant, provided that (A) the cost of such services do not exceed \$25,000 and (B) such services are provided for a period not to exceed 18 months following the Participant's Termination Date.

(c) Resignation During the Severance Protection Period. A Participant may voluntarily terminate employment with the Company or any Subsidiary for any reason or without reason during the 30-day period immediately following the first anniversary of a Change in Control, the Participant will be entitled to the payments and benefits set forth in Section 5(b) in the same manner and subject to the same conditions as if the termination of employment was with Good Reason.

(d) Death or Disability. In the event of the termination of a Participant's employment at any time as a result of death or Disability, neither the Participant nor the Participant's estate will be entitled to any payments or benefits under the Plan, other than payments with respect to the Accrued Rights. If, however, a Participant dies after his

Termination Date but prior to receiving payment of the amounts set forth in Section 5(b)(ii), (iii) and (iv), such amounts will be paid to the Participant's estate as soon as practicable but in no event later than 30th day after the Participant's death; provided that the Participant had furnished the release described in Section 5(b)(i) prior to his or her death and such release has become effective and irrevocable by the 30th day after the Participant's death. If the Participant failed to furnish such release, or if the release furnished by the Participant has not become effective and irrevocable by the 30th day after the Participant's death, the Participant's estate will not be entitled to any payment or benefit under the Plan other than the Accrued Rights.

(c) Termination of Employment and Payment Provisions. For purposes of the Plan, a Participant will not be considered to have a termination of employment unless the termination of employment qualifies as a Separation from Service. The date on which a Participant's benefit under the Plan is paid will be determined at the sole discretion of the Compensation Committee in accordance with the applicable provisions of this Section 5, and the Participant will have no discretion with respect to the date of such payment.

6. Certain Additional Payments by the Company.

(a) Gross-Up Payment. Notwithstanding anything in the Plan to the contrary and except as set forth below, in the event it will be determined that any Payment that is paid or payable to or for the benefit of a Participant during the Term would be subject to the Excise Tax, such Participant will be entitled to receive an additional payment (a "280G Gross-Up Payment") in an amount such that, after payment by such Participant of all taxes (and any interest or penalties imposed with respect to such taxes), including any income and employment taxes (and any interest and penalties imposed with respect thereto) and Excise Taxes imposed upon the 280G Gross-Up Payment, such Participant retains an amount of the 280G Gross-Up Payment equal to the Excise Tax imposed upon such Payments. The Company's obligation to make 280G Gross-Up Payments under this Section 6 will not be conditioned upon a Participant's termination of employment and will survive and apply after such Participant's termination of employment.

(b) Calculation of Gross-Up Payment. Subject to the provisions of Section 6(c), all determinations required to be made under this Section 6, including whether and when a 280G Gross-Up Payment is required, the amount of such 280G Gross-Up Payment and the assumptions to be utilized in arriving at such determination, will be made in accordance with the terms of this Section 6 by a nationally recognized certified public accounting firm that will be selected by the Participant in his or her sole discretion (the "Accounting Firm"). The Accounting Firm will provide detailed supporting calculations both to the Company and the Participant within 15 business days of the receipt of notice from the Participant that there has been a Payment or such earlier time as is requested by the Participant or the Company. For purposes of determining the amount of any 280G Gross-Up Payment, each Participant will be deemed to pay Federal income tax at the highest marginal rate applicable to individuals in the calendar year in which any such 280G Gross-Up Payment is to be made and deemed to pay state and local income taxes at the highest marginal rates applicable to individuals in the state or locality of the Participant's residence or place of employment in the calendar year in which any such 280G Gross-Up Payment is to be made, net of the maximum reduction in Federal income taxes that can be obtained from deduction of state and local taxes, taking into account limitations applicable to individuals subject to Federal income tax at the highest marginal rate. All fees and expenses of

the Accounting Firm will be borne solely by the Company. Any Gross-Up Payment, as determined pursuant to this Section 6, will be paid by the Company to the applicable Participant within five business days of the receipt of the Accounting Firm's determination. If the Accounting Firm determines that no Excise Tax is payable by the Participant, it will so indicate to the Participant in writing. Any determination by the Accounting Firm will be binding upon the Company and the Participant. As a result of the uncertainty in the application of the Excise Tax, it is possible that the amount of the 280G Gross-Up Payment determined by the Accounting Firm to be due to a Participant, consistent with the calculations required to be made hereunder, will be lower than the amount actually due (an "Underpayment"). In the event the Company exhausts its remedies pursuant to Section 6(c) and the Participant thereafter is required to make a payment of any Excise Tax, the Accounting Firm will determine the amount of the Underpayment that has occurred, and any such Underpayment will be paid by the Company to such Participant within five business days of the receipt of the Accounting Firm's determination.

(c) Notice of Claims. A Participant will notify the Company in writing of any written claim by the Internal Revenue Service that, if successful, would require the payment by the Company of a 280G Gross-Up Payment. Such notification will be given as soon as practicable, but no later than 30 days after the Participant is informed in writing of such claim. Failure to give timely notice will not prejudice any Participant's right to 280G Gross-Up Payments and rights of indemnity under this Section 6, unless, and solely to the extent that, the Company has been prejudiced in a material respect by such failure. The Participant will advise the Company of the nature of such claim and the date on which such claim is requested to be paid. No Participant will pay such claim prior to the expiration of the 30-day period following the date on which the Participant gives such notice to the Company (or such shorter period ending on the date that any payment of taxes with respect to such claim is due). If the Company notifies a Participant in writing prior to the expiration of such period that the Company wishes to contest such claim, the Participant will (i) give the Company any information reasonably requested by the Company relating to such claim, (ii) take such action in connection with contesting such claim as the Company will reasonably request in writing from time to time, including accepting legal representation with respect to such claim by an attorney reasonably selected by the Company, (iii) cooperate with the Company in good faith in order effectively to contest such claim and (iv) permit the Company to participate in any proceedings relating to such claim; provided, however, that the Company will bear and pay directly all costs and expenses (including additional income taxes, interest and penalties) incurred in connection with such contest, and will indemnify and hold the Participant harmless, on an after-tax basis, for any Excise Tax or income tax (including interest or penalties) imposed as a result of such representation and payment of costs and expenses. Without limitation on the foregoing provisions of this Section 6(c), the Company will control all proceedings taken in connection with such contest, and, at its sole discretion, may pursue or forgo any and all administrative appeals, proceedings, hearings and conferences with the applicable taxing authority in respect of such claim and may, at its sole discretion, either direct the Participant to pay the tax claimed and sue for a refund or contest the claim in any permissible manner, and the Participant agrees to prosecute such contest to a determination before any administrative tribunal, in a court of initial jurisdiction and in one or more appellate courts, as the Company will determine; provided, however, that (A) if the Company directs the Participant to pay such claim and sue for a refund, the Company will advance the amount of such payment to the Participant, on an interest-free basis, and will indemnify and hold the Participant harmless, on an after-tax basis, from any

Excise Tax or income tax (including interest or penalties) imposed with respect to such advance or with respect to any imputed income in connection with such advance and (B) if such contest results in any extension of the statute of limitations relating to payment of taxes for the taxable year of the Participant with respect to which such contested amount is claimed to be due, such extension must be limited solely to such contested amount. Furthermore, the Company's control of the contest will be limited to issues with respect to which the 280G Gross-Up Payment would be payable hereunder, and each Participant will be entitled to settle or contest, as the case may be, any other issue raised by the Internal Revenue Service or any other taxing authority.

(d) Refunds. If, after the receipt by a Participant of an amount advanced by the Company pursuant to Section 6(c), the Participant becomes entitled to receive any refund with respect to such claim, the Participant will (subject to the Company's complying with the requirements of Section 6(c)) promptly pay to the Company the amount of such refund received (together with any interest paid or credited thereon after taxes applicable thereto). If, after the receipt by a Participant of an amount advanced by the Company pursuant to Section 6(c), a determination is made that the Participant will not be entitled to any refund with respect to such claim and the Company does not notify Participant in writing of its intent to contest such denial of refund prior to the expiration of the 30-day period after such determination, then such advance will be forgiven and will not be required to be repaid and the amount of such advance will offset, to the extent thereof, the amount of 280G Gross-Up Payment required to be paid.

(e) Payment Deadline. Notwithstanding any other provision of this Section 6 to the contrary, any Gross-Up Payment, Underpayment or other payment or reimbursement made pursuant to this Section 6 will be paid or reimbursed no later than December 31st of the year following the year in which the applicable taxes are remitted or, in the case of reimbursement of expenses incurred due to a tax audit or litigation to which there is no remittance of taxes, no later than the end of the year following the year in which the audit is completed or there is a final and nonappealable settlement or other resolution of the litigation in accordance with Treasury Regulation Section 1.409A-3(i)(1)(v).

7. Section 409A.

(a) Compliance. It is the intention of the Company that the provisions of the Plan comply with Section 409A of the Code, and all provisions of the Plan will be construed and interpreted in a manner consistent with Section 409A of the Code. From and after the Severance Protection Date, (i) the Company will administer and operate the Plan and each Participant's rights and benefits hereunder in compliance with Section 409A of the Code and any rules, regulations or other guidance promulgated thereunder as in effect from time to time and (ii) in the event that the Company determines that any provision of the Plan does not comply with Section 409A or any such rules, regulations or guidance and that a Participant may become subject to additional tax, interest or penalties under Section 409A of the Code (such tax, interest and penalties a "Section 409A Tax"), the Company may amend or modify such provision solely to the extent necessary to avoid the application of such Section 409A Tax, provided that such amendment or modification will not reduce the economic value to the affected Participant of such provision.

(b) 409A Gross-Up Payment. (i) In the event that, notwithstanding the provisions of Section 7(a), a Participant is subject to a Section 409A Tax with respect to any such provision, the Participant will be entitled to receive an additional payment from the Company (a “ 409A Gross-Up Payment”) in an amount such that, after payment by the Participant of all taxes (and any interest or penalties imposed with respect to such taxes), including any income and employment taxes (and any interest and penalties imposed with respect thereto) and any Section 409A Tax imposed upon the 409A Gross-Up Payment, the Participant retains an amount of the 409A Gross-Up Payment equal to the Section 409A Tax imposed with respect to such provision. The provisions of Sections 6(c) and 6(d) will apply, to the same extent and in the same manner as if the Section 409A Tax were an Excise Tax, to any claim by the Internal Revenue Service that, if successful, would give rise to a 409A Gross-Up Payment by the Company; provided, however that any 409A Gross-Up Payment will be paid or reimbursed no later than December 31st of the year following the year in which the applicable taxes are remitted or, in the case of reimbursement of expenses incurred due to a tax audit or litigation to which there is no remittance of taxes, no later than the end of the year following the year in which the audit is completed or there is a final and nonappealable settlement or other resolution of the litigation in accordance with Treasury Regulation Section 1.409A-3(i)(1)(v).

(c) Acceleration of Payments. To the extent that any payment or benefit required to be made under the Plan constitutes nonqualified deferred compensation subject to Section 409A of the Code, the time or schedule of such payment or benefit may not be accelerated except to the extent permitted by Section 409A of the Code. Where Section 409A of the Code permits a payment or benefit that constitutes nonqualified deferred compensation to be accelerated but does not require the Plan to expressly provide for such acceleration, the payment or benefit may be accelerated in the sole discretion of the Compensation Committee.

8. No Mitigation or Offset; Enforcement of the Plan.

(a) Mitigation and Offset. The Company’s obligation to make the payments and otherwise perform its obligations provided for in the Plan will not be affected by any set-off, counterclaim, recoupment, defense or other claim, right or action which the Company may have against any Participant or others. In no event will any Participant be obligated to seek other employment or take any other action by way of mitigation of the amounts payable to the Participant under any of the provisions of the Plan and, except as otherwise expressly provided for in the Plan, such amounts will not be reduced whether or not the Participant obtains other employment.

(b) Expense of Enforcement. The Company will reimburse, upon the Participant’s demand, any and all reasonable legal fees and expenses that the Participant may incur as a result of any contest, dispute or proceeding (regardless of whether formal legal proceedings are ever commenced and regardless of the outcome thereof and including all stages of any contest, dispute or proceeding) by the Company, the Participant or any other Person with respect to the validity or enforceability of, or liability under, any provision of the Plan or any guarantee of performance thereof (including as a result of any contest by the Participant regarding the amount of any payment owed pursuant to the Plan), and will indemnify and hold the Participant harmless, on an after-tax basis, for any tax (including Excise Tax) imposed on the Participant as a result of payment by the Company of such legal fees and expenses. Any such

payment or reimbursement will be for expenses incurred by the Participant during his lifetime, and such payment or reimbursement will be made not later than December 31st of the year following the year in which the Participant incurs the expense; provided, that in no event will the amount of expenses eligible for payment or reimbursement in one year affect the amount of expenses to be paid or reimbursed in any other taxable year.

9. Insurance and Indemnification. Beginning upon the Severance Protection Date and for so long thereafter as any Participant could be subject to liability, the Company will keep in place a directors' and officers' liability insurance policy (or policies) providing comprehensive coverage to each Participant for claims relating to the Participant's service as an employee, officer or director of the Company or its Subsidiaries, at a level (if any) that is no less favorable to the Participant (*e.g.*, with respect to scope, amounts and deductibles) than the level (if any) provided to similarly situated active employees of the Company and its Subsidiaries. The Company will indemnify each Participant to the fullest extent permitted by the Company's Certificate of Incorporation and Bylaws, any officer indemnification agreement between the Participant and the Company and the general laws of the State of Delaware and will provide indemnification expenses in advance to the extent permitted thereby. The indemnification and advance of any expenses provided by the Company pursuant to the Plan will not be deemed exclusive of any other rights to which a Participant may be entitled under any law (common or statutory), or any agreement, vote of shareholders or disinterested directors or other provision that is consistent with law, both as to action in his or her official capacity and as to action in another capacity while holding office or while employed or acting as agent for the Company or any Subsidiary, and such rights will continue in respect of all events occurring while the Participant was a director of or employed by the Company or any Subsidiary that continue after the Participant has ceased to be a director of or employed by the Company or any Subsidiary, and will inure to the benefit of the estate, heirs, executors and administrators of the Participant.

10. Withholding. The Company will deduct and withhold from any amounts payable under the Plan such Federal, state, local, foreign or other taxes as are required to be withheld pursuant to any applicable law or regulation.

11. Default in Payment. Any payment not made within ten business days after it is due in accordance with the Plan will thereafter bear interest, compounded annually, at the so-called composite "prime rate" as quoted from time to time during the relevant period in *The Wall Street Journal*. Any change in such prime rate will be effective on and as of the date of such change. For purposes of this Section 11, the due date of the payments required under Section 5(b)(ii), (iii), (iv) and (v) and under Section 5(d) is the first day of the seventh month after the Participant's Termination Date or date of death, as applicable, or if such payments are measured from the date of the Change in Control pursuant to Section 3(b), the date of the Change in Control.

12. Term. The Plan will remain in effect until the third anniversary of the Effective Date (such period, as extended by the provisions of this Section 12, the "Term"); provided that beginning on the second anniversary of the Effective Date and on each anniversary thereafter (each, an "Extension Date"), the Plan will be automatically extended for an additional one-year period, unless, pursuant to a resolution adopted by the Board at least 60 days prior to the Extension Date, the Company determines not to extend the Plan. Notwithstanding the foregoing,

in the event of a Change in Control during the Term, the Plan will continue in full force and effect in accordance with its terms and will not terminate or expire until all the Company's obligations to all Participants have been satisfied in full; provided, however, that, notwithstanding any extension of the Term, the Plan will only be effective with respect to the first Change in Control that occurs following the Effective Date, and the Participants will not be entitled to any payments or benefits pursuant to the Plan with respect to any subsequent Change in Control.

13. Funding of Benefits. Promptly following the earlier of (i) the approval by the Board of a transaction that, if consummated, would constitute a Change in Control or (ii) the occurrence of an event that constitutes a Change in Control, the Company will contribute to a trust an amount sufficient to provide the payments and benefits (including any 280G Gross-Up Payment and any 409A Gross-Up Payment) that may become payable under the Plan. The trust will be irrevocable from and after the date on which a Change in Control occurs, and the assets of the trust will at all times be subject to the claims of the Company's unsecured creditors. If a transaction approved by the Board is terminated or abandoned before a Change in Control occurs, the Company may terminate the trust and direct the trustee to pay to the Company the assets of the trust; provided that the Company will remain obligated to fund payments and benefits to the extent provided in this Section 13 upon the approval by the Board of any subsequent transaction or upon a subsequent Change in Control.

14. Amendment or Modification. The Board may amend or modify the Plan at any time; provided, however, that except as specifically provided in Section 7, (i) no amendment that is adverse to the interests of a Participant will be effective during the one-year period ending on the Severance Protection Date without the prior written consent of such Participant and (ii) on and after the Severance Protection Date, the Plan may not be amended at any time in a manner that is adverse to a Participant without the prior written consent of such Participant. The failure of a Participant to insist upon strict adherence to any term of the Plan on any occasion will not be considered a waiver of such Participant's rights or deprive such Participant of the right thereafter to insist upon strict adherence to that term or any other term of the Plan. No failure or delay by any Participant in exercising any right or power hereunder will operate as a waiver thereof, nor will any single or partial exercise of any such right or power, or any abandonment of any steps to enforce such right or power, preclude any other or further exercise thereof or the exercise of any other right or power.

15. Successors. This Plan will bind any successor (a "Successor") to all or substantially all of the business or assets of the Company (whether direct or indirect, by purchase, merger, consolidation or otherwise), in the same manner and to the same extent that the Company would have been obligated under the Plan if no such succession had taken place. In the case of any transaction in which a Successor would not, pursuant to the foregoing provision or by operation of law, be bound by the Plan, the Company will require such Successor expressly and unconditionally to assume and agree to perform the Company's obligations under the Plan, in the same manner and to the same extent that the Company would have been required to perform such obligations if no such succession had taken place. The term "Company," as used in the Plan, will mean the Company as hereinbefore defined and any Successor and any assignee to such business or assets which by reason hereof becomes bound by the Plan.

16. Severability. If any term or provision of the Plan is invalid, illegal or incapable of being enforced by any applicable law or public policy, all other conditions and provisions of the Plan will nonetheless remain in full force and effect.

17. Survival. The provisions of the Plan will survive and remain binding and enforceable, notwithstanding the expiration or termination of the Plan, the termination of a Participant's employment with the Company for any reason or any settlement of the financial rights and obligations arising from such Participant's participation under the Plan, to the extent necessary to preserve the intended benefits of the Plan.

18. Notices. All notices or other communications required or permitted by the Plan will be made in writing and all such notices or communications will be deemed to have been duly given when delivered or (unless otherwise specified) mailed by United States certified or registered mail, return receipt requested, postage prepaid, addressed as follows:

If to the Company: A. H. Belo Corporation
400 South Record Street
Dallas, Texas 75202

Attention: Chief Executive Officer
Fax: (214) 977-_____

If to a Participant: to such Participant's address as most recently furnished to the Company and set forth in the Company's records;

or to such other address as any party may have furnished to the other in writing in accordance herewith, except that notices of change of address will be effective only upon receipt.

19. GOVERNING LAW. THIS PLAN WILL BE DEEMED TO BE MADE IN THE STATE OF TEXAS, AND THE VALIDITY, INTERPRETATION, CONSTRUCTION AND PERFORMANCE OF THIS PLAN IN ALL RESPECTS WILL BE GOVERNED BY THE LAWS OF THE STATE OF TEXAS WITHOUT REGARD TO ITS PRINCIPLES OF CONFLICTS OF LAW.

20. Headings and References. The headings of the Plan are inserted for convenience only and neither constitute a part of the Plan nor affect in any way the meaning or interpretation of the Plan. When a reference in the Plan is made to a Section, such reference will be to a Section of the Plan unless otherwise indicated.

21. Interpretation. For purposes of the Plan, the words "include" and "including," and variations thereof, will not be deemed to be terms of limitation but rather will be deemed to be followed by the words "without limitation." The term "or" is not exclusive. The word "extent" in the phrase "to the extent" will mean the degree to which a subject or other thing extends, and such phrase will not mean simply "if."

Adopted by the Board of Directors of
A. H. Belo Corporation on January 11, 2008.

SCHEDULE A

POSITION	TIER	SEVERANCE MULTIPLE
Chief Executive Officer	Tier I	3.0
Members of the Company's Management Committee (other than the Chief Executive Officer)	Tier II	2.5
Executive Vice Presidents and Senior Vice Presidents (other than Management Committee members)	Tier III	2.0
Vice Presidents (not described in Tier II or Tier III)	Tier IV	1.5

EXHIBIT A

SEPARATION AGREEMENT AND RELEASE

A. H. Belo form of release to be attached.

SUBSIDIARY	STATE OR JURISDICTION OF INCORPORATION	TRADE NAME
A. H. Belo Corporation II	Delaware	
Belo Enterprises, Inc.	Delaware	
Belo Havana Bureau, Inc.	Delaware	
Belo Interactive, Inc.	Delaware	
Belo Investment Corporation	Delaware	
Belo Technology Assets, Inc.	Delaware	
Belo Ventures, Inc.	Delaware	
Colony Cable Networks, Inc.	Rhode Island	
Colony/PCS, Inc.	Rhode Island	
Dallas Morning News, Inc. (The)	Delaware	
Al Dia, Inc.	Delaware	
Belo Mexico, Inc.	Delaware	
Belocorp de Mexico, S. de R.L. de C.V.	Mexico	
Belo Mexico, LLC	Delaware	
DFW Printing Company, Inc.	Delaware	
TDMN New Products, Inc.	Delaware	Quick (Texas)
Denton Publishing Company	Texas	
News-Texan, Inc.	Texas	
DMI Acquisition Sub, Inc.	Delaware	
Fountain Street Corporation	Rhode Island	
PJ Health Programming, Inc.	Rhode Island	
PJ Programming, Inc.	Rhode Island	
Press-Enterprise Company	California	
Providence Journal Company (The)	Delaware	
Providence Holdings, Inc.	Delaware	RI Monthly (Rhode Island)
Rhode Island Monthly Communications, Inc.	Delaware	Rhode Island Monthly's Bride (Rhode Island)
		Rhode Island Monthly (Rhode Island)
		Rhode Island Monthly Communications (Rhode Island)
		Rhode Island Monthly's Home and Garden (Rhode Island)
		Rhode Island Monthly's Guest Guide to Rhode Island and Southeastern Mass. (Rhode Island)
Providence Journal Satellite Services, Inc.	Rhode Island	
Washington Street Garage Corporation	Rhode Island	

SUBJECT TO COMPLETION, DATED JANUARY 18, 2008

**INFORMATION STATEMENT RELATING TO THE
DISTRIBUTION OF A. H. BELO CORPORATION FROM BELO CORP.**

**Series A Common Stock, Par Value \$.01 Per Share
Series B Common Stock, Par Value \$.01 Per Share**

We are sending this information statement to you as a shareholder of Belo Corp. (“Belo”) to describe the pro rata distribution to Belo shareholders of 100 percent of the outstanding shares of the Series A common stock and Series B common stock of A. H. Belo Corporation (“A. H. Belo”).

In this distribution, you will receive 0.20 shares of A. H. Belo Series A common stock for every share of Belo Series A common stock, and 0.20 shares of A. H. Belo Series B common stock for every share of Belo Series B common stock, that you own at the close of business on January 25, 2008, the record date for the distribution. Each share of A. H. Belo common stock will have attached to it one A. H. Belo preferred share purchase right. Where appropriate, references in this information statement to A. H. Belo common stock include this right. No fractional shares of A. H. Belo common stock will be issued. If you would be entitled to a fractional share of A. H. Belo common stock then you will receive cash for the market value thereof. Immediately following the distribution, Belo and its subsidiaries will not own any shares of A. H. Belo common stock and A. H. Belo will be a separate public company.

A. H. Belo is currently a subsidiary of Belo and will own and operate the newspaper business and related businesses of Belo following the distribution. Belo will continue to own and operate its television business following the distribution.

We expect the distribution of A. H. Belo common stock to be completed on or about February 8, 2008. You do not have to vote or take any other action to receive your shares of A. H. Belo common stock or cash instead of fractional shares. You will not be required to surrender your Belo shares or pay anything. Your shares of A. H. Belo Series A common stock will be distributed by book entry, unless you request a stock certificate and provide the required information. Stock certificates will be issued for the shares of A. H. Belo Series B common stock. The number of shares of Belo common stock that you currently own will not change as a result of the distribution.

Belo has received a private letter ruling from the Internal Revenue Service to the effect that the distribution will be tax-free to Belo shareholders for United States federal income tax purposes. However, any cash that you receive instead of fractional shares generally will be taxable to you.

There is no current public trading market for A. H. Belo common stock. However, we expect that a limited market for A. H. Belo Series A common stock, commonly known as a “when-issued” trading market, will develop on or about two trading days before the record date for the distribution. The shares of A. H. Belo Series A common stock have been authorized for listing on the New York Stock Exchange (“NYSE”). If a when-issued market for A. H. Belo common stock develops then a listing with a distinct listing symbol for A. H. Belo Series A when-issued common stock will appear on the NYSE. There will be no trading market for the shares of A. H. Belo Series B common stock. The shares of A. H. Belo Series B common stock will not be listed for trading on any exchange. Transferability of the shares of A. H. Belo Series B common stock, as such, is limited to certain family members of the holder of the Series B common stock, trusts established for the benefit of the holder and his or her family members, certain affiliated entities of the holder, and certain other permitted transferees. As more fully described in this information statement, if you sell shares of Belo common stock in the “regular-way” market between the record date and the distribution date, you will be selling your right to receive shares of A. H. Belo common stock in the distribution.

No vote of shareholders is required in connection with the distribution. We are not asking for a proxy and you are requested not to send a proxy or your share certificates.

Holding and disposing of shares of A. H. Belo common stock involves risks that are described in the “ [Risk Factors](#)” section of this information statement.

Neither the Securities and Exchange Commission nor any state securities commission has approved or disapproved of these securities or determined if this information statement is truthful or complete. Any representation to the contrary is a criminal offense.

This information statement is not an offer to sell or the solicitation of an offer to buy any securities.

The date of this information statement is January , 2008.

TABLE OF CONTENTS

	<u>Page</u>
SUMMARY	1
RISK FACTORS	11
Risks Relating to the Distribution	11
Risks Relating to A. H. Belo's Business	17
FORWARD-LOOKING STATEMENTS	21
THE DISTRIBUTION	22
Introduction	22
Background of the Distribution	22
Reasons for the Distribution	24
Manner of Effecting the Distribution	25
When and How You Will Receive A. H. Belo Common Stock	25
Treatment of Fractional Shares	25
Treatment of Stock Options and Restricted Stock Units	26
Results of the Distribution	26
Listing and Trading of the Shares of A. H. Belo Common Stock	26
United States Federal Income Tax Consequences of the Distribution	28
Regulatory Approval	31
No Appraisal Rights	31
RELATIONSHIPS BETWEEN BELO AND A. H. BELO FOLLOWING THE DISTRIBUTION	32
Separation and Distribution Agreement	32
Services Agreement	34
Tax Matters Agreement	35
Employee Matters Agreement	35
Other Agreements	36
Real Estate Matters	36
FINANCING ARRANGEMENTS	37
DIVIDEND POLICY	37
UNAUDITED PRO FORMA FINANCIAL STATEMENTS	38
SELECTED FINANCIAL DATA	43
MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS	44
Overview	44
Results of Operations	46
Critical Accounting Policies and Estimates	53
Recent Accounting Pronouncements	54
Liquidity and Capital Resources	55
Quantitative and Qualitative Disclosures about Market Risk	56
BUSINESS	57
A. H. Belo's Competitive Strengths and Challenges	58
A. H. Belo's Strategies and Opportunities	59
Competition	59
FCC Cross-Ownership Restrictions	59
Employees	60
Properties	60

Table of Contents

	<u>Page</u>
<u>Seasonality</u>	61
<u>Legal Proceedings</u>	61
MANAGEMENT	63
<u>Directors and Officers</u>	63
<u>Corporate Governance Guidelines</u>	65
<u>Board Committees</u>	65
EXECUTIVE COMPENSATION	66
<u>Compensation Discussion and Analysis</u>	66
<u>2006 Belo Executive Compensation</u>	78
<u>Equity Holdings and Value Realization</u>	82
<u>Post-Employment Benefits</u>	84
<u>Non-Qualified Deferred Compensation</u>	85
<u>Termination of Employment and Change in Control Arrangements</u>	86
<u>A. H. Belo Compensation Arrangements</u>	88
DIRECTOR COMPENSATION	89
<u>Belo Director Compensation for 2006</u>	89
<u>A. H. Belo Director Compensation</u>	90
PRINCIPAL SHAREHOLDERS	91
<u>Ownership of Belo and A. H. Belo Common Stock</u>	91
<u>Stock Ownership of Directors and Executive Officers of A. H. Belo</u>	92
<u>Stock Ownership of Other Principal Shareholders</u>	93
CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS	95
DESCRIPTION OF CAPITAL STOCK	96
<u>Authorized Capital Stock</u>	96
<u>Common Stock</u>	96
<u>Voting Rights</u>	96
<u>Transfer Restrictions</u>	96
<u>Conversion of Series B Common Stock at the Election of a Holder</u>	97
<u>Automatic Conversion of Series B Common Stock</u>	97
<u>Dividends</u>	97
<u>Preferred Stock</u>	97
<u>Junior Participating Preferred Stock</u>	98
<u>No Preemptive Rights</u>	98
<u>Listing</u>	99
<u>Sales of Unregistered Securities</u>	99
<u>Transfer Agent</u>	99
CERTAIN ANTI-TAKEOVER PROVISIONS	100
<u>General</u>	100
<u>Series of Common Stock</u>	100
<u>Classified Board of Directors</u>	101
<u>Number of Directors; Removal; Filling Vacancies</u>	101
<u>No Shareholder Action by Written Consent; Special Meeting</u>	101
<u>Advance Notice Requirements for Shareholder Proposals and Director Nominations</u>	101
<u>Supermajority and Fair Price Provisions</u>	101
<u>Amendments to Bylaws</u>	102
<u>Amendment of the Certificate of Incorporation</u>	102
<u>Preferred Stock</u>	102
<u>Shareholder Rights Agreement</u>	102

[Table of Contents](#)

	<u>Page</u>
Change In Control Severance Plan	104
Inter-Company Agreements	104
Delaware Law	104
Limitation of Liability of Directors	105
Indemnification of Officers, Directors, and Employees	105
WHERE YOU CAN FIND MORE INFORMATION	107
INDEX TO FINANCIAL STATEMENTS	F-1

SUMMARY

This summary highlights selected information contained elsewhere in this information statement. This summary may not contain all of the information that is important to you. To better understand the distribution and A. H. Belo, you should carefully read this entire information statement, including the risks described in "Risk Factors" and the combined financial statements and the notes thereto beginning on page F-1. All financial data and information in this information statement that does not relate to compensation is reported in thousands, unless otherwise indicated.

We describe in this information statement the business to be transferred to A. H. Belo in the distribution as if the transferred business were A. H. Belo's business for all historical periods described. References in this information statement to A. H. Belo's historical assets, liabilities, products, business, or activities of its business are generally intended to refer to the historical assets, liabilities, products, business, or activities of the transferred business as the business was conducted as part of Belo and its subsidiaries prior to the distribution.

Why Belo Sent This Document to You

Belo sent this document to you because you were a holder of Belo common stock on the record date for the distribution of shares of A. H. Belo common stock. Accordingly, you are entitled to receive 0.20 shares of A. H. Belo Series A common stock for every share of Belo Series A common stock, and 0.20 shares of A. H. Belo Series B common stock for every share of Belo Series B common stock, that you held on the record date. Each share of A. H. Belo common stock will have attached to it one A. H. Belo preferred share purchase right. No action is required on your part to participate in the distribution, and you do not have to surrender or exchange your shares of Belo stock or pay cash or any other consideration to receive the shares of A. H. Belo common stock. The number of shares of Belo stock that you currently own will not change as a result of the distribution.

This information statement describes A. H. Belo's business, its relationship with Belo, how this transaction affects Belo and its shareholders, and provides other information to assist you in evaluating the benefits and risks of holding or disposing of the A. H. Belo common stock that you will receive in the distribution. A. H. Belo's equity capital and governance structure is designed to mirror Belo's existing equity capital and governance structure to the maximum extent applicable.

A. H. Belo's Business

A. H. Belo's publishing roots trace to *The Galveston Daily News*, which began publication in 1842. Today, A. H. Belo owns three primary daily newspapers: *The Dallas Morning News*, *The Providence Journal*, and *The Press-Enterprise*. They provide extensive local, state, national, and international news. In addition to these three daily newspapers, A. H. Belo publishes various niche products in the same or nearby markets where these daily newspapers are published. Each of A. H. Belo's daily newspapers and niche publications operates its own related Web site. A. H. Belo also operates certain direct mail and commercial printing businesses.

The Dallas Morning News was established in 1885 and is one of the leading newspaper franchises in America. Its success is founded upon the highest standards of journalistic excellence, with an emphasis on comprehensive local news and information, and community service. *The Dallas Morning News* is distributed primarily in Dallas County and the 11 surrounding counties. It has earned eight Pulitzer Prizes since 1986 for its news reporting and photography.

The Providence Journal, acquired by Belo in February 1997, is the leading newspaper in Rhode Island and southeastern Massachusetts. *The Providence Journal* is America's oldest major daily newspaper of general circulation and continuous publication and has won four Pulitzer Prizes.

The Press-Enterprise was acquired in July 1997. *The Press-Enterprise* is distributed throughout the Inland Empire area of southern California, which includes Riverside and San Bernardino Counties. It has a long history of journalistic excellence and has won one Pulitzer Prize.

Belo Interactive Media (“BIM”), currently a centralized function supporting all of Belo’s operating company Web sites, and Belo Technologies, also a centralized function and supporting certain information technology requirements, will be owned and managed by A. H. Belo. BIM and Belo Technologies will provide services to Belo and its television Web sites pursuant to inter-company agreements whereby Belo will compensate A. H. Belo for such services.

A. H. Belo’s net operating revenues for the year ended December 31, 2006 and for the nine months ended September 30, 2007 were \$817,733 and \$549,929, respectively, representing decreases of 0.6 percent and 9.0 percent, respectively, compared to the corresponding amounts in the prior year or prior year period. A. H. Belo had net earnings for the year ended December 31, 2006 of \$15,179 and a net loss for the nine months ended September 30, 2007 of \$3,377, representing decreases of 68.3 percent and 150.0 percent, respectively, compared to the corresponding amounts in the prior year or prior year period. Since 2005, A. H. Belo has experienced a decline in net operating revenues and net earnings primarily due to decreased advertising revenues. The decrease in advertising revenues resulted from increased competition for advertising dollars from other media, particularly the Internet. In response to these decreases, A. H. Belo has launched innovative print and online products and has established strategic partnerships with major Internet companies. Revenues from our newspaper Web sites have experienced double-digit annual growth. In addition, A. H. Belo has implemented certain measures to control or decrease operating expenses. These measures include modifying distribution and marketing strategies to allow our newspapers to concentrate on circulation most valued by advertisers and restructuring our newspapers through organizational realignments.

A. H. Belo’s Competitive Strengths and Challenges

A. H. Belo’s strengths are:

- ownership and superior management of three quality daily newspapers that have been widely recognized over the years for their distinguished journalism.
- the three daily newspapers’ locations in markets with projected population growth rates above the national average.
- a strong, cohesive senior management team with significant sector experience focused on the highest priority strategic and operating issues.
- an initial debt-free capital structure with a strong balance sheet providing financial flexibility to allocate capital toward higher-growth online initiatives, support continued innovation, and maintain a strong focus on distinguished journalism and editorial content.
- resources to compete in a challenging operating environment and return cash to shareholders through an attractive dividend yield.
- strategic and financial flexibility to form partnerships and alliances unencumbered by considerations of the potential effect on Belo’s television business.

A. H. Belo’s newspapers, and the newspaper industry as a whole, are experiencing challenges to maintain and grow print circulation and revenues. This results from, among other factors, increased competition from other media, particularly the Internet. A prolonged decline in circulation could affect advertising revenues.

A. H. Belo's Strategies and Opportunities

A. H. Belo is committed to publishing newspapers and online content of the highest journalistic quality and integrity, creating and developing innovative print and online products addressing the needs of its customers and advertisers, providing an attractive dividend yield, and creating value for its shareholders over the long-term. A. H. Belo intends to achieve these objectives by executing the following strategies:

- addressing the diverse and rapidly-evolving needs of our customers in the local markets we serve with targeted, high quality print products, while leveraging our resources, content, and technology to build sustainable and rapidly-growing online assets.
- focusing management's attention on operating our core newspaper businesses and related Web sites to derive maximum revenue and earnings in an Internet-centric media environment by building larger digital businesses.
- innovating and continuing to develop print and online products that create substantial incremental revenue and earnings.
- strengthening and improving our underlying technology platform.
- entering into strategic alliances and partnerships creating virtual cross-ownership to achieve synergies across print, broadcast, and online media.
- being focused and attentive to the needs of our customers and advertisers by implementing initiatives to better reach consumers that advertisers most desire.
- maintaining a conservative balance sheet.
- continuing our commitment of community service to the local communities we serve.

Reasons for the Distribution

The board of directors of Belo determined that separating A. H. Belo's newspaper and other businesses from Belo's television business is in the best interests of Belo and Belo's shareholders. In arriving at its decision, the board considered many factors, including the effect of the Internet and other transformational technologies on consumers, advertisers, and traditional media such as newspapers and television, the consolidation of media ownership and the rapid ascent of new media businesses, the prospects for positive changes in media ownership regulation, and the competitive positions and strengths of Belo's newspapers and television stations and the local markets they serve.

The Belo board of directors considered the following potential benefits in determining to effect the distribution:

- creation of a focused organization better able to respond to different industry dynamics and therefore better able to tailor strategic initiatives and priorities.
- allowing the investment community to evaluate A. H. Belo and Belo separately relative to the performance of their respective peers.
- allowing A. H. Belo greater flexibility to create a capital structure and deploy capital more closely aligned with its strategic priorities.
- allowing A. H. Belo to provide its management and employees incentive compensation more directly linked to its individual financial performance.

Belo believes that the distribution, as structured with no initial debt and other features, will give A. H. Belo the financial and operational flexibility to take advantage of opportunities in the newspaper sector and meet the changing needs of the media marketplace today and in the future.

Regulatory Approval

Apart from the registration under United States federal securities laws of shares of the two series of A. H. Belo common stock that will be distributed in the distribution, and the related NYSE listing requirements, we do not believe that any other material governmental or regulatory filings or approvals will be necessary to consummate the distribution.

No Appraisal Rights

Belo shareholders will not have appraisal rights in connection with the distribution.

Risk Factors

You should carefully consider the matters discussed under the heading “Risk Factors” of this information statement.

Corporate Information

A. H. Belo was incorporated on October 1, 2007. Our principal executive offices are located at 400 South Record Street, Dallas, Texas 75202, and our telephone number is (214) 977-8200. Our corporate Web site is located at www.ahbelo.com. The information contained in, or that can be accessed through, our Web site is not part of this information statement.

Questions and Answers about A. H. Belo and the Distribution

What will I receive as a result of the distribution?

For every one share of Belo Series A common stock that you own on the record date, you will receive 0.20 shares of A. H. Belo Series A common stock. For every one share of Belo Series B common stock that you own on the record date, you will receive 0.20 shares of A. H. Belo Series B common stock. Each share of A. H. Belo common stock will have attached to it one A. H. Belo preferred share purchase right. If you would be entitled to a fractional share of A. H. Belo common stock, you will receive a check for the market value thereof.

When will the distribution occur?

Belo currently anticipates completing the distribution on or about February 8, 2008.

What is the record date for the distribution?

The record date is January 25, 2008, and ownership of Belo common stock will be determined as of 5:00 p.m., Eastern Time, on that date. When we refer to the “record date,” we are referring to that date and time.

Is shareholder approval required for the distribution?

Shareholder approval is not required for the distribution. The distribution of A. H. Belo will be accomplished by distributing all of the shares of A. H. Belo common stock to holders of Belo common stock as a dividend. Accordingly, the dividend of the shares of A. H. Belo common stock will be approved by the Belo board of directors pursuant to its statutory authority under Delaware law to declare and pay dividends.

What do I have to do to receive my shares of A. H. Belo common stock?

Nothing. Your shares of A. H. Belo common stock will be either reflected in an account statement that our transfer agent, Mellon Investors Services LLC, will send to you shortly after February 8, 2008 or credited to your account with your broker or nominee on or about February 8, 2008.

When will I receive my shares of A. H. Belo common stock?

If you hold your Belo Series A shares in your own name then your account statement reflecting the A. H. Belo Series A shares will be mailed to you on or about February 8, 2008. You should allow several days for the mail to reach you.

If you hold your Belo Series A shares through your broker or other nominee, you are probably not a shareholder of record and your receipt of A. H. Belo Series A shares depends on your arrangements with the nominee that holds your Belo Series A shares for you. Belo anticipates that brokers and other nominees generally will credit their customers’ accounts with A. H. Belo Series A shares on or about February 8, 2008, but you should check with your broker or other nominee. See “The Distribution—When and How You Will Receive A. H. Belo Common Stock.”

Stock certificates will be issued for shares of A. H. Belo Series B common stock on or about February 8, 2008.

How will shares of A. H. Belo common stock be distributed to me?

Belo will distribute the shares of A. H. Belo Series A common stock by book entry. If you are a record holder of Belo Series A common stock then you will receive from our transfer agent shortly after February 8, 2008, a statement of your book entry account for the shares of A. H. Belo Series A common stock that are distributed to you. You will not receive physical stock certificates for your shares of A. H. Belo Series A common stock, unless you request a stock certificate and provide the required information. If you are not a record holder of Belo Series A common stock because your shares are held on your behalf by your broker or other nominee, then your shares of A. H. Belo Series A common stock should be credited to your account with your broker or nominee on or about February 8, 2008. Stock certificates will be issued for shares of A. H. Belo Series B common stock.

Will Belo distribute fractional shares?

Fractional shares of A. H. Belo common stock will not be issued in the distribution. If you would be entitled to receive a fractional share of A. H. Belo common stock in the distribution, then you will instead receive a cash payment with respect to the fractional shares. Participants in the Belo Savings Plan will hold their respective percentage interests in the pool of whole shares of A. H. Belo common stock held by the plan. See “The Distribution—Treatment of Fractional Shares.”

Will the distribution affect the market price of my Belo shares?

Following the distribution, Belo Series A common stock will continue to be listed and traded on the NYSE under the symbol “BLC.” As a result of the distribution, the trading price of Belo shares immediately following the distribution may be lower than immediately prior to the distribution. Net operating revenues for A. H. Belo were approximately \$817,733 and \$549,929 for the fiscal year ended December 31, 2006, and the nine months ended September 30, 2007, respectively. Until the market has analyzed fully the operations of Belo without A. H. Belo’s business, the price of Belo shares may fluctuate significantly. See “The Distribution—Listing and Trading of the Shares of A. H. Belo Common Stock.”

Where will my shares of A. H. Belo common stock be traded?

The shares of A. H. Belo Series A common stock have been authorized for listing on the NYSE under the trading symbol “AHC” following completion of the distribution. Trading of A. H. Belo Series A common stock will likely begin on a “when-issued” basis on or about two trading days before the record date. The A. H. Belo Series B common stock is subject to restrictions on transfer and will not be listed on any exchange. See “The Distribution—Listing and Trading of the Shares of A. H. Belo Common Stock” and “Description of Capital Stock—Transfer Restrictions.”

When will I be able to trade shares of A. H. Belo common stock?

There is no current public market for A. H. Belo Series A common stock. We anticipate that trading in shares of A. H. Belo Series A common stock will begin on a “when-issued” basis on or about two trading days before the record date, and “regular-way” trading will begin on the first trading day after the distribution date. In the context

of a distribution, when-issued trading refers to securities transactions made on or before the distribution date and made conditionally because the securities of the distributed entity have not yet been distributed. When-issued trades generally settle within three trading days after the distribution date. On the first trading day following the distribution date, all when-issued trading, if any, will end and regular-way trading in shares of A. H. Belo Series A common stock will begin. Regular-way trading refers to trading after the security has been distributed and typically involves a trade that settles on the third full trading day following the date of the transaction. Shares of A. H. Belo Series A common stock generally will be freely tradable after the distribution date. See “The Distribution—Listing and Trading of the Shares of A. H. Belo Common Stock.”

Transferability of the shares of A. H. Belo Series B common stock, as such, is limited to certain family members of the holder of the Series B common stock, trusts established for the benefit of the holder and his or her family members, certain affiliated entities of the holder, and certain other permitted transferees. The shares of A. H. Belo Series B common stock will not be listed for trading on any exchange. See “Description of Capital Stock—Transfer Restrictions.”

What is A. H. Belo’s dividend policy?

It is anticipated that following the distribution, A. H. Belo will pay quarterly cash dividends that, on an annual basis, will equal \$1.00 per share. However, no formal action has been taken with respect to the declaration or payment of dividends, and the declaration and payment of dividends by A. H. Belo on an ongoing basis will be at the sole discretion of A. H. Belo’s board of directors. Any determination about the payment of dividends, as well as their amount and timing, will depend on, among other things, A. H. Belo’s results of operations and financial condition, earnings, capital requirements, debt covenants, other contractual restrictions, prospects, applicable law, general economic and business conditions, and other factors that A. H. Belo’s board of directors deems relevant. A. H. Belo cannot provide any assurance that any dividends will be declared and paid. See “Dividend Policy.”

What are the United States federal income tax consequences of the distribution to me as a Belo shareholder?

Belo has received a private letter ruling from the Internal Revenue Service (the “IRS”) to the effect that the distribution will be tax-free to Belo shareholders for United States federal income tax purposes, except with respect to cash paid instead of fractional shares. With respect to certain requirements for tax-free treatment on which the IRS will not rule, Belo expects to receive an opinion of Locke Lord Bissell & Liddell LLP (“Locke Lord”) to the effect that such requirements will be satisfied. See “The Distribution—United States Federal Income Tax Consequences of the Distribution.”

How will A. H. Belo be managed?

A. H. Belo’s executive officers are Robert W. Decherd, chairman of the board, president and chief executive officer; James M. Moroney III, executive vice president of A. H. Belo and publisher and chief executive officer of *The Dallas Morning News*; Donald F. (Skip)

	<p>Cass, Jr., executive vice president; Alison K. Engel, senior vice president/Chief Financial Officer; and Daniel J. Blizzard, senior vice president. A. H. Belo's initial board of directors consists of six directors, classified into three classes. After their initial term, directors of each class will serve three-year terms. A. H. Belo's initial directors are Robert W. Decherd, Louis E. Caldera, Douglas G. Carlston, Dealey D. Herndon, Laurence E. Hirsch, and J. McDonald Williams. See "Management."</p>
<p><i>What kind of relationship will A. H. Belo have with Belo after the distribution?</i></p>	<p>Prior to the distribution, A. H. Belo and Belo will enter into agreements for Belo to transfer to A. H. Belo certain assets and liabilities of Belo related to A. H. Belo's business, to arrange for the continued provision of certain services by each company to the other for a period of time, to make arrangements for the distribution, and to define the ongoing relationships between Belo and A. H. Belo, including with respect to tax matters and certain indemnification rights. Further, Robert W. Decherd and Dealey D. Herndon will serve as directors of both A. H. Belo and Belo and James M. Moroney III will serve as a director of Belo. See "Relationships Between Belo and A. H. Belo Following the Distribution" and "Management."</p>
<p><i>What are A. H. Belo's financing arrangements?</i></p>	<p>On the distribution date, A. H. Belo will be debt-free and expects to have a revolving credit facility with a group of banks in place for its financing needs. See "Financing Arrangements."</p>
<p><i>Will any anti-takeover protections exist following the distribution?</i></p>	<p>Certain provisions of A. H. Belo's certificate of incorporation and bylaws may have the effect of making the acquisition of control of the company in a transaction not approved by our board of directors more difficult. The shareholder rights agreement and change in control severance plan that we will enter into in connection with the distribution also would make such a transaction more difficult. These provisions have been implemented to enable A. H. Belo to develop its business without disruption caused by the threat of a possible takeover not determined by our board of directors to be in the best interests of A. H. Belo and its shareholders. Moreover, certain provisions of the inter-company agreements that will be entered into between A. H. Belo and Belo in connection with the distribution could discourage potential acquisition proposals. Further, _____ percent of the voting power of our outstanding voting stock is held by our directors and executive officers as of the record date. Such concentration of voting power could discourage third parties from making proposals involving an acquisition or change in control of A. H. Belo. See "Certain Anti-Takeover Provisions."</p>
<p><i>Do I have appraisal rights in connection with the distribution?</i></p>	<p>No. Holders of Belo common stock have no appraisal rights in connection with the distribution. See "The Distribution—No Appraisal Rights."</p>

Who is the transfer agent for A. H. Belo common stock?

The transfer agent for A. H. Belo common stock is Mellon Investor Services LLC. You can contact the transfer agent at the following address and telephone number:

BNY Mellon Shareowner Services
P. O. Box 11258
Church Street Station
New York, NY 10286
(800) 524-4458

Please contact the transfer agent with any questions about the distribution or if you need any additional information.

Summary Financial Data

Set forth below are selected combined financial data for A. H. Belo for each of the five years ended December 31, 2006, and for the nine months ended September 30, 2006 and 2007. The combined balance sheet data as of December 31, 2005 and 2006 and the combined statement of operations data for each of the three years in the period ended December 31, 2006, have been derived from our audited combined financial statements included in this information statement. The combined balance sheet data as of December 31, 2002, 2003, and 2004 and the combined statement of operations data for the years ended December 31, 2002 and 2003 have been derived from our unaudited combined financial statements, which are not included in this information statement. The selected historical combined financial data for the nine months ended September 30, 2006 and 2007, and as of September 30, 2007, is derived from and should be read in conjunction with our unaudited combined financial statements. Operating results for the 2007 interim period are not necessarily indicative of the operating results that A. H. Belo will experience for the entire year.

The selected historical financial data set forth below should be read in conjunction with “Management’s Discussion and Analysis of Financial Condition and Results of Operations,” the audited combined financial statements and the notes related thereto, and the unaudited combined financial statements and notes related thereto included in this information statement. The selected historical financial data reflects A. H. Belo’s results as we have historically been operated as a part of Belo, and these results may not be indicative of our future performance as a separate company following the distribution. Operating expenses in the historical income statements reflect direct expenses of our business together with allocations of certain Belo corporate expenses that have been charged to A. H. Belo based on use or other methodologies we believe appropriate for such expenses (see the Combined Financial Statements, Note 1—Summary of Significant Accounting Policies). In our opinion, these allocations have been made on a reasonable and appropriate basis under the circumstances. Per share data has not been presented since A. H. Belo’s business was wholly-owned by Belo during the periods presented.

<i>In thousands</i>	<i>As of and for the years ended December 31,</i>					<i>As of and for the nine months ended September 30,</i>	
	<i>2002</i>	<i>2003</i>	<i>2004</i>	<i>2005</i>	<i>2006</i>	<i>2006</i>	<i>2007</i>
Total net operating revenues	\$752,132	\$763,652	\$779,142	\$822,344	\$817,733	\$604,520	\$549,929
Total operating expenses	636,383	645,378	689,460	721,251	760,376	568,934	529,383
Earnings from operations	\$115,749	\$118,274	\$89,682	\$101,093	\$57,357	\$35,586	\$20,546
Other income and expense(a)	(6,976)	(18,065)	(15,648)	(22,913)	(30,310)	(22,765)	(23,235)
Income taxes	(44,399)	(38,458)	(28,745)	(30,361)	(11,868)	(6,071)	(688)
Net earnings (loss)(b)	\$64,374	\$61,751	\$45,289	\$47,819	\$15,179	\$6,750	\$(3,377)
Total assets	\$966,220	\$968,889	\$963,215	\$981,661	\$994,815	\$966,417	\$958,404
Long-term portion of notes payable to Belo Corp.(c)	\$319,406	\$279,425	\$306,398	\$332,710	\$353,893	\$352,542	\$379,697

- (a) Other income and expense includes \$11,451, \$18,009, \$16,510, \$23,661, and \$31,814 for the years ended December 31, 2002, 2003, 2004, 2005, and 2006, respectively, and \$23,453 and \$26,547 for the nine months ended September 30, 2006 and 2007, respectively, for interest on notes payable to Belo Corp. (see the Combined Financial Statements, Note 8—Notes Payable to Belo Corp.).
- (b) Net earnings in 2004 included pre-tax charges related to *The Dallas Morning News* circulation overstatement of \$23,500 (see “Business—Legal Proceedings”).
- (c) Amounts represent the long-term portion of notes payable to Belo Corp. (see the Combined Financial Statements, Note 8—Notes Payable to Belo Corp.).

RISK FACTORS

You should carefully consider each of the following risks, which we believe are the principal risks that A. H. Belo faces, and all of the other information in this information statement. Some of the following risks relate to the distribution of A. H. Belo common stock, including the effect of such distribution on Belo. Other risks relate to A. H. Belo's business, the securities markets, and ownership of A. H. Belo common stock. A. H. Belo's business may also be adversely affected by risks and uncertainties not presently known to us or that we currently believe are immaterial. If any of the following risks and uncertainties develop into actual events, this could have a material adverse effect on A. H. Belo's business, financial condition, or results of operations. If this occurs, the trading price of A. H. Belo common stock could decline, and you may lose all or part of your investment.

Risks Relating to the Distribution

A. H. Belo has no operating history as a separate public company and may be unable to operate profitably after becoming a stand-alone company.

A. H. Belo has no operating history as a separate public company. Historically, because the newspaper and the television businesses that comprised Belo have been under one ultimate parent, they have been able to rely, to some degree, on the earnings, assets, and cash flow of each other for capital requirements. After the distribution, A. H. Belo will be able to rely only on the newspaper business and related businesses for such requirements. We cannot assure you that, as a separate public company, operating results will continue at historical levels, or that we will be profitable. Additionally, A. H. Belo has relied on Belo for various financial, administrative, and managerial services in conducting its operations. Following the distribution, A. H. Belo will maintain its own credit and banking relationships and in time will perform its own financial and investor relations functions. Although A. H. Belo may employ certain key employees of Belo following the distribution, we cannot assure you that A. H. Belo will be able to successfully put in place, or thereafter maintain, the financial functions, administration, and management necessary to operate as a separate company or that A. H. Belo will not incur additional costs operating as a separate public company. For example, prior to the distribution, A. H. Belo, as part of Belo's business, was able to use Belo's size to procure products and services on favorable terms. A. H. Belo could experience some increased costs after the distribution as a result of the absence of such economies of scale. Any such additional or increased costs could have a material adverse effect on its business, financial condition, or results of operations.

In addition, as part of Belo's business, A. H. Belo was also able to share news and other content with Belo's media properties. Prior to the distribution, Belo's television and newspaper properties shared news and content among themselves without charge. Although A. H. Belo will enter into news and other content sharing relationships with Belo and other third parties after the distribution, there can be no assurance that such relationships with third parties may be achieved on terms as favorable to A. H. Belo as those achieved with Belo.

A. H. Belo's historical financial information may not be indicative of its future results as a separate public company.

The historical financial information we have included in this information statement may not reflect what A. H. Belo's results of operations, financial position, and cash flows would have been had it been a separate public company during the periods presented or be indicative of what its results of operations, financial position, and cash flows may be in the future when it is a separate public company. A. H. Belo's historical financial information reflects allocations for services historically provided by Belo, and we expect these allocated costs to be different from the actual costs A. H. Belo will incur for these services in the future as a separate public company, including with respect to actual services A. H. Belo expects will be provided by Belo under a services agreement and other commercial service agreements. In some instances, the costs incurred for these services as a separate public company may be higher than the share of total Belo expenses allocated to A. H. Belo historically.

[Table of Contents](#)

In addition, the historical financial information does not reflect the increased costs associated with being a separate public company, including changes that we expect in our cost structure, personnel needs, financing, and operations of our business as a result of the distribution.

For additional information about the past financial performance of A. H. Belo's business and the basis of the presentation of the historical financial statements, see "Selected Financial Data," "Management's Discussion and Analysis of Financial Condition and Results of Operations," the historical financial statements, and the accompanying notes included elsewhere in this information statement.

A. H. Belo may incur increased costs after the distribution or as a result of the distribution that may cause its profitability to decline.

Historically, A. H. Belo's business has been principally operated as one of Belo's segments, and Belo has performed many corporate functions for A. H. Belo's operations, including managing financial and human resources systems, internal auditing, investor relations, treasury services, select accounting functions, finance and tax administration, benefits administration, legal, governmental relations, and regulatory functions. Following the distribution, Belo will provide support to A. H. Belo with respect to certain of these functions for periods to be specified in various inter-company agreements described elsewhere in this information statement. A. H. Belo will need to replicate certain systems, infrastructure, and personnel to which it will no longer have access after the distribution from Belo. A. H. Belo may incur capital and other costs associated with developing and implementing its own support functions in these areas. These costs may exceed the costs A. H. Belo will pay to Belo during the transition period.

In addition, there may be an adverse operational effect on A. H. Belo's business as a result of the significant time A. H. Belo's management and other employees and internal resources will need to dedicate to building these capabilities during the first few years following the distribution that otherwise would be available for other business initiatives and opportunities. When A. H. Belo begins to operate these functions independently, if it has not developed adequate systems and business functions, or obtained them from other providers, it may not be able to operate the company effectively and A. H. Belo's profitability may decline.

A. H. Belo may incur increased expenses if the services agreement with Belo is terminated.

In connection with the distribution, A. H. Belo will enter into a services agreement with Belo. This agreement will provide that A. H. Belo and Belo will furnish each other services in such areas as employee benefits administration, risk management, claims administration and reporting, tax, legal, payroll, internal audit, and other areas where A. H. Belo and Belo may need assistance and support following the distribution. Depending on the particular service being provided, the agreement will extend for up to two years after the distribution, but may be terminated earlier under certain circumstances, including a default. If the agreement is terminated, A. H. Belo may be required to obtain such services from a third party. This could be more expensive than the fees that A. H. Belo will be required to pay under the services agreement.

Substantial sales of A. H. Belo Series A common stock following the distribution, or the perception that such sales might occur, could depress the market price of A. H. Belo Series A common stock.

Substantially all of the shares of A. H. Belo Series A common stock distributed in the distribution will be eligible for immediate resale in the public market. Any sales of substantial amounts of A. H. Belo Series A common stock in the public market, or the perception that such sales might occur, could depress the market price of A. H. Belo Series A common stock. We anticipate that significant amounts of A. H. Belo Series A common stock will be sold in the open market following the distribution. A portion of Belo Series A common stock is held by index funds. We do not expect to qualify for inclusion in some of these indices at the time of the distribution, and we expect those index funds will be required to sell A. H. Belo Series A common stock. In addition, A. H. Belo's smaller size and different investment characteristics may not appeal to the current investor base of Belo,

[Table of Contents](#)

which may seek to dispose of large amounts of A. H. Belo Series A common stock following the distribution. There is no assurance that there will be sufficient buying interest to offset any such sales, and, accordingly, the price of A. H. Belo Series A common stock could be depressed by those sales and have periods of volatility.

The market price for A. H. Belo Series A common stock may be volatile, and you may not be able to sell your A. H. Belo Series A common stock at a favorable price.

There has been no public market for A. H. Belo Series A common stock prior to the distribution. An active public market for A. H. Belo Series A common stock may not be sustained after the distribution. The price of A. H. Belo Series A common stock in any such market may be higher or lower than the initial trading price. Many factors could cause the market price of A. H. Belo Series A common stock to rise and fall, including the following:

- declining newspaper print circulation.
- declining revenues derived from our core business.
- variations in quarterly results.
- announcements of technological innovations by us or by competitors.
- introductions of new products or services or new pricing policies by us or by competitors.
- acquisitions or strategic alliances by us or by competitors.
- recruitment or departure of key personnel or key groups of personnel.
- the gain or loss of significant advertisers.
- changes in the estimates of A. H. Belo's operating performance or changes in recommendations by any securities analysts that elect to follow A. H. Belo's stock.
- market conditions in the newspaper industry, the industries of our customers, and the economy as a whole.

Failure of the distribution to qualify as a tax-free transaction could result in substantial liability.

Belo has received a private letter ruling from the IRS to the effect that, among other things, the distribution (including certain related transactions) qualifies as tax-free to Belo, A. H. Belo, and Belo shareholders for United States federal income tax purposes under section 355 and related provisions of the Internal Revenue Code (the "Code"). Although a private letter ruling generally is binding on the IRS, if the factual assumptions or representations made in the private letter ruling request are untrue or incomplete in any material respect, then Belo will not be able to rely on the ruling. Moreover, the IRS will not rule on whether a distribution of shares satisfies certain requirements necessary to obtain tax-free treatment under section 355 of the Code. Rather, the private letter ruling is based upon representations by Belo that those requirements have been satisfied, and any inaccuracy in those representations could invalidate the ruling.

The distribution is conditioned upon Belo's receipt of an opinion of Locke Lord, counsel to Belo, in form and substance satisfactory to Belo, to the effect that, with respect to the requirements referred to above on which the IRS will not rule, those requirements will be met. The opinion will assume the effectiveness of the private letter ruling as to matters covered by the ruling. The opinion will be based on, among other things, certain assumptions and representations as to facts made by Belo and A. H. Belo which, if untrue or incomplete in any material respect, could jeopardize the conclusions reached by counsel in its opinion. The opinion will not be binding on the IRS or the courts, and the IRS or the courts may not agree with the opinion.

If the distribution fails to qualify for tax-free treatment, a substantial corporate tax would be payable by Belo, measured by the difference between (1) the aggregate fair market value of the shares of A. H. Belo common stock on the date of the distribution and (2) Belo's adjusted tax basis in the shares of A. H. Belo common stock on the date of the distribution. The corporate level tax would be payable by Belo. However, A. H. Belo has agreed to indemnify Belo for certain tax liabilities under certain circumstances. This indemnification

[Table of Contents](#)

obligation, if triggered, could have a material adverse effect on A. H. Belo's financial condition and results of operations. In addition, under the applicable Treasury regulations, each member of Belo's consolidated group at the time of the distribution (including A. H. Belo) is severally liable for such tax liability.

Further, if the distribution is not tax-free, each Belo shareholder generally would be taxed as if he or she had received a cash distribution equal to the fair market value of the shares of A. H. Belo common stock on the date of the distribution.

Even if the distribution otherwise qualifies as tax-free, Belo nevertheless could incur a substantial corporate tax liability under section 355(e) of the Code if 50 percent or more of the voting power or value of A. H. Belo stock or the stock of Belo were to be acquired as part of a "plan (or a series of related transactions)" that includes the distribution. For this purpose, any acquisitions of the stock of Belo or of A. H. Belo's stock that occur within two years before or after the distribution are presumed to be part of such a plan, although Belo may be able to rebut that presumption. If such an acquisition of the stock of Belo or of A. H. Belo's stock triggers the application of section 355(e), Belo would recognize taxable gain as described above, but the distribution would generally remain tax-free to the Belo shareholders.

Even if, as expected, the distribution otherwise qualifies for tax-free treatment under section 355 of the Code, Belo (but not its shareholders) will recognize for tax purposes approximately \$51,900 of previously deferred intercompany non-cash gains in connection with the distribution, resulting in an approximate \$18,000 federal income tax obligation and a state tax obligation in an amount that is not presently estimable. If such gains are adjusted then (1) Belo and A. H. Belo shall be responsible for paying the additional tax associated with any increase in such gains in the ratio of one-third and two-thirds, respectively, and (2) Belo shall be entitled to any refund attributable to any reduction of such gains except to the extent the refund is attributable to an increase in the amount of such gains from approximately \$51,900, in which case the refund or portion thereof shall also be shared between Belo and A. H. Belo in the ratio of one-third and two-thirds, respectively.

The combined post-distribution value of Belo and A. H. Belo shares may not equal or exceed the pre-distribution value of Belo shares.

After the distribution, Belo common stock will continue to be listed and traded on the NYSE. The shares of A. H. Belo Series A common stock have been authorized for listing on the NYSE. We cannot assure you that the combined trading prices of Belo common stock and A. H. Belo common stock after the distribution, as adjusted for any changes in the combined capitalization of both companies, will be equal to or greater than the trading price of Belo common stock prior to the distribution. Until the market has fully evaluated the business of Belo without A. H. Belo's business, the price at which Belo common stock trades may fluctuate significantly. Similarly, until the market has fully evaluated A. H. Belo's business, the price at which A. H. Belo common stock trades may fluctuate significantly.

Certain provisions of A. H. Belo's certificate of incorporation, bylaws, shareholder rights agreement, severance plan, tax matters agreement, separation and distribution agreement, employee matters agreement, services agreement, and Delaware law may discourage takeovers.

A. H. Belo's certificate of incorporation and bylaws contain certain anti-takeover provisions that may make more difficult or expensive a tender offer, change in control, or takeover attempt that is opposed by A. H. Belo's board of directors or certain shareholders holding a significant percentage of the voting power of our outstanding voting stock. A. H. Belo's equity capital and governance structure is designed to mirror Belo's existing capital and governance structure to the maximum extent applicable. In particular, A. H. Belo's certificate of incorporation and bylaws:

- provide for a dual common equity capital structure pursuant to which each issued and outstanding share of A. H. Belo Series A common stock is entitled to one vote and each issued and outstanding share of A. H. Belo Series B common stock is entitled to 10 votes.

[Table of Contents](#)

- classify the board of directors into three groups, so that shareholders elect only approximately one-third of the board each year.
- permit shareholders to remove directors only for cause and only by a vote of shareholders representing not less than a majority of the voting power of our outstanding voting stock.
- do not permit shareholders to take action except at an annual or special meeting of shareholders.
- permit a special shareholders' meeting to be called only by the chief executive officer, the board of directors, or the holders of not less than one-fifth of the voting power of our outstanding voting stock.
- require shareholders to give A. H. Belo advance notice to nominate candidates for election to the board of directors or to make shareholder proposals at a shareholders' meeting.
- require the affirmative vote of at least two-thirds of the voting power of our outstanding voting stock to amend or repeal our bylaws.
- require the affirmative vote of at least two-thirds of the voting power of our outstanding voting stock for the approval of any merger, consolidation, sale of all or substantially all of our assets, or our dissolution.
- require, for the approval of a business combination with shareholders owning more than 10 percent of the voting power of our outstanding voting stock, the affirmative vote of the holders of at least 80 percent of the voting power of our outstanding voting stock, unless the transaction does not involve cash or any other consideration being received by our shareholders and is approved by our continuing directors or, in the case of any other transaction, such transaction is approved by our continuing directors and certain procedural requirements set forth in our certificate of incorporation as well as certain "fair price" requirements are met.
- permit the board of directors to issue, without shareholder approval, preferred stock with such terms as the board may determine.

In addition, Delaware law generally restricts mergers and other business combinations between A. H. Belo and any holder of 15 percent or more of the voting power of our outstanding voting stock for a period of three years, unless the business combination or the transaction which results in the holder holding 15 percent or more of the voting power of our outstanding voting stock is approved in advance by A. H. Belo's board of directors or, subsequent thereto, the business combination is approved by the board of directors and by the affirmative vote of at least two-thirds of the voting power of our outstanding voting stock not owned by such holder.

Further, percent of the voting power of our outstanding voting stock is held by A. H. Belo's directors and executive officers as of the record date. Such concentration of voting power could discourage third parties from making proposals involving an acquisition of A. H. Belo.

These provisions could discourage potential acquisition proposals and could delay or prevent a change in control of A. H. Belo, even though a majority of shareholders may consider such proposal, if effected, desirable. Such provisions could also make it more difficult for third parties to remove and replace the members of the board of directors. Moreover, these provisions could diminish the opportunities for shareholders to participate in certain tender offers, including tender offers at prices above the then-current market value of A. H. Belo common stock, and may also inhibit increases in the trading price of A. H. Belo Series A common stock that could result from takeover attempts or speculation.

A. H. Belo has adopted a shareholder rights agreement in connection with the distribution that will provide that in the event of an acquisition of or the commencement of a tender offer for 15 percent or more of A. H. Belo outstanding common stock, A. H. Belo shareholders will be granted rights to purchase A. H. Belo common stock at a certain price. The shareholder rights agreement could make it more difficult for a third-party to acquire A. H. Belo common stock without the approval of A. H. Belo's board of directors.

[Table of Contents](#)

Effective on the distribution date, A. H. Belo will have in place a change in control severance plan covering specified participants that would be triggered if there is a “change in control” (as defined to include the acquisition of 30 percent or more of the combined voting power of our outstanding voting stock) and a qualifying termination (or constructive termination) of employment during the 24-month period following a change in control. In addition, a participant may voluntarily terminate employment for any reason or without reason during the 30-day period immediately following the first anniversary of a change in control and will be entitled to receive payments and benefits under the severance plan. The triggering events would result in the payment of specified severance benefits, including a lump sum multiple of participant’s compensation, outplacement services, vesting of long-term incentive awards, and “gross up” payment if necessary to satisfy certain tax payments relating to the severance payments. This severance plan mirrors the change in control severance plan adopted by Belo effective October 1, 2007 and could make it more expensive for a buyer of A. H. Belo to acquire control and therefore discourage unsolicited offers.

If the distribution is considered part of a “plan (or series of related transactions)” pursuant to which 50 percent or more of the voting power or value of A. H. Belo stock is acquired, the distribution will be taxable to Belo (but not to its shareholders) under Section 355(e) of the Code. For this purpose, any acquisitions of A. H. Belo stock that occur within two years after the distribution (subject to certain exceptions including an exception for public trading) will be presumed to be part of such a plan, although Belo may be able to rebut that presumption. Under the tax matters agreement, we have agreed to indemnify Belo for certain tax related matters. A. H. Belo will also enter into the separation and distribution agreement, services agreement, and employee matters agreement covering specified indemnification and other matters that may arise after the distribution. The separation and distribution agreement, tax matters agreement, services agreement, and employee matters agreement may have the effect of discouraging or preventing an acquisition of A. H. Belo or a disposition of its business.

A. H. Belo’s directors and executive officers have significant combined voting power and significant influence over our management and affairs.

Our directors and executive officers hold _____ percent of the voting power of our outstanding voting stock as of the record date. A. H. Belo’s Series A common stock has one vote per share and Series B common stock has ten votes per share. Consequently, the voting power of the Series B holders is greater than the number of shares beneficially owned. Generally, except for certain extraordinary corporate transactions, all matters to be voted on by A. H. Belo’s shareholders must be approved by a majority of the voting power of our outstanding voting stock, voting as a single class. Certain extraordinary corporate transactions, such as a merger, consolidation, sale of all or substantially all of our property and assets, or a dissolution, the alteration, amendment, or repeal of A. H. Belo’s bylaws, and certain amendments to A. H. Belo’s certificate of incorporation, require the affirmative vote of the holders of at least two-thirds of the voting power of our outstanding voting stock, voting as a single class. Accordingly, A. H. Belo’s directors and executive officers will have significant influence over our management and affairs and over all matters requiring shareholder approval, including the election of directors and significant corporate transactions. This ownership may limit your ability to influence corporate matters and, as a result, A. H. Belo may take actions that you, or even the majority of shareholders, do not view as beneficial.

After the distribution, certain members of management, directors, and shareholders may face actual or potential conflicts of interest.

After the distribution, the management and directors of Belo and A. H. Belo will own both Belo common stock and A. H. Belo common stock. Robert W. Decherd will serve as the non-executive chairman of the board of Belo and as the chairman of the board, president and chief executive officer of A. H. Belo. Mr. Decherd and Dealey D. Herndon, his sister, will serve as directors of Belo and A. H. Belo. James M. Moroney III, executive vice president of A. H. Belo and the publisher and chief executive officer of *The Dallas Morning News* and their second cousin, will serve as a director of Belo. This ownership overlap and these common directors could create, or appear to create, potential conflicts of interest when Belo’s and A. H. Belo’s management and directors face

[Table of Contents](#)

decisions that could have different implications for Belo and A. H. Belo. For example, potential conflicts of interest could arise in connection with the resolution of any dispute between Belo and A. H. Belo regarding the terms of the agreements governing the distribution and the relationship between Belo and A. H. Belo thereafter. These agreements include, among others, the separation and distribution agreement, the tax matters agreement, the employee matters agreement, the services agreement, and any commercial agreements between the parties or their affiliates. Potential conflicts of interest could also arise out of any commercial arrangements that Belo and A. H. Belo may enter into in the future. In addition, A. H. Belo and Belo will compete with each other, particularly in markets such as Dallas/Fort Worth where each company owns significant properties.

Federal law and Federal Communications Commission (“FCC”) regulations applicable because of Belo’s and A. H. Belo’s common officers, directors, and voting shareholders may limit A. H. Belo’s activities, including the ability to own or operate media properties it does not presently own or operate.

For FCC purposes, the common officers, directors, and 5 percent or greater voting shareholders of Belo and A. H. Belo will be deemed to hold attributable interests in each of the companies after the distribution. As a result, the business and conduct of one company may have the effect of limiting the activities or strategic business alternatives available to the other company.

Risks Relating to A. H. Belo’s Business

If A. H. Belo is unable to respond to evolving industry trends and changes in technology, its business may not be able to compete effectively.

Print circulation and readership of A. H. Belo’s newspapers, and the newspaper industry overall, are subject to competition and, in particular, are being affected by the preferences of some consumers to receive all or a portion of their news in new media formats and from sources other than traditional newspapers, and by the proliferation of these new media formats and sources. Information delivery and programming alternatives such as the Internet, cable, direct satellite-to-home services, pay-per-view, and home video and entertainment systems have fractionalized newspaper readership. Over the past decade, the Internet, cable television programming services, and other emerging media distribution platforms have captured an increasing market share, while the aggregate print circulation of major newspapers has declined.

Decreases in advertising spending, resulting from an economic downturn, business combinations, natural disasters, war, terrorism, or other factors specific to the communities we serve, could adversely affect A. H. Belo’s financial condition and results of operations. In addition, A. H. Belo’s revenues are subject to seasonal, cyclical, and other fluctuations that could adversely affect our financial condition and results of operations.

Approximately 82 percent or more of A. H. Belo’s revenues for each of the last three fiscal years were generated from the sale of advertising appearing in its newspapers. Advertisers generally reduce their advertising spending during economic downturns, so a recession or economic downturn could have an adverse effect on A. H. Belo’s financial condition and results of operations.

A. H. Belo’s advertising revenues depend upon a variety of other factors specific to the communities that we serve. Changes in those factors could affect advertising revenues. These factors include, among others, the size and demographic characteristics of the local population, the concentration of retail stores, and local economic conditions in general.

A. H. Belo’s revenues and results of operations are subject to seasonal, cyclical, and other fluctuations that we expect to continue in future periods. Seasonal and cyclical factors that affect A. H. Belo’s revenues and results of operations may be beyond A. H. Belo’s control, including changes in the pricing policies of competitors, the hiring and retention of key personnel, wage and cost pressures, changes in newsprint prices, and general economic factors. Fluctuations in revenues and results of operations may cause A. H. Belo’s stock price to be volatile.

[Table of Contents](#)

A. H. Belo's business operates in highly competitive markets, such as Dallas/Fort Worth, and its ability to maintain market share and generate revenues depends on how effectively it competes with existing and new competition.

Our business operates in highly competitive markets. Our newspapers compete for audiences and advertising revenue with other newspapers as well as with other media such as the Internet, magazines, broadcast, cable and satellite television, radio, direct mail, and yellow pages. A. H. Belo and Belo will compete with each other, particularly in markets such as Dallas/Fort Worth where each company owns significant properties. Some of A. H. Belo's current and potential competitors have greater financial and other resources than we do.

A. H. Belo's newspaper publications generate significant percentages of their advertising revenues from limited numbers of sources, including automotive, employment, and real estate classified advertising. In recent years, Web sites dedicated to automotive, employment, and real estate advertising have become significant competitors of A. H. Belo's newspapers and Web sites. As a result, even in the absence of a recession or economic downturn, technological, industry, or other changes specifically affecting these advertising sources could reduce advertising revenues and adversely affect A. H. Belo's financial condition and results of operations.

A. H. Belo's revenues primarily consist of advertising and paid circulation. Competition for advertising expenditures and paid circulation comes from local, regional, and national newspapers, magazines, broadcast, cable and satellite television, radio, direct mail, yellow pages, the Internet, outdoor billboards, and other media. Free circulation daily newspapers have been recently introduced in several metropolitan markets, and there can be no assurance that free daily publications, or other publications, will not be introduced in any markets in which A. H. Belo publishes its newspapers. The National Do Not Call Registry has affected the way newspapers solicit home-delivery circulation, particularly for larger newspapers that historically have relied on telemarketing. Competition for newspaper advertising revenue is based largely upon advertiser results, advertising rates, readership, demographics, and circulation levels, while competition for circulation is based largely upon the content of the newspaper, its price, editorial quality, customer service, and other sources of news and information. Our local and regional competitors in community newspapers are typically unique to each market, but we have competitors for advertising revenues that are larger and have greater financial and distribution resources than we do. Circulation revenues and our ability to achieve price increases for our print products may be affected by competition from other publications and other forms of media available in our various markets, declining consumer spending on discretionary items like newspapers, decreasing amounts of free time, and declining frequency of regular newspaper buying among certain demographics. A. H. Belo may incur higher costs competing for advertising dollars and paid circulation. If A. H. Belo is not able to compete effectively for advertising dollars and paid circulation, its revenues may decline and its financial condition and results of operations may be adversely affected.

Decreases, or slow growth, in circulation may adversely affect A. H. Belo's circulation and advertising revenues.

A. H. Belo's revenues decreased 9.0 percent in the nine months ended September 30, 2007 compared to the nine months ended September 30, 2006. The table below presents the components of our net operating revenues for the last three years and the nine months ended September 30, 2006 and September 30, 2007:

<i>Year ended December 31,</i>	<i>For the year ended December 31,</i>				<i>For the nine months ended September 30,</i>			
	<i>2004</i>	<i>Percentage Change</i>	<i>2005</i>	<i>Percentage Change</i>	<i>2006</i>	<i>2006</i>	<i>Percentage Change</i>	<i>2007</i>
Advertising	\$669,811	2.6%	\$687,140	(1.9%)	\$ 674,140	\$496,738	(10.0%)	\$ 447,160
Circulation	96,786	8.3%	104,790	11.0%	116,265	87,150	(3.9%)	83,721
Other	12,545	142.4%	30,414	(10.1%)	27,328	20,632	(7.7%)	19,048
Net operating revenues	<u>\$ 779,142</u>	5.5%	<u>\$ 822,344</u>	(0.6%)	<u>\$ 817,733</u>	<u>\$ 604,520</u>	(9.0%)	<u>\$ 549,929</u>

[Table of Contents](#)

As a result of the change in distribution methods at *The Dallas Morning News*, circulation revenue increased approximately \$11,406 and \$24,555 in 2005 and 2006, respectively. However, when measured on a comparable basis, circulation revenue actually declined 3.5 percent in 2005 from 2004, and 1.8 percent in 2006 from 2005. The circulation revenue amounts presented for the nine month periods ended September 30, 2006 and 2007 reflect the effect of the change in distribution methods for the entire period.

A. H. Belo's newspaper, and the newspaper industry as a whole, are experiencing challenges to maintain and grow print circulation and revenues. This results from, among other factors, increased competition from other media, particularly the Internet, and shifting preferences among some consumers to receive all or a portion of their news other than from a newspaper. These factors could affect A. H. Belo's ability to implement circulation price increases for its print products.

A prolonged decline in circulation could affect the rate and volume of advertising revenues. To maintain our circulation base, A. H. Belo may incur additional costs, and may not be able to recover these costs through circulation and advertising revenues. To address declining circulation, A. H. Belo may increase spending on marketing designed to retain its existing subscriber base and continue or create niche publications targeted at specific market groups. A. H. Belo may also increase marketing efforts to drive traffic to its proprietary Web sites. There are no current plans to materially increase such spending or marketing.

A. H. Belo anticipates that readership analyses will become increasingly important now that the Audit Bureau of Circulations has agreed to publish readership statistics and recognize Internet use in addition to circulation information. We believe this is a positive industry development but we cannot predict its effect on advertising revenues.

A significant increase in the cost of newsprint, or a reduction in the availability of newsprint, could adversely affect A. H. Belo's publishing business.

The basic raw material for newspapers is newsprint. The cost of newsprint consumption related to A. H. Belo's publications totaled approximately \$108,000, \$113,000, and \$105,000 in 2004, 2005, and 2006, respectively, which was between approximately 13 percent and 14 percent of its revenues for those years. The price of newsprint historically has been volatile. Consolidation in the North American newsprint industry has reduced the number of suppliers as evidenced by the October 2007 merger between two of our largest newsprint suppliers. The industry-wide consolidations have led to paper mill closures and conversions to other grades of paper, which in turn have decreased overall newsprint capacity and increased the likelihood of future price increases. A. H. Belo currently purchases most of its newsprint through a purchasing consortium of which it is a member. A. H. Belo's inability to obtain an adequate supply of newsprint in the future or significant increases in newsprint costs could affect its financial condition and results of operations.

Adverse results from pending or new litigation or governmental proceedings or investigations could adversely affect A. H. Belo's financial condition and results of operations.

From time to time A. H. Belo and its subsidiaries are subject to litigation, governmental proceedings, and investigations. Current matters include those described under "Business—Legal Proceedings." Adverse determinations in any of these pending or future matters could require A. H. Belo to make monetary payments or result in other sanctions or findings that could affect its business, financial condition, and results of operations.

A. H. Belo depends on key personnel, and it may not be able to operate and grow its business effectively if A. H. Belo loses the services of any of its senior executive officers or is unable to attract and retain qualified personnel in the future.

A. H. Belo depends on the efforts of its senior executive officers. The success of its business depends heavily on its ability to retain current management and to attract and retain qualified personnel in the future. Competition for senior management personnel is intense and A. H. Belo may not be able to retain its key

[Table of Contents](#)

personnel. A. H. Belo has not entered into employment agreements with its key management personnel and it does not have “key person” insurance for any of its senior executive officers or other key personnel. To mitigate this risk, A. H. Belo intends to adopt, effective on the distribution date, a change in control severance plan covering key management personnel that would be triggered under certain conditions if a change in control occurs.

A. H. Belo’s business may be negatively affected by work stoppages, slowdowns, or strikes by our employees.

Currently, one of A. H. Belo’s primary newspapers is party to collective bargaining agreements with unions representing approximately 530 of its employees. All of these agreements will expire within approximately four years, unless extended. A. H. Belo cannot assure investors about the results of negotiation of future collective bargaining agreements, whether future collective bargaining agreements will be negotiated without interruptions in our business, or the possible effect of future collective bargaining agreements on our business, financial condition, and results of operations. A. H. Belo also cannot assure investors that strikes or work stoppages will not occur in the future in connection with labor negotiations or otherwise. Any prolonged strike or work stoppage could have an adverse effect on A. H. Belo’s business, financial condition, and results of operations.

FORWARD-LOOKING STATEMENTS

The statements contained in this information statement concerning A. H. Belo's business outlook or future economic performance, reasons for the distribution, anticipated profitability, revenues, expenses, dividends, capital expenditures, investments, future financings, or other financial and non-financial items that are not historical facts, including, but not limited to, statements found in the section entitled "Risk Factors," are forward-looking statements that represent management's current intent, belief, or expectations and assumptions based on currently available information. Forward-looking statements include, but are not limited to, the information concerning A. H. Belo's possible or assumed future results of operations, revenue trends, business strategies, financings, competitive position, potential growth opportunities, potential operating performance improvements, ability to retain and recruit personnel, changes resulting from the separation from Belo, effects of competition, and effects of future legislation or regulations. Forward-looking statements include all statements that are not historical facts and can be identified by the use of forward-looking terminology such as the words "believes," "intends," "may," "will," "should," "anticipates," "expects," "could," or comparable terminology or by discussions of strategies or trends. Although A. H. Belo believes that the expectations reflected in such forward-looking statements are reasonable, it cannot give any assurances that these expectations will prove to be correct. Such statements by their nature involve risks and uncertainties that could significantly affect expected results, and actual future results could differ materially from those described in such forward-looking statements.

Among the factors that could cause actual future results to differ materially are the risks and uncertainties discussed in this information statement. Although it is not possible to identify all factors, such risks, uncertainties, and factors include, but are not limited to, changes in advertising demand, interest rates, and newsprint prices; newspaper circulation matters, including changes in readership; circulation trends; technological changes; impairment of the carrying value of goodwill; development of Internet commerce; changes in pricing or other actions by competitors and suppliers; legal, regulatory, and tax 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 acquisitions and dispositions; general economic conditions; and significant armed conflict and other factors beyond our control. Should one or more of these risks materialize (or the consequences of such a development worsen), or should the underlying assumptions prove incorrect, actual results could differ materially from those expected. A. H. Belo and Belo disclaim any intention or obligation to update publicly or revise such statements whether as a result of new information, future events, or otherwise after the date of this information statement.

The risk factors discussed in "Risk Factors" could cause A. H. Belo's results to differ materially from those expressed in forward-looking statements. There may be, however, other risks and uncertainties that we are unable to predict at this time or that we do not currently expect to have a material adverse effect on A. H. Belo's business.

THE DISTRIBUTION

Introduction

On September 28, 2007, the board of directors of Belo authorized management to pursue the distribution of its newspaper business and related businesses, subject to certain conditions, into a separate public company with its own management and board of directors. The distribution is expected to be accomplished by transferring the assets and liabilities of the newspaper business and related businesses of Belo to A. H. Belo and then distributing all of the shares of A. H. Belo common stock to Belo's shareholders. Belo's shareholders will receive 0.20 shares of A. H. Belo Series A common stock for every share of Belo Series A common stock and 0.20 shares of A. H. Belo Series B common stock for every share of Belo Series B common stock outstanding on the record date as described below. Each share of A. H. Belo common stock will have attached to it one A. H. Belo preferred share purchase right. The distribution is expected to be effected on or about February 8, 2008. The distribution will be made to holders of outstanding Belo common stock as of 5:00 p.m., Eastern Time, on January 25, 2008, the record date for the distribution.

As a result of the distribution, 100 percent of the outstanding shares of A. H. Belo common stock will be distributed to Belo shareholders. Immediately following the distribution, Belo and its subsidiaries will not own any shares of A. H. Belo common stock and A. H. Belo will be a separate public company. The shares of A. H. Belo Series A common stock will be distributed by book entry. Instead of stock certificates, unless certificates are requested with required supporting information, each Belo shareholder that is a record holder of Belo shares will receive a statement of such shareholder's book entry account for the shares of A. H. Belo Series A common stock distributed to such shareholder. Account statements reflecting ownership of the shares of A. H. Belo common stock will be mailed shortly after the distribution date. Shares of A. H. Belo common stock should be credited on or about February 8, 2008 to accounts with brokers or nominees of Belo shareholders that are not record holders. Stock certificates will be issued for shares of A. H. Belo Series B common stock.

A. H. Belo was incorporated on October 1, 2007, and its principal executive offices are located at 400 South Record Street, Dallas, Texas 75202.

Net operating revenues for A. H. Belo were approximately \$817,733 and \$549,929 for the fiscal year ended December 31, 2006, and the nine months ended September 30, 2007, respectively. Following the distribution, Belo will continue to own the television business and related businesses.

Background of the Distribution

The board of directors and management of Belo regularly review strategy for the businesses conducted by Belo so that resources are deployed and activities are pursued in the best interests of its shareholders. In recent years, with the development of the Internet and other transformational technologies and other factors, media consumption habits and choices have changed and will continue to change rapidly. Traditional media such as newspapers and television are evolving their businesses to meet changing consumer and advertiser demands, needs, and preferences. Consolidation of media ownership and the rapid ascent of new media businesses have redefined the media marketplace and its competitive landscape. Digitalization of content has been a key driver.

Traditional newspapers and television stations have been disrupted by these changing conditions, but some newspapers and stations have also benefited from them, generating new revenues from interactive sources as a result. Despite the rapid growth of newspapers' interactive businesses, traditional ink-on-paper newspapers have been challenged to offset revenue declines in recent years and increase earnings. New media investments are unpredictable as to their ultimate economic value.

Against this backdrop, the Belo board of directors and management have undertaken various strategy-focused activities in recent years to anticipate or respond to industry dynamics. Early in 2007, management

[Table of Contents](#)

began analyzing structural alternatives in more detail to determine if there were structures that would enhance Belo shareholder value for the long-term. At meetings held on July 26-27, 2007, Belo's board met with management and outside legal advisors to discuss several structural alternatives to enhance shareholder value for the long-term. Among the possible alternatives discussed were the distribution of Belo's newspaper business, the distribution of Belo's television business, and the creation of a tracking stock tied to the performance of one of Belo's business segments. Following the July 26-27, 2007 meetings, management, with outside advisors, narrowed its focus to the possible distribution of Belo's newspaper business.

In August 2007, Belo engaged Goldman, Sachs & Co. to serve as a financial advisor in connection with the potential distribution and, as part of that engagement, to provide information to assist the board of directors in evaluating the transaction.

At its meeting held on September 10, 2007, the board of directors was updated on management's evaluation of the possible distribution of the newspaper business and received advice from outside advisors, including Locke Lord, Baker Botts L.L.P., Goldman Sachs, and others. Locke Lord and Baker Botts made a presentation to the board of directors relating to the proposed structure of the distribution, the agreements required to effect the distribution, the board of directors' fiduciary duties in considering the potential distribution, and other legal considerations, including the potential tax treatment of the distribution and Delaware statutory requirements for declaring a dividend. Representatives of Goldman Sachs reviewed various other structural alternatives to enhance shareholder value in the long-term, as well as the merits and other considerations of the distribution, and also presented analyses relating to the dividend policy, capitalization, governance structure, and other aspects of the potential stand-alone newspaper company, and a preliminary valuation analysis.

In September 2007, Belo also engaged Houlihan Lokey, Howard & Zukin Financial Advisors, Inc., as a financial advisor to render other advice to the board of directors of Belo and the board of directors of A. H. Belo.

At meetings held on September 26-28, 2007, management presented information to the board of directors relating to the potential distribution of the newspaper business, including an analysis of opportunities and risks and the strategic purposes of the distribution and the resulting companies. Belo's management team provided information to the board relating to the newspaper business' financial plans and goals, proposed capital structure, and opportunities and risks following a distribution. The board of directors received a proposed schedule for the potential distribution and financial analyses assuming a distribution of the newspaper business. Goldman Sachs presented its updated review and analysis of the proposed distribution and related matters. At the September 26, 2007 meeting, Houlihan Lokey presented its analyses with respect to the proposed distribution. Legal counsel reviewed the legal aspects of the distribution and related matters.

On September 28, 2007, following completion of all discussions, the board of directors unanimously approved proceeding with the proposed distribution and announced the transaction on October 1, 2007. The primary bases for the decision of the board of directors of Belo are described below under "The Distribution—Reasons for the Distribution."

Since October 1, 2007, management, with outside counsel assistance, prepared A. H. Belo's organizational documents, its corporate governance documents and policies, its employee compensation and benefit plans, and the principal transaction and inter-company agreements evidencing the terms of the distribution. Management also took actions to satisfy the conditions of the distribution described below, including coordination of the IRS private letter ruling request, NYSE approval to list A. H. Belo's Series A common stock, effectiveness of the Form 10 registration statement of which this information statement is a part, and other matters.

At a special board meeting on January 11, 2008, the directors of A. H. Belo and Belo were updated by management and outside counsel on the status and terms of the transaction and the documents necessary to complete the organization of A. H. Belo as a separate public company and to effect the distribution. Goldman Sachs reported on market and industry conditions and reiterated its support of the distribution on the terms

[Table of Contents](#)

proposed to the board. Goldman Sachs also advised the A. H. Belo board on its implementation of a shareholder rights plan. At the conclusion of the meeting, the directors of A. H. Belo and Belo, as applicable, approved the details of the distribution, A. H. Belo's organizational and governance documents, shareholder rights plan, and its employee compensation and benefit plans, and authorized management to complete the transaction.

On January 16, 2008, the IRS issued its private letter ruling confirming the tax-free nature of the distribution, as requested.

Reasons for the Distribution

The board of directors and management of Belo believe that the distribution is in the best interests of Belo and its shareholders. Belo believes that the distribution will enhance value for Belo shareholders and give A. H. Belo the financial and operational flexibility to take advantage of opportunities in the newspaper sector and meet the changing needs of the media marketplace today and in the future. The board of directors and management of Belo considered the following potential benefits in making its determination to effect the distribution:

- the newspaper and television businesses, once thought to be on a path towards convergence, are now moving in different directions as regulatory obstacles to cross-ownership remain and new technologies have altered the media landscape. Certain benefits from combinations of print and broadcast assets and their cooperative activities may be largely accomplished through various commercial partnerships and alliances.
- the distribution will enhance A. H. Belo's ability, and that of Belo, to respond to different industry dynamics and better focus on strategic initiatives and priorities. The newspaper and television businesses are undergoing profound fundamental changes to their underlying business models. A. H. Belo and Belo will focus on different issues in the future. After decades of relative stability in the newspaper and television business models, there is now uncertainty about what each business model will look like in the future. A separation will allow Belo and A. H. Belo to focus on the unique challenges of their individual businesses.
- the transition to separate companies will allow the investment community to measure A. H. Belo's performance and Belo's performance relative to their respective peers. The newspaper and television businesses are fundamentally different and have different natural shareholder bases. A separation into two companies will result in the creation of more focused "pure-play" companies that are easier for the investment community to analyze.
- the distribution will permit A. H. Belo greater flexibility to create a capital structure and deploy capital more closely aligned with A. H. Belo's strategic priorities. The board and management determined to capitalize A. H. Belo initially with no debt to allow A. H. Belo to focus on investing in technologies that will likely become the core of its future business without concerns about servicing the higher debt loads more appropriate for television businesses. As a separate entity, A. H. Belo will not compete with the television business of Belo for capital resources and will be better positioned to fund the implementation of its business strategy. Further, investors will be able to understand better the differences between A. H. Belo's newspaper business and Belo's television business and to make investment decisions with respect thereto. Belo will benefit as well since its investors will not need to understand and make investment decisions with respect to the newspaper business. A. H. Belo and Belo will have the option to use their respective equity as acquisition or financing currency should the appropriate strategic opportunities arise.
- the distribution will enable A. H. Belo to provide its management and employees with customized incentive compensation including in some cases equity ownership in A. H. Belo, thereby more closely aligning its interests with the interests of its shareholders. Given the changes occurring in A. H. Belo's business, focusing and rewarding management and employees appropriately is important to its success. This should also enhance A. H. Belo's ability to attract, retain, and motivate key employees.

[Table of Contents](#)

Manner of Effecting the Distribution

The general terms and conditions relating to the distribution will be set forth in an agreement between A. H. Belo and Belo, which we refer to as the “separation and distribution agreement.” See “Relationships Between Belo and A. H. Belo Following the Distribution—Separation and Distribution Agreement.”

The distribution will be made on the basis of 0.20 shares of A. H. Belo Series A common stock for every share of Belo Series A common stock and 0.20 shares of A. H. Belo Series B common stock for every share of Belo Series B common stock outstanding on the record date. Based on the number of Belo Series A and Series B shares outstanding on the record date and the distribution ratio, approximately _____ shares of A. H. Belo Series A common stock and _____ shares of A. H. Belo Series B common stock will be distributed to Belo shareholders. The shares of A. H. Belo common stock to be distributed will constitute 100 percent of the outstanding shares of A. H. Belo common stock. Immediately following the distribution, Belo and its subsidiaries will not own any shares of A. H. Belo common stock and A. H. Belo will be a separate public company.

A delivery of a share of A. H. Belo common stock in connection with the distribution also will constitute the delivery of the A. H. Belo preferred share purchase right associated with the share. The existence of the preferred share purchase rights may deter a potential acquiror from making a hostile takeover proposal or a tender offer. For a more detailed discussion of these rights, see “Certain Anti-Takeover Provisions.”

When and How You Will Receive A. H. Belo Common Stock

Belo will use a book entry system to distribute shares of A. H. Belo Series A common stock. No stock certificates will be issued for A. H. Belo Series A shares unless the holder requests such certificates and provides the required information. Following the distribution, each record holder of Belo common stock on the record date will receive from the distribution agent a statement of the amount of shares of A. H. Belo Series A common stock credited to his or her account or, in the case of A. H. Belo Series B shares, certificates will be issued to each record holder. If you are not a record holder of Belo Series A common stock because your shares are held on your behalf by your broker or other nominee, your shares of A. H. Belo Series A common stock should be credited to your account with your broker or nominee on or about February 8, 2008.

Stock certificates will be issued for shares of A. H. Belo Series B common stock on or about February 8, 2008.

No Belo shareholder will be required to pay any cash or other consideration for shares of A. H. Belo common stock received in the distribution, or to surrender or exchange Belo shares in order to receive shares of A. H. Belo common stock. No vote of Belo shareholders is required or sought in connection with the distribution, and Belo shareholders will have no appraisal rights in connection with the distribution.

In order to receive shares of A. H. Belo common stock in the distribution, Belo shareholders must be shareholders as of 5:00 p.m., Eastern Time, on the record date.

Treatment of Fractional Shares

The transfer agent will not deliver any fractional shares of A. H. Belo common stock in connection with the distribution. Instead, the transfer agent will aggregate all fractional shares and sell them on behalf of those holders who otherwise would be entitled to receive a fractional share. We anticipate that these sales will occur as soon as practicable after the distribution date. Those holders will then receive a cash payment, in the form of a check, in an amount equal to their pro rata share of the total proceeds of those sales. Any applicable expenses, including brokerage fees, will be paid by us. If you physically hold Belo stock certificates, your check for any cash that you may be entitled to receive instead of fractional shares of A. H. Belo common stock will be mailed to you separately.

[Table of Contents](#)

It is expected that all fractional shares held in street name will be aggregated and sold by brokers or other nominees according to their standard procedures. You should contact your broker or other nominee for additional details.

None of Belo, A. H. Belo, or the transfer agent will guarantee any minimum sale price for the fractional shares of A. H. Belo common stock. Neither A. H. Belo nor Belo will pay any interest on the proceeds from the sale of fractional shares. The receipt of cash in lieu of fractional shares will generally be taxable to the recipient shareholders. See “The Distribution—United States Federal Income Tax Consequences of the Distribution.”

Participants in the Belo Savings Plan will hold their respective percentage interests in the pool of whole shares of A. H. Belo common stock held by the plan.

Treatment of Stock Options and Restricted Stock Units

Currently, stock options and restricted stock units (“RSUs”) are outstanding under the Belo Executive Compensation Plan. Each outstanding Belo stock option will be divided into two stock options: (1) an adjusted Belo stock option covering the same number of shares as the existing option but with an exercise price adjusted to reflect the value of A. H. Belo stock distributed to Belo shareholders; and (2) a new A. H. Belo stock option to acquire the number of shares of A. H. Belo Series B common stock equal to the product of the number of Belo stock options held by the person at the time of the distribution and the distribution ratio. The exercise price of the new A. H. Belo stock option will be established by reference to the relative trading value of the A. H. Belo and Belo common stock on the distribution date.

The RSUs will be treated for purposes of the distribution as if they were issued and outstanding shares. The Belo RSUs and the A. H. Belo RSUs, taken together, will have the same aggregate value, based on the closing prices of the Belo stock and the A. H. Belo stock on the distribution date, as the current RSUs immediately prior to the distribution. Each stock option and RSU (Belo and A. H. Belo) will otherwise have the same terms as the current award. The awards will continue to vest as under the existing vesting schedule based on continued employment with Belo or A. H. Belo, as applicable.

Results of the Distribution

After the distribution, A. H. Belo will be a separate public company operating the newspaper business and related businesses. Immediately after the distribution, A. H. Belo expects to have approximately _____ holders of record of A. H. Belo Series A and Series B shares, respectively, and approximately _____ and _____ shares of Series A and Series B common stock outstanding, respectively, based on the number of shareholders of record and outstanding Belo shares on the record date and the distribution ratio of 0.20 shares of A. H. Belo Series A common stock for every share of Belo Series A common stock and 0.20 shares of A. H. Belo Series B common stock for every share of Belo Series B common stock. The distribution will not affect the number of outstanding Belo shares or any rights of Belo shareholders.

Listing and Trading of the Shares of A. H. Belo Common Stock

You should consult and discuss with your own financial advisors, such as your broker or tax advisor, regarding the retention, sale or purchase of, or other transactions involving, shares of Belo common stock or shares of A. H. Belo common stock. Belo and A. H. Belo do not make recommendations on the retention, sale or purchase of, or other transactions involving, shares of Belo common stock or shares of A. H. Belo common stock. If you do decide to sell any shares, you should make sure your broker or other nominee understands whether you want to sell your shares of Belo common stock, your shares of A. H. Belo common stock, or both.

[Table of Contents](#)

The following information may be helpful in discussions with your broker or other nominee.

The shares of A. H. Belo Series A common stock have been authorized for listing on the NYSE. The shares of A. H. Belo Series B common stock are not and will not be listed on any exchange and such shares are subject to certain transfer restrictions. See “Description of Capital Stock—Transfer Restrictions.”

It is expected that “when-issued” trading of the shares of A. H. Belo Series A common stock will begin on or about two trading days before the record date. In the context of a distribution, when-issued trading refers to securities transactions made on or before the distribution date and made conditionally because the securities of the distributed entity have not yet been distributed. When-issued trades generally settle within three trading days after the distribution date. On the first trading day following the distribution date, all when-issued trading, if any, will end and “regular-way” trading in shares of A. H. Belo Series A common stock will begin. Regular-way trading refers to trading after the security has been distributed and typically involves a trade that settles on the third full trading day following the date of the transaction. If the distribution does not occur, all when-issued trading will be null and void.

The shares of A. H. Belo Series A common stock have been authorized for listing on the NYSE under the trading symbol “AHC.” If a when-issued market for A. H. Belo Series A common stock develops, a listing with a distinct listing symbol for A. H. Belo Series A when-issued common stock will appear on the NYSE.

It is expected that on or about two trading days before the record date for the distribution, Belo’s Series A common stock will begin to trade in two markets on the NYSE: a regular way market and an “ex-distribution” market. Between the record date and consummation of the distribution, shares of Belo Series A common stock that are sold on the regular way market will include an entitlement to receive shares of A. H. Belo Series A common stock distributable in the distribution. Conversely, shares sold in the ex-distribution market will not include an entitlement to receive shares of A. H. Belo Series A common stock distributable in the distribution, as the entitlement will remain with the original holder. Therefore, if you own shares of Belo Series A common stock on the record date and thereafter sell those shares in the regular way market on or prior to the distribution date, you will also be selling the shares of A. H. Belo Series A common stock that would have been distributed to you in the distribution with respect to the shares of Belo Series A common stock you sell. If you own shares of Belo Series A common stock on the record date and thereafter sell those shares in the ex-distribution market on or prior to the distribution date, you will still receive the shares of A. H. Belo Series A common stock in the distribution. On the first trading day following the distribution date, all shares of Belo Series A common stock will trade without any entitlement to receive shares of A. H. Belo Series A common stock.

Shares of A. H. Belo Series A common stock distributed to Belo shareholders will be freely transferable, except for such shares that are distributed to persons who are “affiliates” under the Securities Act of 1933, as amended (the “Securities Act”). Individuals or entities may be deemed to be A. H. Belo affiliates if they control, are controlled by, or are under common control with, A. H. Belo; such persons may include certain of our directors, officers, and significant shareholders. In addition, individuals who are affiliates of Belo on the distribution date may be deemed to be affiliates of A. H. Belo. Persons who are A. H. Belo affiliates will be permitted to sell their shares of A. H. Belo Series A common stock only pursuant to an effective registration statement under the Securities Act, an exemption from the registration requirements of the Securities Act, or pursuant to Rule 144 under the Securities Act. In general, under Rule 144, an affiliate who receives shares of A. H. Belo common stock in the distribution is entitled to sell, within any three-month period, a number of shares that does not exceed the greater of:

- one percent of the then-outstanding shares of common stock; and
- the average weekly trading volume of the A. H. Belo Series A common stock during the four calendar weeks preceding the date on which the notice of the sale is filed with the Securities and Exchange Commission (the “SEC”).

[Table of Contents](#)

Sales under Rule 144 are also subject to provisions relating to notice, manner of sale, and the availability of current public information about A. H. Belo.

Shares of A. H. Belo Series B common stock distributed to Belo shareholders are subject to transfer restrictions. Shares of A. H. Belo Series B common stock are convertible on a one-for-one basis into shares of A. H. Belo Series A common stock at any time, at the holder's option, and automatically upon the occurrence of certain events. Shares of A. H. Belo Series A common stock received upon a conversion of shares of A. H. Belo Series B common stock will be freely transferable, except for such shares that are distributed to persons who are "affiliates" under the Securities Act. Affiliates of A. H. Belo may sell any shares of A. H. Belo Series A common stock received upon conversion pursuant to Rule 144 as described above.

A. H. Belo believes that persons who after the distribution will beneficially own approximately 10 percent or more of the outstanding shares of A. H. Belo Series A common stock generally will be deemed to be our affiliates.

There can be no assurance as to whether the shares of A. H. Belo Series A common stock will be actively traded or as to the prices at which the shares of A. H. Belo Series A common stock will trade. Until the shares of A. H. Belo Series A common stock are fully distributed and an orderly regular-way market develops, the prices at which the shares of A. H. Belo Series A common stock trade may fluctuate significantly and may be lower than the price that may be expected for a fully distributed issue. Prices for shares of A. H. Belo Series A common stock in the marketplace will be influenced by many factors. For a detailed discussion of these and other risks, please refer to "Risk Factors."

Following the distribution, Belo Series A common stock will continue to be listed and traded on the NYSE under the symbol "BLC." As a result of the distribution, the trading price of Belo Series A common stock immediately following the distribution may be lower than the trading price of Belo Series A common stock immediately prior to the distribution. Further, the combined trading prices of Belo Series A common stock and A. H. Belo Series A common stock after the distribution may be less than the trading prices of Belo Series A common stock immediately prior to the distribution.

Even though Belo is currently a publicly-held company, there can be no assurance as to the prices at which the Belo Series A common stock will trade following the distribution. Some Belo shareholders may decide that they do not want shares in a company that participates only in the television business, and may sell their Belo Series A common stock following the distribution. This and other factors may delay or hinder the return to an orderly trading market in the Belo Series A common stock following the distribution. The nature of the trading market and prices for Belo Series A common stock after the distribution will be influenced by many factors. For a detailed discussion of these and other risks, please refer to "Risk Factors."

United States Federal Income Tax Consequences of the Distribution

The following is a summary of the material United States federal income tax consequences of the distribution to A. H. Belo, Belo, and the shareholders of Belo. This summary is not a complete description of those tax consequences and, in particular, may not address United States federal income tax considerations that affect the treatment of a shareholder who acquired Belo common stock as compensation or the treatment of a shareholder subject to special treatment under the Code (for example, foreign persons, insurance companies, financial institutions, dealers in securities, or tax-exempt organizations). Your individual circumstances may affect the tax consequences of the distribution to you. In addition, no information is provided herein with respect to tax consequences under potentially applicable foreign, state, local, or other laws, other than United States federal income tax laws. Further, this summary is based on provisions of the Code, applicable treasury regulations thereunder, judicial decisions, and IRS rulings in effect as of the date of this information statement. Future legislative, administrative, or judicial changes or interpretations could affect the accuracy of the

[Table of Contents](#)

statements set forth herein, and could apply retroactively. **You may desire to consult your own tax advisor about the specific tax consequences of the distribution to you.**

General. Belo has received a private letter ruling from the IRS to the effect that the distribution of A. H. Belo common stock in the distribution will qualify as a tax-free transaction under section 355 of the Code. The ruling provides that, for United States federal income tax purposes:

- no gain or loss will be recognized by Belo on the distribution (except that Belo will recognize previously deferred intercompany gains, as discussed below).
- no gain or loss will be recognized by, and no amount otherwise will be included in the income of, a Belo shareholder on the distribution, except to the extent that cash is received instead of a fractional share of A. H. Belo common stock.
- a Belo shareholder who receives shares of A. H. Belo common stock in the distribution will have an aggregate basis in the holder's shares of A. H. Belo common stock (including any fractional share of A. H. Belo common stock to which the holder is entitled) and the holder's shares of Belo common stock immediately after the distribution equal to the holder's aggregate basis in the holder's shares of Belo common stock immediately before the distribution, which basis will be allocated between the holder's shares of Belo common stock and shares of A. H. Belo common stock in proportion to their relative fair market values on the distribution date.
- the holding period for the shares of A. H. Belo common stock received by a Belo shareholder will include the holding period for the shares of Belo common stock with respect to which the shares of A. H. Belo common stock are received, provided that such shares of Belo common stock are held as capital assets on the distribution date.
- a shareholder of Belo who receives cash instead of a fractional share of A. H. Belo common stock will recognize capital gain or loss on the sale of the fractional share equal to the difference between the cash received and the shareholder's basis in the fractional share (as determined above), provided that such fractional share is considered to be held as a capital asset.

A private letter ruling, while generally binding on the IRS, may under certain circumstances be retroactively revoked or modified by the IRS. A private letter ruling is based on the facts and representations presented to the IRS in the request for the ruling. Generally, a private letter ruling will not be revoked or modified retroactively if there has been no misstatement or omission of material facts, so long as the facts at the time of the transaction are not materially different from the facts upon which the private letter ruling was based, and there has been no change in the applicable law. We are not aware of any facts or circumstances that would cause any of the representations in the ruling request to be materially untrue or incomplete.

Under its current policy, the IRS will not rule on whether a distribution satisfies the following three requirements under section 355 of the Code: (1) whether a distribution is being carried out for one or more corporate business purposes; (2) whether a distribution is being used principally as a device for the distribution of corporate earnings and profits; and (3) whether a distribution and an acquisition are part of a plan described in section 355(e) of the Code. Instead, Belo was required to submit representations to the IRS that there is a valid business purpose for the distribution, the distribution is not being used as a device for the distribution of corporate earnings and profits, and the distribution is not part of a plan described in section 355(e) of the Code. If these representations are incorrect or incomplete in any material respect, the distribution would be taxable to Belo and possibly its shareholders.

In addition to obtaining a private letter ruling, we and Belo expect to obtain, at or around the time of the distribution, an opinion from Locke Lord that the distribution will qualify as a transaction described in section 355 of the Code. The opinion of counsel will rely on the private letter ruling as to matters covered by the ruling. It will also be subject to certain assumptions and based on the accuracy and completeness of certain factual

[Table of Contents](#)

representations and statements made by Belo and A. H. Belo. If these assumptions and factual representations were incorrect or incomplete in any material respect, the conclusions set forth in the opinion may not be correct. Further, the opinion represents the views of Locke Lord as to the interpretation of existing tax law and, accordingly, such opinion is not binding on the IRS or the courts. No complete assurance can be given that the IRS or the courts will agree with the opinion.

If the distribution does not qualify for tax-free treatment under section 355 of the Code, (1) Belo would recognize taxable gain based upon the excess of the fair market value of the shares of A. H. Belo common stock on the distribution date, over Belo's adjusted tax basis for such shares on such date, and (2) each Belo shareholder who receives shares of A. H. Belo common stock in the distribution would generally be treated as receiving a taxable distribution in an amount equal to the fair market value of such shares on the distribution date, taxed first as a dividend to the extent of such holder's pro rata share of Belo's current and accumulated earnings and profits (as increased to reflect any gain recognized by Belo on a taxable distribution as discussed above), and then as a nontaxable return of capital to the extent of such holder's tax basis in the shares of Belo stock, with any remaining amount being taxed as capital gain (provided that the Belo shares were held by the shareholder as a capital asset on the distribution date). Corporate shareholders may be subject to additional special provisions dealing with taxable distributions, such as the dividends received deduction and the extraordinary dividend rules.

Even if the distribution otherwise qualifies for tax-free treatment under section 355 of the Code, it might be taxable to Belo (but not its shareholders) under section 355(e) if 50 percent or more of the voting power or value of Belo stock, or 50 percent or more of the voting power or value of A. H. Belo stock, is acquired as part of a "plan (or series of related transactions)" that includes the distribution. For this purpose, any acquisitions of the stock of Belo, or of A. H. Belo stock, that occur within two years before or after the distribution (subject to certain exceptions including an exception for public trading) are presumed to be part of such a plan, although Belo may be able to rebut that presumption. If such an acquisition of the stock of Belo, or of A. H. Belo stock, triggers the application of section 355(e), Belo would recognize taxable gain as described above, but the distribution would generally remain tax-free to the Belo shareholders.

Even if, as expected, the distribution otherwise qualifies for tax-free treatment under section 355 of the Code, Belo (but not its shareholders) will recognize for tax purposes approximately \$51,900 of previously deferred intercompany non-cash gains in connection with the distribution, resulting in an approximate \$18,000 federal income tax obligation and a state tax obligation in an amount that is not presently estimable. If such gains are adjusted then (1) Belo and A. H. Belo shall be responsible for paying the additional tax associated with any increase in such gains in the ratio of one-third and two-thirds, respectively, and (2) Belo shall be entitled to any refund attributable to any reduction of such gains except to the extent the refund is attributable to an increase in the amount of such gains from approximately \$51,900, in which case the refund or portion thereof shall also be shared between Belo and A. H. Belo in the ratio of one-third and two-thirds, respectively.

Indemnification. A. H. Belo will be obligated to indemnify Belo under the tax matters agreement for certain tax matters. If triggered, A. H. Belo's indemnification obligation could have a material adverse effect on the results of its operations and financial position. For a description of the agreement pursuant to which Belo and A. H. Belo have provided for certain tax matters and other tax-related matters, see "Relationships Between Belo and A. H. Belo Following the Distribution—Tax Matters Agreement."

Tax Return Statement. United States Treasury regulations require you to attach a detailed statement to your United States federal income tax return for the taxable year in which the distribution occurs setting forth certain information regarding the distribution. Within a reasonable period of time following the distribution, Belo will provide, or make available, appropriate information to each holder of record of Belo common stock as of the record date to assist them in meeting this requirement.

Regulatory Approval

Apart from the registration under United States federal securities laws of shares of the two series of A. H. Belo common stock to be distributed in the distribution, and the related NYSE listing requirements, we do not believe that any other material governmental or regulatory filings or approvals will be necessary to consummate the distribution. The distribution will not affect the ownership or control of Belo's television stations or its television licensee subsidiaries; consequently, FCC approval will not be required in connection with the distribution with respect to any of the television station licenses. The FCC's consent will be required with respect to the pro forma transfer to A. H. Belo of certain private business radio licenses associated with newspaper operations.

No Appraisal Rights

Under the Delaware General Corporation Law, Belo shareholders will not have appraisal rights in connection with the distribution.

RELATIONSHIPS BETWEEN BELO AND A. H. BELO FOLLOWING THE DISTRIBUTION

Robert Decherd, an executive officer of A. H. Belo, and Dealey Herndon will serve as directors of both A. H. Belo and Belo and Jim Moroney III, an executive officer of A. H. Belo, will serve as a director of Belo. Robert Decherd and Dealey Herndon are brother and sister. Jim Moroney is their second cousin. See “Management.”

For purposes of governing the separation of A. H. Belo from Belo as well as certain of the ongoing relationships between Belo and A. H. Belo after the distribution, A. H. Belo will enter into the agreements with Belo described in this section. The forms of agreements summarized in this section are included as exhibits to the registration statement on Form 10 that relates to this information statement and filed with the SEC. The following summaries are intended as overviews only and are qualified in their entirety by reference to the agreements as filed. See “Where You Can Find More Information.”

Separation and Distribution Agreement

General. The separation and distribution agreement will contain the key provisions relating to the separation of A. H. Belo’s business from that of Belo and the distribution of all of Belo’s shares of A. H. Belo common stock to holders of Belo common stock entitled to such distribution, as described under “The Distribution.” The separation and distribution agreement will identify the assets to be transferred, liabilities to be assumed, and contracts to be assigned to A. H. Belo by Belo and by A. H. Belo to Belo in the distribution, and describe when and how these transfers, assumptions, and assignments will occur. It will also include procedures by which A. H. Belo and Belo will become separate companies. In addition, it will contain the conditions that must be satisfied, or waived by Belo, prior to the separation and the completion of the distribution. In addition, A. H. Belo will enter into certain ancillary agreements with Belo governing various interim and ongoing relationships between A. H. Belo and Belo following the distribution date. These ancillary agreements include the following:

- services agreement.
- tax matters agreement.
- employee matters agreement.
- other agreements.

A. H. Belo and Belo intend to execute the separation and distribution agreement and the ancillary agreements on or before the distribution date.

Recapitalization, Contribution, and Separation. The separation and distribution agreement will provide that, subject to the terms and conditions contained in the agreement and prior to the distribution:

- Belo will recapitalize A. H. Belo’s capital stock.
- Belo will contribute all of the assets of its newspaper business and related businesses to A. H. Belo, and A. H. Belo will assume all liabilities related to such assets.
- Belo will assign, or cause to be assigned, and A. H. Belo will assume, or cause to be assumed, certain contracts relating to its business, and A. H. Belo will assign, or cause to be assigned, and Belo will assume, or cause to be assumed, certain contracts relating to its business.
- Belo will contribute to the capital of A. H. Belo all inter-company indebtedness, including accounts receivable and promissory notes, owed by A. H. Belo to Belo, or assign the same to A. H. Belo, on or prior to the distribution.

Conditions. The separation and distribution agreement will provide that the following conditions must be satisfied or waived before or as of the date of the distribution for the distribution to occur:

- the SEC has declared A. H. Belo’s registration statement on Form 10 effective, and there has been no suspension, withdrawal, or stop-order in effect with respect thereto and no proceeding for that purpose has been instituted by the SEC.
- the NYSE has approved the listing of A. H. Belo’s Series A common stock, subject to official notice of issuance.

[Table of Contents](#)

- the actions and filings with regard to state securities and “blue sky” laws of the United States (and any comparable law under any foreign jurisdiction) have been taken and, where applicable, have become effective or accepted.
- there has been no order, injunction, or decree issued by any court or agency of competent jurisdiction or other legal constraint or prohibition, which remains in effect, preventing the consummation of the transactions contemplated by the separation and distribution agreement.
- Belo shall have received an opinion from Locke Lord, satisfactory to Belo, to the effect that the distribution of A. H. Belo’s shares by Belo to its shareholders will qualify as a distribution that is tax-free under section 355 of the Code and related provisions of the IRS, and the private letter ruling issued to Belo by the IRS regarding the tax-free status of the distribution shall not have been revoked or materially amended.
- all material consents and governmental approvals necessary to consummate the transactions contemplated by the separation and distribution agreement have been obtained and are in full force and effect.
- the Belo board of directors, based on the advice of legal counsel, is satisfied that the distribution is lawful under applicable state and federal law.
- the Belo board of directors has approved the separation and the distribution in its sole and absolute discretion and not abandoned or revoked the distribution at any time before the completion of the distribution.
- A. H. Belo’s certificate of incorporation and bylaws, as filed as exhibits to the Form 10 and described in this information statement, are in effect.
- the various ancillary agreements described in this information statement have been executed and delivered by the parties thereto, including the following:
 - services agreement.
 - tax matters agreement.
 - employee matters agreement.
 - other agreements.
- no other events or developments have occurred subsequent to the date of the separation and distribution agreement that, in the judgment of Belo, would result in the distribution having an adverse effect on Belo or on the shareholders of Belo.
- the separation and distribution agreement has not been terminated.

Mutual Releases and Indemnification. In the separation and distribution agreement, effective as of the distribution date, A. H. Belo and Belo will release and discharge each other, and certain related parties, from all liabilities existing or arising from acts and events occurring, or failing to occur (or alleged to have occurred or to have failed to occur), and all conditions existing (or alleged to have existed) on or before the distribution date, other than, among other things, liabilities provided in or resulting from continuing agreements between Belo and A. H. Belo; provided, however, that under the terms of the separation and distribution agreement, Belo and A. H. Belo will share equally in any liabilities, net of any applicable insurance, resulting from the circulation-related lawsuits described in the first two full paragraphs under “Business—Legal Proceedings.”

Subject to certain exceptions, A. H. Belo has agreed to indemnify Belo and certain persons related to Belo from and against any and all damages, losses, liabilities, and expenses relating to, arising out of, or resulting from, among other things:

- A. H. Belo’s failure or the failure of certain related persons to discharge any liability (the “A. H. Belo Liabilities”) relating to, arising out of, or resulting from, A. H. Belo’s operation of the newspaper and related businesses, each as conducted on the distribution date (the “A. H. Belo Businesses”).

[Table of Contents](#)

- the A. H. Belo Businesses, all assets used in connection with the A. H. Belo Businesses and the A. H. Belo Liabilities.
- a material breach by A. H. Belo of the separation and distribution agreement or the various ancillary agreements described in this information statement.

Subject to certain exceptions, Belo has agreed to indemnify A. H. Belo and certain persons related to A. H. Belo from and against any and all damages, losses, liabilities, and expenses relating to, arising out of, or resulting from, among other things:

- Belo's failure or the failure of certain related persons to discharge any liability relating to, arising out of, or resulting from the operation of Belo's business (excluding the A. H. Belo Businesses).
- Belo's business (excluding the A. H. Belo Businesses).
- a material breach by Belo of the separation and distribution agreement or the various ancillary agreements described in this information statement.

None of these indemnities apply to indemnification for income tax liabilities, which are addressed in the tax matters agreement described below under "Tax Matters Agreement," or for indemnification matters specifically covered in any other ancillary agreement. The separation and distribution agreement includes procedures for notice and payment of indemnification claims and, generally, provides that the indemnifying party may assume the defense of a claim or suit brought by a third party. Any indemnification amount paid under the indemnities will be paid net of the amount of any insurance or other amounts that would be payable by any third party to the indemnified party in the absence of the indemnity. In addition, the separation and distribution agreement provides that if indemnification is unavailable or insufficient to hold the indemnified party harmless, the indemnifying party will contribute to the amount paid or payable in a manner appropriate to reflect all relevant equitable considerations.

Access to Information; Provision of Witnesses; Confidentiality. Under the separation and distribution agreement, A. H. Belo and Belo will allow each other and their specified representatives reasonable access to all records in their possession relating to the business and affairs of the other party as reasonably required. Access will be allowed for such purposes as audit, accounting, litigation, disclosure reporting, and regulatory compliance. Each party will also use reasonable efforts to make available to the other party and its accountants, counsel, and other designated representatives, upon written request, its directors, officers, employees, and representatives as witnesses and will otherwise cooperate with the other party in connection with any proceeding arising out of its or the other party's business and operations before the distribution. Subject to limited exceptions, A. H. Belo, Belo, and their respective directors, officers, employees, agents, consultants, and advisors will hold in strict confidence all information in its or their possession concerning the other party.

Transaction Expenses. The separation and distribution agreement will provide that Belo will bear the transaction expenses incurred in connection with the distribution, unless otherwise agreed.

Services Agreement

The separation and distribution agreement will provide that prior to completion of the distribution, A. H. Belo will enter into a services agreement with Belo pursuant to which A. H. Belo and Belo will provide certain services to each other on a compensated basis.

Under the services agreement, which will be entered into on or before the distribution date, A. H. Belo (or its subsidiaries) will provide the following services and/or support to Belo: information technology; interactive media; real estate management; and other specified operations activities. Similarly, Belo (or its subsidiaries) will provide the following services and/or support to A. H. Belo: legal and government affairs; employee benefit plan administration; and payroll and other specified financial management activities. The internal audit functions in each company may provide services and/or support reciprocally to one another on a project-specific basis.

[Table of Contents](#)

The services will generally be provided for a term beginning on the distribution date and expiring on the earlier to occur of the second anniversary of the distribution date and the date of termination of a particular service pursuant to the agreement. The party receiving a service can generally terminate provision of that service upon 90 days advance notice to the party providing the service.

Payments made or other consideration provided in connection with all continuing transactions between A. H. Belo and Belo will be on a basis arrived at by the parties bargaining at arms-length or with respect to services not inconsistent with the business purpose of the parties. Depending on the nature and scope of the services being provided, the parties may agree to a cash payment, a barter arrangement whereby services are exchanged in lieu of or in addition to a cash payment, or other forms of consideration mutually agreed to by the parties. Barter arrangements are not uncommon in the newspaper and television businesses.

Generally, neither A. H. Belo nor Belo will be liable to the other for any failure to provide the services under the services agreement, except in the case of intentional breach or gross negligence.

Tax Matters Agreement

A. H. Belo will enter into a tax matters agreement with Belo on or before the distribution date that sets out each party's rights and obligations with respect to deficiencies and refunds, if any, of federal, state, local, or foreign taxes for periods before and after the distribution and related matters such as the filing of tax returns and the conduct of IRS and other audits. Under this agreement, Belo will be responsible for all income taxes prior to the distribution, except that A. H. Belo will be responsible for its share of income taxes paid on a consolidated basis for the period of January 1, 2008 through the date of the distribution and A. H. Belo will be responsible for its income taxes for 2008 not paid on a consolidated basis. In addition, even if, as expected, the distribution otherwise qualifies for tax-free treatment under section 355 of the Code, Belo (but not its shareholders) will recognize for tax purposes approximately \$51,900 of previously deferred intercompany non-cash gains in connection with the distribution, resulting in an approximate \$18,000 federal income tax obligation and a state tax obligation in an amount that is not presently estimable. If such gains are adjusted then (1) Belo and A. H. Belo shall be responsible for paying the additional tax associated with any increase in such gains in the ratio of one-third and two-thirds, respectively, and (2) Belo shall be entitled to any refund attributable to any reduction of such gains except to the extent the refund is attributable to an increase in the amount of such gains from approximately \$51,900, in which case the refund or portion thereof shall also be shared between Belo and A. H. Belo in the ratio of one-third and two-thirds, respectively.

With respect to all other taxes, A. H. Belo will be responsible for taxes attributable to the newspaper business and related businesses, and Belo will be responsible for taxes attributable to the television business and related businesses. In addition, A. H. Belo will indemnify Belo, and Belo will indemnify A. H. Belo, for all taxes and liabilities incurred as a result of post-distribution actions or omissions by the indemnifying party that affect the tax consequences of the distribution, subject to certain exceptions.

Employee Matters Agreement

A. H. Belo will enter into an employee matters agreement with Belo on or prior to the distribution date that will govern our compensation and employee benefit obligations with respect to our current and former employees. The employee matters agreement will allocate liabilities and responsibilities relating to employee compensation and benefits plans and programs and other related matters in connection with the distribution, including, without limitation, the treatment of outstanding Belo equity awards, certain outstanding annual and long-term incentive awards, existing deferred compensation obligations, and certain retirement and welfare benefit obligations. In connection with the distribution, we have adopted, for the benefit of our employees, a variety of compensation and employee benefits plans that are comparable in the aggregate to those of Belo. We reserve the right to amend, modify, or terminate each such plan in accordance with the terms of that plan, our policies, and the employee matters agreement. With certain exceptions, the employee matters agreement will provide that as of the

[Table of Contents](#)

close of the distribution, our employees will generally cease to be active participants in, and we will generally cease to be a participating employer in, the benefit plans and programs maintained by Belo. As of such time, our employees will generally become eligible to participate in all of our applicable plans. In general, we will credit each of our employees with his or her service with Belo prior to the distribution for all purposes under plans maintained by A. H. Belo, to the extent the corresponding Belo plans give credit for such service and such crediting does not result in a duplication of benefits.

The employee matters agreement will provide that as of the distribution date, except as specifically provided therein, A. H. Belo generally will assume, retain, and be liable for all wages, salaries, welfare, incentive compensation, and employee-related obligations and liabilities for all current and former employees of the A. H. Belo Businesses. Belo will generally retain responsibility for, and will pay and be liable for, all employment-related obligations and liabilities with respect to current employees that are not otherwise transferred to employment with us in connection with the distribution. In specific instances addressed in the employee matters agreement, Belo will retain responsibility for, and will pay and be liable for, certain employment-related obligations and liabilities for certain of our employees (including both current and former employees). The employee matters agreement will also provide for the transfer of assets and liabilities relating to the pre-distribution participation of our employees in certain Belo employee benefit plans, other than the pension plan, from such plans to the applicable plans adopted for the benefit of our employees.

Other Agreements

In addition to the separation and distribution agreement, services agreement, tax matters agreement, and employee matters agreement, Belo's Dallas/Fort Worth television station, WFAA-TV, and *The Dallas Morning News*, owned by A. H. Belo, will enter into an agreement on or before the distribution date whereby each agrees to provide media content, cross-promotion, and other services to the other on a reasonable basis. Today, *The Dallas Morning News* and WFAA-TV share media content at no cost, as do other media operating companies of A. H. Belo and Belo, and that sharing is expected to continue for the foreseeable future. Also, Belo Technologies and BIM, both to be owned by A. H. Belo, will enter into agreements with Belo on or before the distribution date relating to the provision of certain information technology and Web site maintenance services to Belo on a reasonable basis.

Real Estate Matters

After an assessment of their respective downtown Dallas real estate needs, A. H. Belo and Belo have agreed to co-own, through the creation of a limited liability company (LLC), a 17-story office building (The Belo Building) in downtown Dallas, related parking sites, and specified other downtown real estate. Immediately following the distribution, A. H. Belo and Belo will each (1) own 50 percent of the LLC and (2) agree to lease 50 percent of the available rental space in The Belo Building and related parking sites from the LLC under long-term leases that will be terminable under various conditions. A third party real estate services firm will be engaged by the LLC to manage The Belo Building and the other real estate to be owned by the LLC.

In addition, A. H. Belo and Belo have agreed to exchange certain real estate interests they or their subsidiaries own in an approximately 10-acre downtown Dallas campus jointly used today by *The Dallas Morning News* and Belo's television businesses WFAA-TV and Texas Cable News (TXCN). After the distribution, the campus will be re-platted and the exchange effected. As a result of the exchange, *The Dallas Morning News* will own a single parcel (or contiguous parcels) containing the land and improvements used in its operations, and WFAA-TV, TXCN, and Belo will likewise own a single parcel (or contiguous parcels) containing the land and improvements used by WFAA-TV and TXCN. Depending on their needs, A. H. Belo (or a related entity) and Belo (or a related entity) may also enter into lease or use agreements for specified parts of the campus real estate properties. The terms of such agreements, including the compensation to be paid, will be determined by arms-length negotiations between A. H. Belo and Belo.

FINANCING ARRANGEMENTS

A. H. Belo expects to enter into a \$120 million five-year revolving credit facility agreement with JPMorgan Chase Bank, N.A., J.P. Morgan Securities Inc., Banc of America Securities LLC, Bank of America, N.A., and other lenders (the "Credit Agreement"). The Credit Agreement would become effective upon the distribution. The facility created by the Credit Agreement may be used for general corporate purposes including letters of credit. Borrowings under the Credit Agreement will bear interest at a variable interest rate based on either LIBOR or a base rate, in either case plus an applicable margin that varies depending upon A. H. Belo's leverage ratio. The Credit Agreement will contain usual and customary covenants for credit facilities of this type, including covenants limiting indebtedness, liens, mergers, substantial asset sales, and dividends. A. H. Belo will be required to maintain certain leverage and fixed charge coverage ratios specified in the Credit Agreement. A. H. Belo expects that, at the time of the distribution, no borrowings will be outstanding under the Credit Agreement and all unused borrowings will be available.

DIVIDEND POLICY

After the distribution, A. H. Belo intends to adopt a policy of paying, subject to legally available funds, a quarterly cash dividend on outstanding shares of its common stock, which dividend initially is expected to be at an annual rate of \$1.00 per share. The declaration and payment of dividends, including the initial dividend, is subject to the discretion of A. H. Belo's board of directors, and any determination as to the payment of such dividends, as well as the amount and timing of such dividends, will depend on, among other things, A. H. Belo's results of operations and financial condition, earnings, capital requirements, debt covenants, other contractual restrictions, prospects, applicable law, general economic and business conditions, and other factors that A. H. Belo's board of directors deems relevant. A. H. Belo cannot provide any assurance that any dividends will be declared and paid.

UNAUDITED PRO FORMA FINANCIAL STATEMENTS

The unaudited pro forma financial statements presented below consist of the unaudited pro forma balance sheet as of September 30, 2007, the unaudited pro forma statement of operations for the year ended December 31, 2006, and the unaudited pro forma statement of operations for the nine months ended September 30, 2007. The unaudited pro forma financial statements presented below should be read in conjunction with “Management’s Discussion and Analysis of Financial Condition and Results of Operations” and the combined financial statements, and the notes related thereto, included elsewhere in this information statement. The unaudited pro forma financial statements have been prepared giving effect to the elimination of the notes payable to Belo and the distribution as if these transactions occurred as of September 30, 2007, for the unaudited pro forma balance sheet, and as of January 1, 2006, for the unaudited pro forma statements of operations.

In anticipation of the distribution, Belo and A. H. Belo will enter into a separation and distribution agreement with Belo under which Belo will transfer all of the assets and liabilities associated with its newspaper business and related businesses to A. H. Belo. The assets and liabilities transferred to A. H. Belo will be recorded at historical cost as a reorganization of entities under common control. Management expects that the distribution will be tax-free to Belo shareholders for United States federal income tax purposes. Shareholders who own shares of Belo Series A common stock or Belo Series B common stock on the record date will receive shares of A. H. Belo Series A common stock or A. H. Belo Series B common stock, respectively, based on the distribution ratio of 0.20. The distribution will result in A. H. Belo operating as a separate public company. Belo will not have any ownership interest in A. H. Belo subsequent to the distribution, but will continue to conduct business with A. H. Belo pursuant to various inter-company agreements that are discussed under the heading “Relationships Between Belo and A. H. Belo Following the Distribution” of this information statement.

Certain subsidiaries of Belo that will be transferred to A. H. Belo have entered into notes payable and accounts receivable arrangements with Belo. The notes accrue interest at prime plus one percent and have various payment terms. In conjunction with the proposed distribution, Belo will contribute to the capital of the A. H. Belo all inter-company indebtedness, including accounts receivable and promissory notes, owed by A. H. Belo to Belo, or assign the same to A. H. Belo, on or prior to the distribution. Belo’s contribution to A. H. Belo’s equity will also be adjusted for transfers of certain additional assets and liabilities as of the distribution date. However, the impact of such adjustments is not expected to be material to the pro forma financial position of A. H. Belo as of September 30, 2007.

The unaudited pro forma balance sheet and unaudited pro forma statements of operations included in this information statement have been derived from our financial statements included elsewhere in this information statement and do not purport to represent what our financial position and results of operations actually would have been had the distribution and related transactions occurred on the dates indicated or to project our financial performance for any future period.

A. H. BELO CORPORATION
UNAUDITED PRO FORMA BALANCE SHEET
As of September 30, 2007

<i>(In thousands, except share and per share amounts)</i>	<i>A. H. Belo Businesses Historical</i>	<i>Pro Forma Adjustments</i>	<i>A. H. Belo Corporation Pro Forma</i>
Current assets:			
Cash and temporary cash investments	\$ 8,019	\$ —	\$ 8,019
Accounts receivable—net	85,146	—	85,146
Inventories	14,994	—	14,994
Deferred income taxes	4,903	—	4,903
Other current assets	7,618	—	7,618
Total current assets	120,680	—	120,680
Property, plant and equipment, net	301,455	—	301,455
Intangible assets, net	42,050	—	42,050
Goodwill, net	464,091	—	464,091
Other assets	30,128	—	30,128
Total assets	\$ 958,404	\$ —	\$ 958,404
Current liabilities:			
Accounts payable	\$ 20,128	\$ —	\$ 20,128
Accrued compensation and benefits	28,486	—	28,486
Accrued interest on notes payable to Belo Corp.	26,893	(26,893)(a)	—
Other accrued expenses	1,911	—	1,911
Advance subscription payments	24,587	—	24,587
Current portion of notes payable to Belo Corp.	392	(392)(a)	—
Total current liabilities	102,397	(27,285)	75,112
Deferred income taxes	21,307	—	21,307
Notes payable to Belo Corp.	379,697	(379,697)(a)	—
Other liabilities	12,465	—	12,465
Shareholders' equity:			
Belo Corp.'s equity	442,538	406,982 (a)	—
		(849,520)(b)	
Preferred stock, \$0.01 par value. Authorized 2,000,000 shares; none issued	—	—	—
Common stock, \$0.01 par value. Authorized 125,000,000 shares:			
Series A: Issued 17,598,817 shares at September 30, 2007	—	176 (b)	176
Series B: Issued 2,848,655 shares at September 30, 2007	—	28 (b)	28
Additional paid-in capital	—	849,316 (b)	849,316
Total shareholders' equity	442,538	406,982	849,520
Total liabilities and shareholders' equity	\$ 958,404	\$ —	\$ 958,404

See notes to unaudited pro forma financial statements.

A. H. BELO CORPORATION
UNAUDITED PRO FORMA STATEMENT OF OPERATIONS
For the Year Ended December 31, 2006

<i>(In thousands, except per share amounts)</i>	<i>A. H. Belo Businesses Historical</i>	<i>Pro Forma Adjustment</i>	<i>A. H. Belo Corporation Pro Forma</i>
Net operating revenues:			
Advertising	\$ 674,140	\$ —	\$ 674,140
Circulation	116,265	—	116,265
Other	27,328	—	27,328
Total net operating revenues	<u>817,733</u>	<u>—</u>	<u>817,733</u>
Operating costs and expenses(e)			
Salaries, wages and employee benefits	322,947	—	322,947
Other production, distribution and operating costs	258,076	—	258,076
Newsprint, ink and other supplies	132,775	—	132,775
Depreciation	39,996	—	39,996
Amortization	6,582	—	6,582
Total operating costs and expenses	<u>760,376</u>	<u>—</u>	<u>760,376</u>
Earnings from operations	<u>57,357</u>	<u>—</u>	<u>57,357</u>
Other income and expense			
Interest expense on notes payable to Belo Corp.	(31,814)	31,814 (c)	—
Other income, net	1,504	—	1,504
Total other income and expense	<u>(30,310)</u>	<u>31,814</u>	<u>1,504</u>
Earnings			
Earnings before income taxes	27,047	31,814	58,861
Income taxes	11,868	10,486 (d)	22,354
Net earnings	<u>\$ 15,179</u>	<u>\$21,328</u>	<u>\$ 36,507</u>
Pro forma basic and diluted net earnings per share (f)			<u>\$ 1.76</u>
Pro forma weighted average shares outstanding (f)			<u>20,740</u>

See notes to unaudited pro forma financial statements.

[Table of Contents](#)

A. H. BELO CORPORATION
UNAUDITED PRO FORMA STATEMENT OF OPERATIONS
For the Nine Months Ended September 30, 2007

<i>(In thousands, except per share amounts)</i>	<i>A. H. Belo Businesses Historical</i>	<i>Pro Forma Adjustment</i>	<i>A. H. Belo Corporation Pro Forma</i>
Net operating revenues:			
Advertising	\$ 447,160	\$ —	\$ 447,160
Circulation	83,721	—	83,721
Other	19,048	—	19,048
Total net operating revenues	549,929	—	549,929
Operating costs and expenses(e)			
Salaries, wages and employee benefits	220,631	—	220,631
Other production, distribution and operating costs	192,312	—	192,312
Newsprint, ink and other supplies	77,712	—	77,712
Depreciation	33,854	—	33,854
Amortization	4,874	—	4,874
Total operating costs and expenses	529,383	—	529,383
Earnings from operations	20,546	—	20,546
Other income and expense			
Interest expense on notes payable to Belo Corp.	(26,547)	26,547(c)	—
Other income, net	3,312	—	3,312
Total other income and expense	(23,235)	26,547	3,312
Earnings (loss)			
Loss before income taxes	(2,689)	26,547	23,858
Income taxes	688	6,828(d)	7,516
Net earnings (loss)	\$ (3,377)	\$19,719	\$ 16,342
Pro forma basic and diluted earnings per share(f)			\$ 0.80
Pro forma weighted average shares outstanding(f)			20,448

See notes to unaudited pro forma financial statements.

A. H. BELO CORPORATION
NOTES TO UNAUDITED PRO FORMA FINANCIAL STATEMENTS

For further information regarding the historical financial statements of the A. H. Belo Businesses, refer to the combined financial statements and the notes related thereto included in this information statement.

The unaudited pro forma balance sheet includes the following adjustments as of September 30, 2007:

- (a) The elimination of the notes payable to Belo and its subsidiaries and related accrued interest as a result of the contribution of such notes to the capital of A. H. Belo or assignment of the notes to A. H. Belo; and
- (b) The issuance of 17,598,817 shares of common stock of A. H. Belo Series A common stock, par value \$.01, and 2,848,655 shares of A. H. Belo Series B common stock, par value \$.01, at a distribution ratio of 0.20 shares of A. H. Belo common stock for each outstanding corresponding share of Belo common stock outstanding.

The accompanying pro forma statements of operations reflect the following pro forma adjustments:

- (c) The elimination of historical interest expense on the notes due to Belo as a result of the contribution of such notes to the capital of A. H. Belo or assignment to A. H. Belo of such notes;
- (d) The estimated income tax effect of entry (c) at the applicable statutory rates. The effective income tax rates of 38.0 percent and 31.5 percent for the year ended December 31, 2006 and the nine months ended September 30, 2007, respectively, differ from the federal statutory rate of 35 percent due primarily to the effect of state income taxes. The nine months ended September 30, 2007 includes a reduction of income tax expense of \$1,873 for the effect of the enactment of the Texas margin tax. See the Combined Financial Statements, Note 9—Income Taxes.
- (e) The pro forma statements of operations do not include adjustments to costs and expenses resulting from the inter-company agreements as these agreements, although substantially agreed upon, have not been finalized. However, A. H. Belo currently expects that the effect of these agreements on A. H. Belo future results would not be material.
- (f) Earnings per share information has been computed as if the shares of our common stock were issued and outstanding based on the weighted average shares of Belo common stock outstanding for each of the periods presented and the distribution ratio.

The accompanying pro forma financial statements do not reflect the effect of adjustments to the carrying value of goodwill that may result from A. H. Belo's annual impairment assessment. See "Management's Discussion and Analysis of Financial Condition and Results of Operations—Overview."

SELECTED FINANCIAL DATA

Set forth below are selected combined financial data for A. H. Belo for each of the five years ended December 31, 2006, and for the nine months ended September 30, 2006 and 2007. The combined balance sheet data as of December 31, 2005 and 2006 and the combined statement of operations data for each of the three years in the period ended December 31, 2006, have been derived from our audited combined financial statements included in this information statement. The combined balance sheet data as of December 31, 2002, 2003, and 2004 and the combined statement of operations data for the years ended December 31, 2002 and 2003 have been derived from our unaudited combined financial statements, which are not included in this information statement. The selected historical combined financial data for the nine months ended September 30, 2006 and 2007, and as of September 30, 2007, is derived from and should be read in conjunction with our unaudited combined financial statements. Operating results for the 2007 interim period are not necessarily indicative of the operating results that A. H. Belo will experience for the entire year.

The selected historical financial data set forth below should be read in conjunction with “Management’s Discussion and Analysis of Financial Condition and Results of Operations,” the audited combined financial statements and the notes related thereto, and the unaudited combined financial statements and notes related thereto included in this information statement. The selected historical financial data reflects A. H. Belo’s results as we have historically been operated as a part of Belo, and these results may not be indicative of our future performance as a separate company following the distribution. Operating expenses in the historical income statements reflect direct expenses of our business together with allocations of certain Belo corporate expenses that have been charged to A. H. Belo based on use or other methodologies we believe appropriate for such expenses (see the Combined Financial Statements, Note 1—Summary of Significant Accounting Policies). In our opinion, these allocations have been made on a reasonable and appropriate basis under the circumstances. Per share data has not been presented since A. H. Belo’s business was wholly-owned by Belo during the periods presented.

<i>In thousands</i>	<i>As of and for the years ended December 31,</i>					<i>As of and for the nine months ended September 30,</i>	
	<i>2002</i>	<i>2003</i>	<i>2004</i>	<i>2005</i>	<i>2006</i>	<i>2006</i>	<i>2007</i>
Total net operating revenues	\$752,132	\$763,652	\$779,142	\$822,344	\$817,733	\$604,520	\$549,929
Total operating expenses	636,383	645,378	689,460	721,251	760,376	568,934	529,383
Earnings from operations	\$ 115,749	\$ 118,274	\$ 89,682	\$ 101,093	\$ 57,357	\$ 35,586	\$ 20,546
Other income and expense(a)	(6,976)	(18,065)	(15,648)	(22,913)	(30,310)	(22,765)	(23,235)
Income taxes	(44,399)	(38,458)	(28,745)	(30,361)	(11,868)	(6,071)	(688)
Net earnings (loss)(b)	\$ 64,374	\$ 61,751	\$ 45,289	\$ 47,819	\$ 15,179	\$ 6,750	\$ (3,377)
Total assets	\$966,220	\$968,889	\$963,215	\$ 981,661	\$994,815	\$ 966,417	\$ 958,404
Long-term portion of notes payable to Belo Corp.(c)	\$ 319,406	\$279,425	\$306,398	\$ 332,710	\$353,893	\$352,542	\$ 379,697

- (a) Other income and expense includes \$11,451, \$18,009, \$16,510, \$23,661, and \$31,814 for the years ended December 31, 2002, 2003, 2004, 2005, and 2006, respectively, and \$23,453 and \$26,547 for the nine months ended September 30, 2006 and 2007, respectively, for interest on notes payable to Belo Corp. (see the Combined Financial Statements, Note 8—Notes Payable to Belo Corp.).
- (b) Net earnings in 2004 included pre-tax charges related to *The Dallas Morning News* circulation overstatement of \$23,500 (see “Business—Legal Proceedings”).
- (c) Amounts represent the long-term portion of notes payable to Belo Corp. (see the Combined Financial Statements, Note 8—Notes Payable to Belo Corp.).

MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

The following discussion should be read in conjunction with the other sections of this information statement, including "Business," "Risk Factors," "Selected Financial Data," "Quantitative and Qualitative Disclosures about Market Risk," and the combined financial statements and the notes thereto. Management's Discussion and Analysis of Financial Condition and Results of Operations contains a number of forward-looking statements, all of which are based on our current expectations and could be affected by the uncertainties and risk factors described throughout this information statement and particularly in "Risk Factors."

All dollar amounts are in thousands, unless otherwise indicated. Actual per share data has not been presented since A. H. Belo's business was wholly-owned by Belo during the periods presented.

Overview

A. H. Belo

On October 1, 2007, Belo announced a plan to distribute its newspaper publishing business into a separate public company, A. H. Belo ("A. H. Belo" or the "Company").

The board of directors of Belo determined that separating Belo's newspaper and other businesses from Belo's television business is in the best interests of Belo and Belo's shareholders. Belo believes that the distribution, as structured with no initial debt and other features, will give A. H. Belo the financial and operational flexibility to take advantage of opportunities in the newspaper sector and meet the changing needs of the media marketplace today and in the future. In arriving at its decision, the board considered many factors including the effect of the Internet and other transformational technologies on consumers, advertisers, and traditional media such as newspapers and television, the consolidation of media ownership and the rapid ascent of new media businesses, the prospects for positive changes in media ownership regulation, and the competitive positions and strengths of Belo's newspapers and television stations and the local markets they serve. Net operating revenues for A. H. Belo were approximately \$817,733 and \$549,929 for the fiscal year ended December 31, 2006, and the nine months ended September 30, 2007, respectively. Net earnings (loss) were \$15,179 and \$(3,377) for the fiscal year ended December 31, 2006 and the nine months ended September 30, 2007, respectively.

In anticipation of the distribution, Belo and A. H. Belo will enter into a separation and distribution agreement under which Belo will transfer all of the assets and liabilities associated with its newspaper and related businesses to A. H. Belo. The assets and liabilities transferred to A. H. Belo will be recorded at historical cost as a reorganization of entities under common control. Management expects that the distribution will be tax-free to Belo shareholders for United States federal income tax purposes. Shareholders who own shares of Belo Series A common stock or Belo Series B common stock on the record date will receive shares of A. H. Belo Series A common stock or A. H. Belo Series B common stock, respectively, based on the distribution ratio. The distribution will result in A. H. Belo operating as a separate entity with publicly traded common stock. Belo will not have any ownership interest in A. H. Belo subsequent to the distribution, but will continue to conduct business with A. H. Belo pursuant to various inter-company agreements which are discussed under the heading "Relationships Between Belo and A. H. Belo Following the Distribution" of this information statement.

A. H. Belo's business consists of three primary daily newspapers, various niche products in the same or nearby markets, and direct mail and commercial printing businesses. A. H. Belo operates within the United States and competes against similar and other types of media on a local, regional, and national basis. A. H. Belo also operates news and information Web sites, participates in several interactive alliances, and offers a broad range of Internet-based products.

[Table of Contents](#)

The following table summarizes the net operating revenues for each of A. H. Belo's three daily newspapers for the years ended December 31, 2004, 2005, and 2006 and the nine months ended September 30, 2006 and September 30, 2007:

	Year ended December 31,			Nine month ended September 30,	
	2004	2005	2006	2006	2007
<i>The Dallas Morning News</i>	\$ 466,883	\$ 496,776	\$ 497,886	\$ 365,762	\$ 339,306
<i>The Press-Enterprise</i>	152,264	159,628	157,185	118,858	98,507
<i>The Providence Journal</i>	159,996	165,940	162,661	119,900	112,116
Net operating revenues	<u>\$ 779,142</u>	<u>\$ 822,344</u>	<u>\$ 817,733</u>	<u>\$ 604,520</u>	<u>\$ 549,929</u>

The Company is required to assess goodwill impairment annually at the reporting unit level using the methodology prescribed by Statement of Financial Accounting Standards (SFAS), 142 "Goodwill and Other Intangible Assets." The goodwill impairment test initially consists of the comparison of the implied fair value of a reporting unit with its carrying value. For the Company, a reporting unit consists of the newspaper operations in each individual market. The Company is currently in the process of performing its annual goodwill impairment testing. In connection with this process, preliminary estimates of the implied fair values of two of the Company's reporting units (*The Providence Journal* in Providence, Rhode Island, and *The Press-Enterprise* in Riverside, California) are less than their respective carrying values. The aggregate goodwill balance of these reporting units is \$440 million. As a result, the Company will be required to calculate the implied fair value of the goodwill of these reporting units by deducting the fair value of all of the individual assets and liabilities of the reporting units from the respective fair values of the reporting units. To the extent the calculated implied fair value of the goodwill is less than the recorded goodwill, an impairment charge will be recorded for the difference. The Company expects to complete the annual goodwill impairment testing in connection with the issuance of its financial statements for the year ending December 31, 2007. As the Company has not yet completed this process, it is currently unable to provide a reasonable estimate of the amount of any impairment charge that will be included in the Company's results of operations for the year ending December 31, 2007, but based on the preliminary estimates of the fair values of the reporting units, the amount of such charge is expected to be significant from a reported United States generally accepted accounting principles ("GAAP") earnings perspective. However, any such charge would not affect the Company's liquidity, cash flows from operating activities, or debt covenants, or have any effect on future operations.

A. H. Belo intends for the discussion of its financial condition and results of operations that follows to provide information that will assist in understanding its financial statements, the changes in certain key items in those statements from period to period, and the primary factors that accounted for those changes, as well as how certain accounting principles, policies, and estimates affect its financial statements.

Basis of Presentation

The combined financial statements included in this information statement include the accounts of Belo comprising its newspaper and related businesses. Operating expenses in the historical income statements reflect all of the direct expenses of the business together with allocations of certain Belo corporate expenses that have been charged to the Company based on use or other methodologies which we believe were appropriate for such expenses. See Combined Financial Statements, Note 1—Summary of Significant Accounting Policies. In our opinion, these assumptions and allocations have been made on a reasonable and appropriate basis under the circumstances. Belo's various operating units currently share content at no cost.

The historical financial information we have included in this information statement may not reflect what A. H. Belo's results of operations, financial position, and cash flows would have been had it been a separate public company during the periods presented or be indicative of what its results of operations, financial position, and cash flows may be in the future when it is a separate public company. A. H. Belo's historical financial

[Table of Contents](#)

information reflects allocations for services historically provided by Belo, and we expect these allocated costs to be different from the actual costs A. H. Belo will incur for these services in the future as a separate public company, including with respect to actual services A. H. Belo expects will be provided by Belo under a services agreement and other inter-company agreements. In some instances, the costs incurred for these services as a separate public company may be higher than the share of total Belo expenses allocated to A. H. Belo historically. In addition, the historical financial information does not reflect the increased costs associated with being a separate public company, including changes that we expect in our cost structure, personnel needs, financing, and operations of our business as a result of the distribution.

Results of Operations

Combined Results of Operations for the Years Ended December 31, 2004, 2005, and 2006

	<i>Year ended December 31,</i>				
	<u>2004</u>	<i>Percentage Change</i>	<u>2005</u>	<i>Percentage Change</i>	<u>2006</u>
Net operating revenues	\$ 779,142	5.5%	\$ 822,344	(0.6%)	\$ 817,733
Operating costs and expenses	(689,460)	4.6%	(721,251)	5.4%	(760,376)
Earnings from operations	89,682	12.7%	101,093	(43.3%)	57,357
Other income (expense)	(15,648)	46.4%	(22,913)	32.3%	(30,310)
Earnings before income taxes	74,034	5.6%	78,180	(65.4%)	27,047
Income taxes	(28,745)	5.6%	(30,361)	(60.9%)	(11,868)
Net earnings	<u>\$ 45,289</u>	5.6%	<u>\$ 47,819</u>	(68.3%)	<u>\$ 15,179</u>

Net Operating Revenues

A. H. Belo's revenues increased 5.5 percent in 2005 and decreased 0.6 percent in 2006. The table below presents the components of our net operating revenues for the last three years:

<i>Year ended December 31,</i>	<i>Percentage Change</i>				
	<u>2004</u>	<u>2005</u>	<u>2006</u>		
Advertising	\$669,811	2.6%	\$687,140	(1.9%)	\$ 674,140
Circulation	96,786	8.3%	104,790	11.0%	116,265
Other	12,545	142.4%	30,414	(10.1%)	27,328
Net operating revenues	<u>\$ 779,142</u>	5.5%	<u>\$ 822,344</u>	(0.6%)	<u>\$ 817,733</u>

In 2004, advertising revenues accounted for 86.0 percent of the Company's revenues compared to 83.6 percent in 2005 and 82.4 percent in 2006. In 2004, circulation revenue accounted for 12.4 percent of the Company's total revenues compared to 12.7 percent in 2005 and 14.2 percent in 2006. In all three years, direct mail and commercial printing made up most of the remainder of the Company's revenues except for the \$19,629 revenue reduction at *The Dallas Morning News* in 2004 related to the circulation overstatement.

The table below presents the components of *The Dallas Morning News* net operating revenues for the last three years:

	<i>Year ended December 31,</i>		
	<u>2004</u>	<u>2005</u>	<u>2006</u>
Advertising	\$ 418,940	\$ 418,066	\$ 406,514
Circulation	46,109	56,875	70,445
Other	1,834	21,835	20,927
Net operating revenues	<u>\$466,883</u>	<u>\$496,776</u>	<u>\$497,886</u>

[Table of Contents](#)

Net operating revenues for *The Dallas Morning News* increased \$29,893, or 6.4 percent, in the year ended December 31, 2005, as compared to the year ended December 31, 2004. Total advertising revenues remained relatively flat for the year ended December 31, 2005, compared to the year ended December 31, 2004. Classified advertising revenues, including Internet revenue, increased \$1,471, or 4.5 percent, in 2005 as compared to the prior year, primarily due to an increase in the employment category. Other revenues increased \$20,001 due to a \$19,629 reduction in other revenue in 2004 related to *The Dallas Morning News* circulation overstatement. The reduction was for cash payments made under *The Dallas Morning News* voluntary advertiser plan. The plan included a combination of cash payments and future advertising credits. There were no unused credits outstanding as of December 31, 2005. Retail advertising revenues declined \$4,091 or 4.1 percent, in 2005 as compared to the prior year, primarily due to decreases in the entertainment, department store, and grocery store categories. General advertising revenues decreased \$446, or 0.7 percent, in 2005 as compared to the prior year, primarily due to decreases in the telecommunications and travel categories. Additionally, Total Market Coverage (“TMC”) and preprints revenue decreased \$1,939, or 2.2 percent, in 2005 as compared to the prior year. At *The Dallas Morning News*, circulation revenue increased \$10,766, or 23.4 percent, in 2005 as compared with 2004. This increase is primarily the result of a change in arrangements with certain distributors of home delivery and single copy sales from a buy-sell arrangement to a fee-for-delivery arrangement similar to the Company’s other newspapers. Subscription revenues under buy-sell arrangements with most distributors are recorded based on the net amount received from the distributor, who then resells newspapers to contractors or subscribers, whereas subscription revenues under fee-based delivery arrangements with distributors are recorded based on the amount received from the subscriber. The operating expenses for the delivery fees paid to the distributors are recorded in distribution costs as they are incurred. Under the previous arrangements, *The Dallas Morning News* recorded circulation revenue based on the net payment received from distributors. Accordingly, this change increased both circulation revenues and distribution costs related to these distributors. Advertising revenues were not affected by this change.

Net operating revenues for *The Dallas Morning News* increased by \$1,110, or 0.2 percent, in the year ended December 31, 2006, as compared to the year ended December 31, 2005. At *The Dallas Morning News*, circulation revenue increased \$13,570, or 23.9 percent, in the year ended December 31, 2006, as compared with the year ended December 31, 2005, primarily due to an estimated increase of \$24,555 related to a change in distribution methods from a buy-sell arrangement to a fee-for-delivery arrangement, as discussed above. Circulation revenues attributable to the change in distribution methods are expected to continue at approximately the current level. *The Dallas Morning News* has experienced a decrease in circulation over the past few years, some of which resulted from decisions to reduce the distribution area of the newspaper to approximately a 100-mile radius from the center of Dallas. Efforts to improve the circulation include a promotional campaign involving discounts of approximately \$7,795 for the year ended December 31, 2006. The decreases in circulation revenue due to the discounts partially offset the increases in circulation revenue due to the change in distribution methods. *The Dallas Morning News* is moving to concentrate its circulation efforts on its core readership. *The Dallas Morning News* expects circulation and circulation revenue to fluctuate during this process. The increases in circulation revenue were partially offset by decreases in advertising revenue. Total advertising revenues decreased \$11,552, or 2.8 percent, in the year ended December 31, 2006, when compared to the year ended December 31, 2005. General advertising revenues decreased \$2,273, or 3.4 percent, in the year ended December 31, 2006, as compared to the year ended December 31, 2005, primarily due to decreases in the automotive and telecommunications categories. Retail advertising revenue decreased \$6,622, or 7.0 percent, in the year ended December 31, 2006, compared to the year ended December 31, 2005, primarily due to decreases in the department stores, furniture, and general retail categories. Classified advertising revenue, including Internet revenue, decreased \$7,681, or 5.5 percent, in the year ended December 31, 2006, as compared to the year ended December 31, 2005, primarily due to decreases in the automotive and real estate categories.

[Table of Contents](#)

The table below presents the components of *The Providence Journal* net operating revenues for the last three years:

	<u>Year ended December 31,</u>		
	<u>2004</u>	<u>2005</u>	<u>2006</u>
Advertising	\$ 128,706	\$ 136,503	\$ 135,189
Circulation	30,424	28,492	26,601
Other	866	945	871
Net operating revenues	<u>\$ 159,996</u>	<u>\$ 165,940</u>	<u>\$ 162,661</u>

Net operating revenues for *The Providence Journal* increased \$5,944, or 3.7 percent, in the year ended December 31, 2005, as compared to the year ended December 31, 2004. Advertising revenues increased \$7,797, or 6.1 percent, in 2005 compared to 2004. Classified advertising revenue, including Internet revenue, increased \$8,344, or 20.8 percent, in 2005 compared to 2004, primarily due to increases in the real estate and employment categories. Revenues from preprints and TMC increased \$697, or 2.4 percent, year over year, primarily due to increases in the consumer electronics, sporting goods, and miscellaneous categories. These increases were partially offset by a decrease in retail advertising revenues of \$1,951, or 4.0 percent, for 2005 when compared to 2004. Additionally, general advertising revenues decreased \$1,138, or 20.7 percent, in 2005 when compared to the prior year due to decreases in the automotive and food categories. Circulation revenues declined \$1,932, or 6.4 percent, in 2005 primarily due to lower Sunday circulation volumes.

Net operating revenues for *The Providence Journal* decreased \$3,279, or 2.0 percent, in the year ended December 31, 2006, as compared to the year ended December 31, 2005. Advertising revenues were relatively flat for the year ended December 31, 2006, compared to the year ended December 31, 2005. Retail advertising revenues decreased \$2,821, or 6.0 percent, due to decreases in the automotive, furniture and home accessories, and telecommunications categories for the year ended December 31, 2006, compared to the year ended December 31, 2005. General advertising revenues decreased \$1,422, or 32.6 percent, for the year ended December 31, 2006, compared to the year ended December 31, 2005, primarily due to decreases in the automotive, travel, and pharmaceutical categories. These decreases in retail and general advertising revenues were partially offset by an increase in classified advertising revenue. Classified advertising revenue increased \$1,170, or 2.4 percent, in the year ended December 31, 2006, compared to the year ended December 31, 2005, primarily due to increases in the real estate and other categories partially offset by decreases in the employment and automotive categories. Circulation revenue declined \$1,891, or 6.6 percent, in the year ended December 31, 2006, compared to the year ended December 31, 2005, primarily due to lower overall circulation and an increase in discounts related to a promotional campaign to improve circulation.

The table below presents the components of *The Press-Enterprise* net operating revenues for the last three years:

	<u>Year ended December 31,</u>		
	<u>2004</u>	<u>2005</u>	<u>2006</u>
Advertising	\$ 122,165	\$ 132,571	\$ 132,438
Circulation	20,253	19,423	19,218
Other	9,845	7,634	5,529
Net operating revenues	<u>\$ 152,263</u>	<u>\$ 159,628</u>	<u>\$ 157,185</u>

Net operating revenues for *The Press-Enterprise* increased \$7,365, or 4.8 percent, in the year ended December 31, 2005, as compared to the year ended December 31, 2004. Total advertising revenues increased \$10,406, or 8.5 percent, in 2005 compared with 2004. Classified advertising revenues, including Internet revenues, increased \$10,030, or 19.7 percent, primarily due to gains in the real estate and employment categories.

[Table of Contents](#)

Preprints and TMC revenues increased \$1,563, or 8.5 percent, primarily due to increases in the consumer electronics, home improvement, and office supply categories. Offsetting these increases was a slight decrease in retail advertising revenues of \$394, or 1.8 percent, in 2005 when compared with 2004. General advertising revenues were flat in 2005 as compared with 2004. Circulation revenue at *The Press-Enterprise* declined \$830, or 4.1 percent, when comparing 2005 to 2004. This decline was due to decreases in both home delivery and single copy sales.

Net operating revenues for *The Press-Enterprise* decreased \$2,443, or 1.5 percent, in the year ended December 31, 2006, as compared to the year ended December 31, 2005. Total advertising revenues were relatively flat in the year ended December 31, 2006, compared with the year ended December 31, 2005. Classified advertising revenues, including Internet revenues, increased \$1,902, or 3.1 percent, primarily due to an increase in the real estate category. Preprints and TMC revenues increased \$1,064, or 5.3 percent, primarily due to increases in the drug store and home furnishings categories. Offsetting these increases were decreases in retail and general advertising revenues and commercial printing revenue. Retail advertising revenues decreased \$1,225, or 5.8 percent, primarily due to decreases in the department store and grocery categories. General advertising revenues decreased \$2,129, or 16.0 percent, in the year ended December 31, 2006, when compared with the year ended December 31, 2005, primarily due to decreases in the telecommunications and automotive categories. Circulation revenue at *The Press-Enterprise* decreased \$205, or 1.0 percent. Commercial printing and other revenue at *The Press-Enterprise* declined \$2,105, or 27.6 percent, for the year ended December 31, 2006, compared to the year ended December 31, 2005.

Operating Costs and Expenses

The Company's operating costs and expenses increased \$31,791, or 4.6 percent, in 2005 when compared to the prior year primarily due to increases in distribution costs, newsprint expenses, tax expenses, and incremental expenses related to advertising and promotion initiatives. These increases were partially offset by a decrease in direct compensation and benefits. Distribution costs increased \$11,260, or 21.9 percent, primarily due to the expenses related to the change in distribution methods at *The Dallas Morning News* mentioned above. Newsprint expenses were \$5,409, or 5.0 percent, higher in 2005 due to a 10.2 percent increase in the average cost per metric ton of newsprint partially offset by a 5.0 percent decrease in volume. Property tax expense increased \$2,768, primarily due to the favorable settlement of prior year taxes between *The Providence Journal* and the City of Providence, Rhode Island, which was recorded in 2004. Advertising and promotion initiatives increased \$7,433, or 65.6 percent. Salaries and other direct compensation decreased \$7,686, or 3.1 percent, primarily due to a charge recorded by the Company's in 2004 of \$3,788 for severance costs and other expenses related to the reduction in force in 2004.

The Company's operating costs and expenses increased \$39,125, or 5.4 percent, in the year ended December 31, 2006, as compared to the prior year period primarily due to increases in salaries, wages, and employee benefits and other production, distribution, and operating costs partially offset by a decrease in newsprint, ink, and other supplies. Salaries, wages, and employee benefits increased \$16,257, or 5.3 percent, primarily due to severance costs, incremental share-based compensation expenses, and increased pension expense due to an announced pension curtailment. These increases were partially offset by decreases totalling \$7,123 in sales commissions, estimated self-insured medical, and workers' compensation insurance costs. Other production, distribution, and operating costs increased primarily due to increased distribution costs of \$16,756 and outside services costs of \$21,186. The increase in distribution costs is due to approximately \$19,550 in costs related to the change in distribution methods at *The Dallas Morning News*. A. H. Belo expects this increased level of distribution costs at *The Dallas Morning News* to continue. Outside services increased primarily due to increased consulting expenses primarily related to readership and sales and technology initiatives. Newsprint, ink, and other supplies decreased \$9,126, or 6.4 percent, for the year ended December 31, 2006, as compared to the year ended December 31, 2005, due to the Company's strategic decisions to limit third-party circulation and to reduce the distribution area of *The Dallas Morning News* and lower advertising volumes. The 17.4 percent decrease in consumption was partially offset by an increase in the average cost per metric ton of newsprint of 12.4 percent.

[Table of Contents](#)

Interest expense increased \$7,151, or 43.3 percent, in 2005, compared to \$8,153, or 34.5 percent, in 2006, compared to the year ended December 31, 2005, primarily due to increased balances on notes payable to Belo. Certain subsidiaries have entered into notes payable arrangements with Belo. The notes accrue interest at prime plus one percent and have various payments terms. In conjunction with the planned transaction, Belo will contribute to the capital of A. H. Belo all inter-company indebtedness owed by A. H. Belo to Belo or assign the notes to A. H. Belo on or prior to the distribution. The contribution or assignment will effectively extinguish all liabilities of A. H. Belo to Belo under such notes.

Other income (expense) was flat from December 31, 2004 to December 31, 2005. Other income (expense) increased \$756, or 101.0 percent, in 2006, compared to 2005 primarily due to the forgiveness of a note payable from a subsidiary to Belo. The forgiveness was related to the final wind down of the Company's trade show business.

Income taxes increased \$1,616, or 5.6 percent, for the year ended December 31, 2005, compared with the year ended December 31, 2004, primarily due to increased taxable income. Income taxes decreased \$18,493, or 60.9 percent, for the year ended December 31, 2006, compared with the year ended December 31, 2005, primarily due to lower taxable income and adjustments related to the implementation of the State of Texas margin tax. In May 2006, the State of Texas enacted legislation replacing its franchise tax with a new margin tax. Despite an effective date of January 1, 2008, the enactment of the Tax Reform Bill represents a change in tax law and SFAS 109, "Accounting for Income Taxes" requires that effects of the change must be reflected in the financial statements in the quarter in which the new tax is enacted. The effective tax rate for 2004, 2005, and 2006 was 38.8 percent, 38.8 percent, and 43.9 percent, respectively. The effective tax rate is higher than the statutory tax rate primarily due to state income taxes.

As a result of the factors discussed above, the Company recorded net earnings of \$45,289 for 2004, compared with net earnings of \$47,819 for 2005, and net earnings of \$15,179 for 2006.

Combined Results of Operations for the Nine Months Ended September 30, 2006 and 2007

	<i>Nine months ended September 30,</i>		
	<i>2006</i>	<i>Percentage Change</i>	<i>2007</i>
Net operating revenues	\$ 604,520	(9.0%)	\$ 549,929
Operating costs and expenses	(568,934)	(7.0%)	(529,383)
Earnings from operations	35,586	(42.3%)	20,546
Other income (expense)	(22,765)	(2.1%)	(23,235)
Earnings (loss) before income taxes	12,821	(121.0%)	(2,689)
Income taxes	6,071	(169.6%)	688
Net earnings (loss)	\$ 6,750	(77.2%)	\$ (3,377)

Net Operating Revenues

The Company's revenues decreased 9.0 percent in the nine months ended September 30, 2007, as compared with the nine months ended September 30, 2006. The table below presents the components of the Company's net operating revenues for those periods:

	<i>Nine months ended September 30,</i>		
	<i>2006</i>	<i>Percentage Change</i>	<i>2007</i>
Advertising	\$496,738	(10.0%)	\$ 447,160
Circulation	87,150	(3.9%)	83,721
Other	20,632	(7.7%)	19,048
Net operating revenues	\$ 604,520	(9.0%)	\$ 549,929

[Table of Contents](#)

Advertising revenues accounted for approximately 82.2 percent of the Company's revenues for the nine months ended September 30, 2006 compared to approximately 81.3 percent for the nine months ended September 30, 2007. Circulation revenue accounted for approximately 14.4 percent of the Company's total revenues for the nine months ended September 30, 2006, compared to approximately 15.2 percent for the nine months ended September 30, 2007. For both of the periods, direct mail and commercial printing made up most of the remainder of the Company's revenues.

The table below presents the components of *The Dallas Morning News* net operating revenues for the nine months ended:

	Nine months ended September 30,	
	2006	2007
Advertising	\$297,427	\$ 272,275
Circulation	52,692	51,656
Other	15,643	15,375
Net operating revenues	<u>\$365,762</u>	<u>\$ 339,306</u>

Net operating revenues for *The Dallas Morning News* decreased by \$26,458, or 7.2 percent, in the nine months ended September 30, 2007, as compared to the nine months ended September 30, 2006. Advertising revenues decreased by \$25,152, or 8.5 percent, in the nine months ended September 30, 2007, compared to the nine months ended September 30, 2006. General advertising revenues decreased \$11,282, or 24.7 percent, in the nine months ended September 30, 2007, compared to the nine months ended September 30, 2006, primarily due to decreases in the financial, telecommunications, and automotive categories. Classified advertising revenues decreased \$11,272, or 13.3 percent, in the nine months ended September 30, 2007, compared to the nine months ended September 30, 2006, primarily due to decreases in the real estate, automotive, and employment categories. Retail advertising revenue decreased \$4,946, or 7.8 percent, in the nine months ended September 30, 2007, compared to the nine months ended September 30, 2006, primarily due to a decrease in the furniture category. These decreases were partially offset by a \$1,453, or 10.5 percent, increase in part-run advertising in the nine months ended September 30, 2007, compared to the nine months ended September 30, 2006. Circulation revenue decreased \$1,036, or 2.0 percent, in the nine months ended September 30, 2007, compared to the nine months ended September 30, 2006.

The table below presents the components of *The Providence Journal* net operating revenues for the nine months ended:

	Nine months ended September 30,	
	2006	2007
Advertising	\$ 99,191	\$ 92,867
Circulation	20,008	18,800
Other	701	449
Net operating revenues	<u>\$119,900</u>	<u>\$112,116</u>

Net operating revenues for *The Providence Journal* decreased by \$7,784, or 6.5 percent, in the nine months ended September 30, 2007, compared to the nine months ended September 30, 2006. Advertising revenues decreased \$6,324, or 6.4 percent, for the nine months ended September 30, 2007, compared to the nine months ended September 30, 2006. Classified advertising revenue decreased \$3,973, or 11.8 percent, in the nine months ended September 30, 2007, compared to the nine months ended September 30, 2006, primarily due to decreases in the employment and real estate categories. Retail advertising revenues decreased \$2,246, or 7.1 percent, due to decreases in the department store, gaming, furniture and home accessories, drug stores, and building and home

[Table of Contents](#)

improvement categories for the nine months ended September 30, 2007, compared to the nine months ended September 30, 2006. General advertising revenues decreased \$1,031, or 47.1 percent, for the nine months ended September 30, 2007, compared to the nine months ended September 30, 2006, primarily due to decreases in the automotive, travel and transportation categories. Circulation revenue declined \$1,208, or 6.0 percent, in the nine months ended September 30, 2007, compared to the nine months ended September 30, 2006, primarily due to lower overall circulation.

The table below presents the components of *The Press-Enterprise* net operating revenues for the nine months ended:

	Nine months ended September 30,	
	2006	2007
Advertising	\$100,120	\$ 82,018
Circulation	14,450	13,265
Other	4,288	3,224
Net operating revenues	<u>\$118,858</u>	<u>\$ 98,507</u>

Net operating revenues for *The Press-Enterprise* decreased \$20,351, or 17.1 percent, in the nine months ended September 30, 2007, as compared to the nine months ended September 30, 2006. Total advertising revenues decreased \$18,102, or 18.1 percent, in the nine months ended September 30, 2007, compared with the nine months ended September 30, 2006. Classified advertising revenues decreased \$13,435, or 29.0 percent, in the nine months ended September 30, 2007, compared to the nine months ended September 30, 2006, primarily due to decreases in the employment, real estate, and automotive categories. Retail advertising revenues decreased \$2,212, or 15.3 percent, in the nine months ended September 30, 2007, compared to the nine months ended September 30, 2006, primarily due to decreases in the department store, home improvement, home furnishings, and discount categories. Part-run advertising decreased \$1,329, or 14.3 percent, in the nine months ended September 30, 2007, compared to the nine months ended September 30, 2006, primarily due to decreases in the furniture and home improvement categories. General advertising revenues decreased \$972, or 11.6 percent, in the nine months ended September 30, 2007, when compared with the nine months ended September 30, 2006, primarily due to decreases in the financial and automotive categories. Circulation revenue at *The Press-Enterprise* decreased \$1,185, or 8.2 percent, in the nine months ended September 30, 2007, compared to the nine months ended September 30, 2006. Commercial printing and other revenue at *The Press-Enterprise* declined \$1,064, or 24.8 percent, for the nine months ended September 30, 2007, compared to the nine months ended September 30, 2006.

Operating Costs and Expenses

A. H. Belo's operating costs and expenses decreased \$39,551, or 7.0 percent, in the nine months ended September 30, 2007, compared to the nine months ended September 30, 2006, primarily due to decreases in newsprint, ink and other supplies and salaries, wages, and employee benefits. Newsprint, ink, and other supplies decreased \$23,168, or 23.0 percent, primarily due to lower newsprint costs, which are a combination of lower prices and lower volume due in part to A. H. Belo's strategic decisions to reduce third party circulation for its publications and to reduce the geographic distribution area for *The Dallas Morning News*. Salaries, wages, and employee benefits decreased \$23,579, or 9.7 percent, primarily due to the voluntary severance program for newsroom employees at *The Dallas Morning News* initiated in the third quarter 2006. In addition to the voluntary severance program, the Company recognized a reduction in estimated pension expense of approximately \$4,804, primarily due to A. H. Belo's curtailment of its defined benefit pension plan effective March 31, 2007 and an increase in the discount rate applied to future pension obligations. Other production, distribution, and operating costs remained consistent with the prior year period.

[Table of Contents](#)

Interest expense increased \$3,094, or 13.2 percent, for the nine months ended September 30, 2007, compared to the nine months ended September 30, 2006, primarily due to increased balances on notes payable to Belo.

Other income (expense) increased \$2,624 in the nine months ended September 30, 2007, compared to the nine months ended September 30, 2006, primarily due to a gain on the sale of a tract of land in Dallas, Texas that was not used in our operations.

Income taxes decreased \$5,383, or 88.7 percent, for the nine months ended September 30, 2007, compared with the nine months ended September 30, 2006, primarily due to lower taxable income and adjustments related to the implementation of the State of Texas margin tax. In future periods, estimated state taxes related to the State of Texas margin tax are expected to increase.

As a result of the factors discussed above, the Company incurred a net loss of \$3,377 for the nine months ended September 30, 2007 compared to net earnings of \$6,750 for the nine months ended September 30, 2006.

Critical Accounting Policies and Estimates

A. H. Belo's financial statements are based on the selection and application of accounting policies that require management to make significant estimates and assumptions. The Company believes that the following are some of the more critical accounting policies currently affecting A. H. Belo's financial position and results of operations. See the Combined Financial Statements, Note 1—Summary of Significant Accounting Policies, for additional information concerning significant accounting policies.

Revenue Recognition. Newspaper advertising revenue is recorded, net of agency commissions, when the advertisements are published in the newspaper. Advertising revenues for Web sites are recorded, net of agency fees, ratably over the period of time the advertisement is placed on Web sites. Proceeds from subscriptions are deferred and are included in revenue on a pro-rata basis over the term of the subscriptions. Subscription revenues under buy-sell arrangements with distributors are recorded based on the net amount received from the distributor, whereas subscription revenues under fee-based delivery arrangements with distributors are recorded based on the amount received from the subscriber. Commercial printing revenue is recorded when the product is shipped.

Impairment of Property, Plant and Equipment, Goodwill and Intangible Assets. In assessing the recoverability of the Company's property, plant and equipment, goodwill and intangible assets, the Company must make assumptions regarding estimated future cash flows and other factors to determine the fair value of the respective assets. If these estimates or their related assumptions change in the future, the Company may be required to record impairment charges not previously recorded for these assets.

The Company's intangible assets and goodwill result from its significant business acquisitions, which occurred prior to 1998. In connection with these acquisitions, the Company obtained appraisals of the significant assets purchased. The excess of the purchase price over the fair value of the assets acquired was recorded as goodwill. At December 31, 2006, A. H. Belo had net investments of \$312,487 in property, plant and equipment, \$464,091 in goodwill, and \$46,925 in intangible assets, which consist of subscriber lists.

Prior to January 1, 2002, all of the acquired intangible assets were classified together as "goodwill and intangible assets" in the Company's combined financial statements and were amortized over a composite life of 40 years. On January 1, 2002, upon adoption of Statement of Financial Accounting Standard (SFAS), 142 "Goodwill and Other Intangible Assets," the Company ceased amortization of its goodwill.

The Company reviews the carrying value of property, plant and equipment for impairment whenever events and circumstances indicate that the carrying value of an asset may not be recoverable. Recoverability of property

[Table of Contents](#)

and equipment is measured by comparison of the carrying amount to the future net cash flows the property and equipment is expected to generate. Based on assessments performed during the years ended December 31, 2004, 2005, and 2006, the Company did not record any impairment losses related to property, plant, and equipment.

Goodwill is tested at least annually by reporting unit for impairment. For the Company, a reporting unit consists of the newspaper operations in each individual market. Based on assessments performed during the years ended December 31, 2004, 2005, and 2006, the Company did not record any impairment charges related to goodwill or intangible assets. Based on preliminary estimates, the Company expects to record a goodwill impairment charge for the year ended December 31, 2007. The Company is currently unable to provide a reasonable estimate of the amount of the charge. However, the amount of the charge is expected to be significant.

Contingencies. A. H. Belo is involved in certain claims and litigation related to its operations. In the opinion of management, liabilities, if any, arising from these claims and litigation would not have a material adverse effect on A. H. Belo's combined financial position, liquidity, or results of operations. The Company is required to assess the likelihood of any adverse judgments or outcomes to these matters as well as potential ranges of probable losses. A determination of the amount of reserves required, if any, for these contingencies is made after careful analysis of each individual matter. The required reserves may change in the future due to new developments in each matter or changes in approach such as a change in settlement strategy in dealing with these matters.

Share-Based Compensation. The Company records the compensation expense related to its stock options according to SFAS 123R, as adopted on January 1, 2006. The Company records the compensation expense related to its options using the fair value as of the date of grant as calculated using the Black-Scholes-Merton method. The Company records the compensation expense related to its restricted stock units using the fair value as of the date of grant.

Recent Accounting Pronouncements

In September 2006, the FASB issued SFAS 157, "Fair Value Measurements." SFAS 157 establishes, among other items, a framework for fair value measurements in the financial statements by providing a single definition of fair value, provides guidance on the methods used to estimate fair value, and increases disclosures about estimates of fair value. The effective date of SFAS 157 for the Company is January 1, 2008. The Company is evaluating the effect of the adoption of this standard.

Liquidity and Capital Resources

Operating Cash Flows

Net cash provided by (used for) operations and from Belo through borrowings under notes payable or contributions are A. H. Belo's primary sources of liquidity. Net cash provided by operations was \$88,669, \$91,206, and \$49,497 in the years ended December 31, 2004, 2005, and 2006, respectively, and \$29,709 and \$32,269 in the nine months ended September 30, 2006 and 2007, respectively. The changes in cash flows from operations are caused primarily by changes in net earnings and normal changes in working capital requirements. The Company used net cash provided by operations to fund capital expenditures and to invest in a joint venture.

Investing Cash Flows

Net cash flows used in investing activities were \$34,382, \$61,395, and \$65,315 in the years ended December 31, 2004, 2005, and 2006, respectively, and \$40,845 and \$24,723 in the nine months ended September 30, 2006 and 2007, respectively. These cash flows are primarily attributable to capital expenditures and an investment in a joint venture.

Capital Expenditures

Total capital expenditures were \$36,378, \$52,860, and \$68,356 in 2004, 2005, and 2006, respectively, and \$43,610 and \$22,823 in the nine months ended September 30, 2006, and 2007, respectively. These were primarily for the Company's facilities and equipment and corporate-driven technology initiatives. As of September 30, 2007, projected future payments for capital projects in 2007 were approximately \$20,245. The Company expects to finance future capital expenditures, which are expected to total approximately \$25,000 in 2008, using cash generated from operations and, when necessary, borrowings under the bank credit agreement.

In the first quarter 2007, the Company took possession of a new distribution and collating facility for *The Dallas Morning News* in southern Dallas (the "South Plant"). The total cost of the South Plant land, improvements, buildings and equipment is projected to be approximately \$50,000. Of the total estimated costs, approximately \$48,173 has been incurred since the beginning of the project and approximately \$4,625 has been incurred in the nine months ended September 30, 2007.

In the first quarter 2007, *The Press-Enterprise* moved into its new 150,000 square foot, five-story office building to centralize all news, editorial, advertising, sales and marketing, technology, production support, and administrative functions. The total cost of the project is projected to be approximately \$40,000. Of the total estimated costs, approximately \$35,522 has been incurred since the beginning of the project and approximately \$8,439 has been incurred in the nine months ended September 30, 2007.

Financing Cash Flows

Net cash flows provided by (used in) financing activities were \$(55,949), \$(27,343), and \$14,899 in the years ended December 31, 2004, 2005, and 2006, respectively, and \$9,478 and \$(10,048) in the nine months ended September 30, 2006 and 2007, respectively. These cash flows are primarily attributable to dividends and distributions paid to Belo offset by borrowings from Belo pursuant to notes payable. The notes accrue interest at prime plus one percent and have various payments terms. In conjunction with the planned transaction, Belo will contribute to the capital of A. H. Belo all inter-company indebtedness owed by A. H. Belo to Belo or assign the notes to A. H. Belo.

In connection with the distribution from Belo, A. H. Belo expects to enter into a \$120 million five-year revolving credit agreement in order to provide for future working capital needs and other general corporate purposes. Under this agreement, A. H. Belo expects to become subject to various covenants customary for revolving credit agreements of its type, including covenants limiting indebtedness, liens, mergers, substantial asset sales, and dividends. See "Financing Arrangements."

[Table of Contents](#)

Contractual Obligations

The table below summarizes the following specified commitments of A. H. Belo as of December 31, 2006. See the Combined Financial Statements, Note 10—Commitments, for more information on contractual obligations:

<i>Nature of Commitment</i>	<i>Total</i>	<i>2007</i>	<i>2008</i>	<i>2009</i>	<i>2010</i>	<i>2011</i>	<i>Thereafter</i>
Capital expenditures and licenses	\$ 15,349	\$ 15,229	\$ 40	\$ 40	\$ 40	\$ —	\$ —
Non-cancelable operating leases	14,922	5,362	4,309	2,799	1,797	546	109
Total	\$ 30,271	\$ 20,591	\$ 4,349	\$ 2,839	\$ 1,837	\$ 546	\$ 109

Other

A. H. Belo has various options available to meet its 2007 and 2008 capital and operating commitments, including cash on hand, short term investments, and internally generated funds. A. H. Belo believes its current financial condition and credit relationships are adequate to fund both its current obligations as well as near-term growth.

Quantitative and Qualitative Disclosures about Market Risk

A. H. Belo has exposure to changes in the price of newsprint. The average price of newsprint in 2008 is expected to increase, although specific pricing increases and the timing of price variations cannot be predicted. A. H. Belo believes the newsprint environment for 2008, giving consideration to both cost and supply, to be manageable through existing relationships and sources.

BUSINESS

A. H. Belo’s publishing roots trace to *The Galveston Daily News*, which began publication in 1842. Today, A. H. Belo owns three primary daily newspapers: *The Dallas Morning News*, *The Providence Journal*, and *The Press-Enterprise*. They provide extensive local, state, national, and international news. In addition to these three daily newspapers, A. H. Belo publishes various niche products in the same or nearby markets where these daily newspapers are published. Each of A. H. Belo’s daily newspapers and niche publications operates its own Web site. A. H. Belo also operates direct mail and commercial printing businesses.

The Dallas Morning News’ first edition was published on October 1, 1885; the newspaper is one of the leading newspaper franchises in America. Its success is founded upon the highest standards of journalistic excellence, with an emphasis on comprehensive local news and information, and community service. *The Dallas Morning News* is distributed primarily in Dallas County and the 11 surrounding counties. It has earned eight Pulitzer Prizes since 1986 for its news reporting and photography.

The Providence Journal, acquired by Belo in February 1997, is the leading newspaper in Rhode Island and southeastern Massachusetts. *The Providence Journal* is America’s oldest major daily newspaper of general circulation and continuous publication and has won four Pulitzer Prizes.

The Press-Enterprise was acquired in July 1997. *The Press-Enterprise* is distributed throughout the Inland Empire area of southern California, which includes Riverside and San Bernardino counties. It has a long history of journalistic excellence and has won one Pulitzer Prize.

The following table sets forth circulation information concerning A. H. Belo’s primary daily newspaper operations:

<u>Newspaper</u>	<u>2005</u>		<u>2006</u>		<u>2007</u>	
	<u>Daily Circulation(1)</u>	<u>Sunday Circulation</u>	<u>Daily Circulation(1)</u>	<u>Sunday Circulation</u>	<u>Daily Circulation(1)</u>	<u>Sunday Circulation</u>
<i>The Dallas Morning News</i>	462,075(2)	640,742(2)	405,048(2)	566,608(2)	372,808(3)	523,313(3)
<i>The Providence Journal</i>	163,909(4)	231,593(4)	159,788(5)	212,971(5)	149,966(6)	198,973(6)
<i>The Press-Enterprise</i>	176,577(7)	179,390(7)	169,362(7)	178,788(7)	162,461(8)	171,114(8)

- (1) Daily circulation is defined as a Monday through Saturday six-day average.
- (2) Average paid circulation data for *The Dallas Morning News* is according to the Audit Bureau of Circulations (“Audit Bureau”) audit reports for the six months ended September 30, 2005 and 2006, respectively.
- (3) Average paid circulation data for *The Dallas Morning News* is obtained from its Publisher’s Statement for the six-month period ended September 30, 2007, as filed with the Audit Bureau, subject to audit.
- (4) Average paid circulation data for *The Providence Journal* is obtained from its Publisher’s Statement for the twenty-six weeks ended September 25, 2005.
- (5) Average paid circulation data for *The Providence Journal* is obtained from its Publisher’s Statement for the twenty-seven weeks ended October 1, 2006.
- (6) Average paid circulation data for *The Providence Journal* is obtained from its Publisher’s Statement for the twenty-six weeks ended September 23, 2007, as filed with the Audit Bureau, subject to audit.
- (7) The average paid circulation data for 2005 and 2006 for *The Press Enterprise* is obtained from its Publisher’s Statement for the six months ended September 30, 2005 and 2006, respectively.
- (8) Average paid circulation data for *The Press-Enterprise* is obtained from its Publisher’s Statement for the six months ended September 30, 2007, as filed with the Audit Bureau, subject to audit.

BIM, currently a centralized function supporting all of Belo’s operating company Web sites, and Belo Technologies, also a centralized function and supporting certain information technology requirements, will be owned and managed by A. H. Belo. BIM and Belo Technologies will provide services to Belo and its television Web sites pursuant inter-company agreements whereby Belo will compensate A. H. Belo for such services.

A. H. Belo derives revenues primarily from the sale of advertising and newspapers and from direct mail and commercial printing. Prices for A. H. Belo’s newspapers are established individually for each newspaper. Effective April 1, 2006, *The Dallas Morning News* discontinued distribution to areas approximately 200 miles or

[Table of Contents](#)

more outside of the Dallas/Fort Worth metropolitan area. Effective February 1, 2007, *The Dallas Morning News* discontinued distribution to areas approximately 100 miles or more outside of the Dallas/Fort Worth metropolitan area, with the exception of Austin, the capital city of Texas.

Since 2005, A. H. Belo has experienced a decline in net operating revenues and net earnings primarily due to decreased advertising revenues. The decrease in advertising revenues resulted from increased competition for advertising dollars from other media, particularly the Internet. In response to these decreases, A. H. Belo has launched innovative print and online products and has established strategic partnerships with major Internet companies. Revenues from our newspaper Web sites have experienced double-digit annual growth. A. H. Belo has also in recent years focused on neighborhood and other local community news, both in print and online. In addition, A. H. Belo has implemented certain measures to control or decrease operating expenses. These measures include modifying distribution and marketing strategies to allow our newspapers to concentrate on circulation most valued by advertisers and restructuring our newspapers through organizational realignments.

Advertising revenues accounted for approximately 82.0 percent and 81.0 percent of total revenues for the year ended December 31, 2006 and the nine months ended September 30, 2007, respectively. Circulation revenue accounted for approximately 14.0 percent and 16.0 percent of total revenues for the year ended December 31, 2006 and nine months ended September 30, 2007, respectively. For each of the periods, direct mail and commercial printing made up most of the remainder of revenues.

Web sites operated by A. H. Belo's newspapers provide consumers with accurate and timely news and information. The newspaper-affiliated Web sites for *The Dallas Morning News*, *The Providence Journal*, and *The Press-Enterprise* are leading local media sites in their respective markets. Revenues for interactive media for the year ended December 31, 2006 and the nine months ended September 30, 2007 represented approximately 5.0 and 7.0 percent, respectively, of the total revenues and were derived principally from advertising on the various Web sites. In addition, A. H. Belo owns 6.6% of Classified Ventures, LLC, a joint venture of which the other owners are Gannett Co., Inc., The McClatchy Company, Tribune Company, and The Washington Post Company. The three principal online businesses Classified Ventures, LLC operates are: cars.com, apartments.com, and homegain.com. A. H. Belo has agreed to share certain ownership attributes of Classified Ventures, LLC with Belo.

The basic material used in publishing our newspapers is newsprint. Currently, most of A. H. Belo's newsprint is obtained through a purchasing consortium of which it is a member. *The Providence Journal* purchases approximately 50 percent of its newsprint from other suppliers under long-term contracts; these contracts provide for certain minimum purchases per year based on use. During 2006, A. H. Belo's publishing operations consumed approximately 167,000 metric tons of newsprint. Management believes A. H. Belo's sources of newsprint, along with available alternate sources, are adequate for its current needs.

A. H. Belo's Competitive Strengths and Challenges

A. H. Belo's strengths are:

- ownership and superior management of three quality daily newspapers that have been widely recognized over the years for their distinguished journalism.
- the three daily newspapers' locations in markets with projected population growth rates above the national average.
- a strong, cohesive senior management team with significant sector experience focused on the highest priority strategic and operating issues.
- an initial debt-free capital structure with a strong balance sheet providing financial flexibility to allocate capital toward higher-growth online initiatives, support continued innovation, and maintain a strong focus on distinguished journalism and editorial content.
- resources to compete in a challenging operating environment and return cash to shareholders through an attractive dividend yield.

[Table of Contents](#)

- strategic and financial flexibility to form partnerships and alliances unencumbered by considerations of the potential effect on Belo's television business.

A. H. Belo's newspapers, and the newspaper industry as a whole, are experiencing challenges to maintain and grow print circulation and revenues. This results from, among other factors, increased competition from other media, particularly the Internet. A prolonged decline in circulation could affect advertising revenues.

A. H. Belo's Strategies and Opportunities

A. H. Belo is committed to publishing newspapers and online content of the highest journalistic quality and integrity, creating and developing innovative print and online products addressing the needs of its customers and advertisers, providing an attractive dividend yield, and creating value for its shareholders over the long-term. A. H. Belo intends to achieve these objectives by executing the following strategies:

- addressing the diverse and rapidly-evolving needs of our customers in the local markets we serve with targeted, high quality print products, while leveraging our resources, content, and technology to build sustainable and rapidly-growing online assets.
- focusing management's attention on operating our core newspaper businesses and related Web sites to derive maximum revenue and earnings in an Internet-centric media environment by building larger digital businesses.
- innovating and continuing to develop print and online products that create substantial incremental revenue and earnings.
- strengthening and improving our underlying technology platform.
- entering into strategic alliances and partnerships creating virtual cross-ownership to achieve synergies across print, broadcast, and online media.
- being focused and attentive to the needs of our customers and advertisers by implementing initiatives to better reach consumers that advertisers most desire.
- maintaining a conservative balance sheet.
- continuing our commitment of community service to the local communities we serve.

Competition

We face competition for advertising dollars and circulation. The competition for advertising dollars comes from local, regional, and national newspapers, the Internet, magazines, broadcast, cable and satellite television, radio, direct mail, yellow pages, and other media. A. H. Belo also competes for advertising dollars with certain television stations and related Web sites owned by Belo. Increased competition has come from the Internet and other new media formats and services other than traditional newspapers, many of which are often free to users. Free circulation daily newspapers have been recently introduced in several metropolitan markets, and there can be no assurance that free daily publications, or other publications, will not be introduced in any markets in which A. H. Belo publishes its newspapers. *The Dallas Morning News* has one major metropolitan daily newspaper competitor in certain areas of the Dallas/Fort Worth market. *The Providence Journal* competes with five daily newspapers in the Rhode Island and southeastern Massachusetts markets. *The Press-Enterprise* competes with seven daily newspapers in the Inland Empire area of southern California.

FCC Cross-Ownership Restrictions

The FCC recently announced limited changes to previous FCC regulations that prohibited the common ownership of television stations and daily newspapers in the same market. Belo's pre-distribution ownership of *The Dallas Morning News* and WFAA-TV in the Dallas/Fort Worth, Texas market predates the adoption of the previous prohibition and was "grandfathered" by the FCC. We do not believe that the distribution or the recent limited changes will affect the grandfathered status of those properties. In view of the continuing common

[Table of Contents](#)

ownership of Belo and A. H. Belo and the participation of several common officers, directors, and attributable shareholders, however, it appears unlikely that either Belo or A. H. Belo will be eligible to acquire any other television station in the Dallas/Fort Worth market, absent a further change in FCC regulations.

Employees

As of January 1, 2008, A. H. Belo had approximately 3,800 full-time and part-time employees, including approximately 530 employees represented by various employee unions. All of these union employees are located in Providence, Rhode Island. We believe our relations with our employees are satisfactory.

Properties

A. H. Belo owns and operates a newspaper printing facility and distribution center in Plano, Texas, to print *The Dallas Morning News* and other publications. Additional operations of *The Dallas Morning News* are housed in a four-story building and in parts of a separate 17-story office building (The Belo Building) in downtown Dallas, Texas, owned by Belo. Belo owns other downtown Dallas real estate used for parking and other purposes. A. H. Belo also owns a distribution and collating facility for *The Dallas Morning News* in the southern part of Dallas and owns a two-story printing facility in Arlington, Texas, used for commercial printing. A. H. Belo also leases space in Irving, Texas, for a secondary data center.

After an assessment of their respective downtown Dallas real estate needs, A. H. Belo and Belo have agreed to co-own, through the creation of a limited liability company (LLC), The Belo Building, related parking sites, and specified other downtown real estate. Immediately following the distribution, A. H. Belo and Belo will each (1) own 50 percent of the LLC and (2) agree to lease 50 percent of the available rental space in The Belo Building and related parking sites from the LLC under long-term leases that will be terminable under various conditions. A third party real estate services firm will be engaged by the LLC to manage The Belo Building and the other real estate to be owned by the LLC.

In addition, A. H. Belo and Belo have agreed to exchange certain real estate interests they or their subsidiaries own in an approximately 10-acre downtown Dallas campus jointly used today by *The Dallas Morning News* and Belo's television businesses WFAA-TV and Texas Cable News (TXCN). After the distribution, the campus will be re-platted and the exchange effected. As a result of the exchange, *The Dallas Morning News* will own a single parcel (or contiguous parcels) containing the land and improvements used in its operations, and WFAA-TV, TXCN, and Belo will likewise own a single parcel (or contiguous parcels) containing the land and improvements used by WFAA-TV and TXCN. Depending on their needs, A. H. Belo (or a related entity) and Belo (or a related entity) may also enter into lease or use agreements for specified parts of the campus real estate properties. The terms of such agreements, including the compensation to be paid, will be determined by arms-length negotiations between A. H. Belo and Belo.

A. H. Belo owns and operates a newspaper printing facility in Providence, Rhode Island, for *The Providence Journal*. The remainder of *The Providence Journal's* operations is housed in an owned, five-story building in downtown Providence.

A. H. Belo owns and operates a newspaper publishing facility and a commercial printing facility in downtown Riverside, California, for *The Press-Enterprise* and other company and third party publications. We have a state-of-the-art media center for *The Press-Enterprise* in Riverside, California, which houses the non-production operations of *The Press-Enterprise*.

We have additional leasehold and other interests that are used in our activities, which interests are not material. We believe our properties are in satisfactory condition and are well maintained and that such properties are adequate for present operations.

Seasonality

A. H. Belo's advertising revenues are subject to moderate seasonality, with advertising revenues typically higher in the fourth calendar quarter of each year because of the holiday shopping season. The level of advertising sales in any period may also be affected by advertisers' decisions to increase or decrease their advertising expenditures in response to anticipated consumer demand and general economic conditions.

Legal Proceedings

On August 23, 2004, August 26, 2004, and October 5, 2004, three related lawsuits were filed by purported shareholders of Belo in the United States District Court for the Northern District of Texas against Belo, Robert W. Decherd, and Barry T. Peckham, a former executive officer of *The Dallas Morning News*. The complaints arise out of the circulation overstatement at *The Dallas Morning News* announced by Belo in 2004 and further described below, alleging that the overstatement artificially inflated Belo's financial results and thereby injured investors. The plaintiffs seek to represent a purported class of shareholders who purchased Belo common stock between May 12, 2003 and August 6, 2004. The complaints allege violations of Sections 10(b) and 20(a) of the Securities Exchange Act of 1934. On October 18, 2004, the court ordered the consolidation of all cases arising out of the same facts and presenting the same claims, and on February 7, 2005, plaintiffs filed an amended, consolidated complaint adding as defendants John L. Sander, Dunia A. Shive, and Dennis A. Williamson, all of whom are current or retired executive officers of Belo, and James M. Moroney III, an executive officer of *The Dallas Morning News*. On May 18, 2007, the court partially granted defendants' motions to dismiss plaintiffs' second amended complaint to the extent it dismissed plaintiffs' complaint as to defendants John L. Sander, Dunia A. Shive, and Dennis A. Williamson. The motions to dismiss were denied as to the other defendants. On September 19, 2007, plaintiffs filed their motion for class certification; defendants filed their response to this motion on October 26, 2007. Plaintiffs filed their reply to the response on November 16, 2007. On November 26, 2007, the court denied defendants' motion for reconsideration of the court's denial of defendants' motion to dismiss as to the remaining defendants. No class or classes have been certified and no amount of damages has been specified. We believe the complaints are without merit and intend to defend vigorously against them.

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

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

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

[Table of Contents](#)

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

In 2004, Belo announced that an internal investigation, then ongoing, disclosed practices and procedures that led to an overstatement of previously reported circulation figures at *The Dallas Morning News*, primarily in single copy sales. In response to the overstatement, Belo implemented a voluntary advertiser plan developed by Belo management. The plan included cash payments to advertisers and future advertising credits. Payments under the plan were made without any condition that such advertisers release *The Dallas Morning News* from liability for the circulation overstatement. To use the credits, advertisers generally placed advertising in addition to the terms of the advertiser's current contract. There are no unused credits.

In 2004, the staff of the SEC notified Belo that it was conducting a newspaper industry-wide inquiry into circulation practices, and inquired specifically about *The Dallas Morning News*' circulation overstatement. Belo briefed the SEC on *The Dallas Morning News* circulation situation and related matters. The information voluntarily provided to the SEC related to *The Dallas Morning News*, as well as *The Providence Journal* and *The Press-Enterprise*. On October 1, 2007, the staff sent counsel for Belo a letter stating that the inquiry has been completed and that the staff does not intend to recommend any enforcement action by the SEC.

MANAGEMENT

Directors and Officers

The following persons are our executive officers and directors as of the distribution date. Our bylaws provide that the board of directors be divided into three classes, approximately equal in number, with staggered terms of three years so that the term of one class expires at each annual meeting. The bylaws further provide that a director will retire on the date of the next annual meeting of shareholders following his or her 68th birthday. Each of the directors below will serve until the annual meeting set forth below. All A. H. Belo directors, other than Mr. Decherd and Mrs. Herndon, meet the NYSE listing standards for independence. The executive officers who are identified in the following table presently are employees of Belo. After the distribution, none of the executive officers will continue to be employees of Belo.

<u>Name</u>	<u>Age</u>	<u>Principal Positions and Directorships</u>
Robert W. Decherd	56	Chairman of the Board, President and Chief Executive Officer(1)(2)(3)
James M. Moroney III	51	Executive Vice President and Publisher and Chief Executive Officer, <i>The Dallas Morning News</i> (2)
Donald F. (Skip) Cass, Jr.	42	Executive Vice President and Secretary
Alison K. Engel	37	Senior Vice President/Chief Financial Officer and Treasurer
Daniel J. Blizzard	49	Senior Vice President
Louis E. Caldera	51	Director(1)(4)
Douglas G. Carlston	60	Director(1)(5)
Dealey D. Herndon	61	Director(1)(2)(5)
Laurence E. Hirsch	62	Director(1)(4)
J. McDonald Williams	66	Director(1)(3)

- (1) Currently a director of Belo.
- (2) A director of Belo after the distribution.
- (3) Class III director, current term expires at the 2011 annual meeting.
- (4) Class II director, current term expires at the 2010 annual meeting.
- (5) Class I director, current term expires at the 2009 annual meeting.

Robert Decherd has been Belo's chairman and chief executive officer since January 1987. Robert served as president of Belo from January 1985 through December 1986 and again from January 1994 through February 2007. From January 1984 through December 1986, he served as chief operating officer. Robert is a member of the board of directors, lead director, and chairman of the Executive Committee of Kimberly-Clark Corporation. He serves on the Advisory Council for Harvard University's Center for Ethics, and the Board of Visitors of the Columbia Graduate School of Journalism. From 2002 to March 2006, Robert served as a member of the FCC's Media Security and Reliability Council, which is part of President Bush's Homeland Security initiative.

Jim Moroney has been publisher and chief executive officer of *The Dallas Morning News* since June 2001. He served as president of Belo Interactive, Inc. from its formation in May 1999 until June 2001 and as executive vice president of Belo from July 1998 through December 1999, with responsibilities for finance, treasury, and investor relations. Prior to 1998, he was president of Belo's Television Group and held other positions prior to that in Belo's broadcasting and corporate organizations. Jim joined Belo in November 1978. Jim presently serves on the boards of the Dallas Chamber of Commerce, Cistercian Preparatory School in Dallas, the State Fair of Texas, and the Newspaper Association of America.

Skip Cass currently serves as executive vice president of Belo, overseeing Belo Interactive Media and Belo's business development activities. Prior to the distribution, he will take on responsibility for Belo Technologies as well. Skip was executive vice president/Media Operations from February 2006 through February 2007, and served as senior vice president from February 2000 through January 2006, including with

[Table of Contents](#)

responsibility for corporate communications from February 2000 through January 2002. Additionally, Skip had operating responsibility for *The Press-Enterprise* from January 2000 to January 2006 and for Belo's Arizona broadcast operations from January 2002 to January 2006.

Ali Engel has been vice president/Corporate Controller for Belo since January 1, 2006. Ali joined Belo in 2003 as director/accounting operations and served as corporate controller from February 2005 to December 2005. From 2000 to 2003, Ali was the assistant controller for EXE Technologies, Inc.. Ali is a certified public accountant and has more than 13 years of financial management experience at diversified multi-unit business organizations and PricewaterhouseCoopers.

Dan Blizzard has been vice president/Operations for Belo since January 1, 2001. He has also served as executive vice president/Real Estate for Belo Investment Corporation, a wholly-owned subsidiary of Belo, since January 2007. Dan joined Belo in May 1999 as director/procurement for *The Dallas Morning News* and served in that position until 2001. He is chairman of the board of Downtown Dallas and is a board member of the City Center TIF District, Downtown Connection TIF District, and the Downtown Dallas Development Authority.

Louis Caldera served as president of the University of New Mexico from August 2003 to February 2006, and is currently a tenured member of the University of New Mexico Law School faculty. He served as vice chancellor for university advancement at The California State University from June 2001 to June 2003. Louis was Secretary of the Army in the Clinton Administration from July 1998 until January 2001. He previously served as managing director and chief operating officer for the Corporation for National and Community Service, a federal grant-making agency, from September 1997 to June 1998. Louis serves on the boards of directors of IndyMac Bancorp, Inc. and Southwest Airlines Co..

Doug Carlston has served as chairman of the board of Public Radio International since June 2003, having been a member of that board since March 1997. He also serves as chief executive officer of Tawala Systems, an Internet technology company he co-founded in 2005. Previously, in 1980, Doug co-founded Brøderbund Software, one of the world's leading publishers of productivity and educational software, and served as chief executive officer from 1991 until 1996 and as chairman of the board from 1981 until 1998. Doug currently serves on the boards of the Albanian American Enterprise Fund, and the Long Now Foundation. He is a member of the Committee on University Resources of Harvard University and the Board of Advisors of Johns Hopkins School of Advanced International Studies.

Dealey Herndon was president of Herndon, Stauch & Associates, a project and construction management firm, from September 1995 until the business was sold in April 2006. Dealey remains active in the new firm as executive project manager. From January 2001 to October 2001, she also served as director of appointments for Texas Governor Rick Perry. From 1991 to September 1995, she was executive director of the State Preservation Board of the State of Texas and managed the Texas Capitol Restoration in that capacity. Dealey is trustee emeritus of the National Trust for Historic Preservation in Washington, D.C. and is a past chair of the board of trustees of St. Edward's University in Austin, Texas.

Larry Hirsch is the chairman of Eagle Materials Inc., a construction products company, a position he has held since July 1999. He is also the chairman of Highlander Partners, L.P., a private equity firm. Larry is the former chairman and chief executive officer of Centex Corporation, one of the nation's largest homebuilders. He was chief executive officer of Centex from July 1988 through March 2004 and chairman of the board from July 1991 through March 2004. Larry serves as chairman of the Center for European Policy Analysis in Washington, D.C.

Don Williams is the former chief executive officer and chairman of Trammell Crow Company, a real estate services firm. He served as chief executive officer from 1977 through July 1994, as chairman of the board from August 1994 to May 2002, and as chairman emeritus from May 2002 until December 2006 when Trammell Crow Company merged with CB Richard Ellis. Don serves on the boards of directors of Tenet Healthcare Corporation,

[Table of Contents](#)

Abilene Christian University, the Hoblitzelle Foundation, Southern Methodist University's Perkins School of Theology, and the Foundation for Community Empowerment. He also serves on the Dean's Council of Harvard University's John F. Kennedy School of Government.

Robert Decherd and Dealey Herndon are brother and sister. Jim Moroney is their second cousin.

Corporate Governance Guidelines

A. H. Belo's board of directors has adopted Corporate Governance Guidelines, board committee charters, and a Code of Business Conduct and Ethics for directors, officers, and employees based substantially on the same documents and framework as in effect for Belo. Copies of A. H. Belo's corporate governance documents are posted on our Web site at www.ahbelo.com.

Board Committees

A. H. Belo's board of directors has established several standing committees to assist in the discharge of its responsibilities. These committees are an audit committee, a compensation committee, and a nominating and corporate governance committee. Due to the size of the board, each independent director will serve on each of the three standing committees. Mrs. Herndon and Mr. Decherd will not serve on any of these standing committees. The board of directors may also establish other committees as it deems appropriate, in accordance with applicable Delaware law, NYSE regulation, the Corporate Governance Guidelines, and the bylaws.

Audit Committee

The composition of A. H. Belo's audit committee meets the independence requirements of the Exchange Act, the NYSE, and the Corporate Governance Guidelines. A. H. Belo's board is expected to determine that at least one independent director meets the requirements for being an "audit committee financial expert," as defined by regulations of the SEC. Louis Caldera will serve as chairman of the audit committee.

Compensation Committee

A. H. Belo's compensation committee will have oversight responsibility for the compensation and benefits programs for its directors, executive officers, and other employees. The composition of A. H. Belo's compensation committee meets the independence requirements of (1) relevant federal securities laws and regulations, (2) Section 162(m) of the Code, (3) the NYSE, and (4) the Corporate Governance Guidelines. Doug Carlston will serve as chairman of the compensation committee.

Nominating and Corporate Governance Committee

The nominating and corporate governance committee will consider and recommend candidates for election to A. H. Belo's board of directors and advise the board on corporate governance matters. The composition of A. H. Belo's nominating and corporate governance committee meets the independence requirements of the NYSE and the Corporate Governance Guidelines. Don Williams will serve as chairman of the nominating and corporate governance committee and as lead director.

EXECUTIVE COMPENSATION

Compensation Discussion and Analysis

A. H. Belo did not exist prior to October 1, 2007 and therefore the compensation for the A. H. Belo named executive officers reflected herein was not determined by A. H. Belo's compensation committee. Accordingly, this Compensation Discussion and Analysis describes the compensation philosophy applied by Belo to its named executive officers with respect to the fiscal year ended December 31, 2006, and the ways in which we anticipate that A. H. Belo's compensation philosophy will be similar or differ after we become a separate public company. As A. H. Belo's programs will initially be similar to those applicable to executives of Belo, we do not anticipate that there will be many differences immediately following the distribution. The boards of directors of Belo and A. H. Belo are expected to review the effect of the distribution on all elements of compensation during fiscal year 2008 and to make appropriate adjustments.

For purposes of this Compensation Discussion and Analysis, the named executive officers of A. H. Belo are Robert W. Decherd, James M. Moroney III, Donald F. (Skip) Cass, Jr., Alison K. Engel, and Daniel J. Blizzard. Of these named executive officers, only Mr. Decherd was a named executive officer in Belo's 2007 proxy statement. Mr. Moroney, publisher of *The Dallas Morning News* and a member of the Belo management committee, was not a Belo named executive officer in the 2007 Belo proxy statement; however, his compensation was subject to the oversight of and review by the Belo compensation committee. Messrs. Cass and Blizzard and Ms. Engel were non-executive officers of Belo during fiscal year 2006. As a result, the compensation of Messrs. Cass and Blizzard and Ms. Engel was not subject to the direct oversight of the Belo compensation committee. Therefore, throughout this Compensation Discussion and Analysis, references to the historical 2006 executive compensation program are relevant with respect to Mr. Decherd, and the compensation elements applicable to the other individuals are described separately where appropriate.

Overview of Compensation Program

Historically, the compensation committee of the Belo board of directors has overseen, and following the distribution the compensation committee of the A. H. Belo board of directors will oversee, A. H. Belo's overall compensation structure, policies, and programs, and will have the responsibility for establishing, implementing, and continually monitoring adherence to the company's compensation philosophy. Historically, the primary management liaisons to the Belo compensation committee have been Belo's chairman and chief executive officer, Robert Decherd, and its senior vice president/Human Resources, Marian Spitzberg.

Compensation Objectives

Belo has adopted, and following the distribution A. H. Belo will have adopted, compensation policies to achieve the following objectives:

- establish a competitive compensation program;
- attract and retain executive talent in positions that most directly affect the company's overall performance;
- motivate and reward executives for achievement of the company's financial and non-financial performance objectives;
- encourage coordinated and sustained effort toward maximizing the company's value to its shareholders; and
- align the long-term interests of executives with those of the company's shareholders.

Setting Executive Compensation

To assist the Belo compensation committee and management in assessing and determining appropriate, competitive compensation for Belo executive officers in 2006, the committee engaged an outside compensation

[Table of Contents](#)

consultant, Hewitt Associates LLC. Mercer has served as Belo's compensation consultant in 2007, and it is anticipated that Mercer will serve as both Belo's and A. H. Belo's compensation committee consultant in 2008.

Historical Setting of Executive Compensation by Belo

Surveys and Determination of the Median. Belo used several different compensation surveys to prepare 2006 compensation recommendations for consideration by its compensation committee. For base salary and total target cash compensation, Belo referenced the Towers Perrin Media Industry CDB Executive Compensation Database, referred to as the Towers Perrin Media Survey. The Towers Perrin Media Survey consisted of compensation survey information from 106 companies with media operations that include newspapers, television stations, television networks, magazines, radio stations, information publishing, and Internet/online services commonly classified as media. The median annual revenue for all participants in the Towers Perrin Media Survey was \$373 million. Belo does not choose the participants in the Towers Perrin Media Survey, nor does it provide to the compensation committee the individual names of the 106 participant companies, other than the peer group selections discussed below.

Belo identified 20 companies within the Towers Perrin Media Survey that shared with Belo similar characteristics in terms of focus on media operations (i.e., newspaper, television stations, and Internet operations). Survey data from this group of peer companies, referred to as the Towers Perrin Peer Group, provided Belo with supplemental information for both base salary and total target cash compensation for the executive officers. The companies included in the Towers Perrin Peer Group, the median annual revenue of which was \$5 billion, were:

- American Broadcasting Companies, Inc.
- CBS Corporation
- Cox Enterprises
- Dow Jones & Company, Inc.
- The E.W. Scripps Company
- Fisher Communications
- Fox Broadcasting
- Gannett Co., Inc.
- The Hearst Corporation
- Landmark Communications
- The McClatchy Company
- McGraw-Hill Companies Inc.
- Media General, Inc.
- Meredith Corporation
- NBC Universal, Inc.
- The New York Times Company
- Turner Broadcasting
- Tribune Company
- Viacom Inc.
- The Washington Post Company

Long-term incentive compensation recommendations were developed by Belo with reference to the Towers Perrin CDB Executive Compensation Database for General Industry participants, referred to as the Towers Perrin General Survey. The Towers Perrin General Survey is a database of approximately 825 companies that participated in Towers Perrin's compensation survey. Approximately 350 of those companies submitted long-term incentive compensation data. Belo does not choose the participants in the Towers Perrin General Survey, nor does Towers Perrin disclose to Belo the names of the companies that comprise the subsets (other than the peer group selections identified above). Belo used for comparison purposes a subset of 113 of the 350 companies, with annual revenues between \$1 billion and \$3 billion, that participate in the Towers Perrin General Survey. The median annual revenue for this subset of companies was \$1.9 billion. Belo found that the larger sample pool of similarly-sized companies in the subset provided a better source of long-term incentive data than was available by limiting such information strictly to the Towers Perrin Peer Group because of the widely varying compensation practices in the media industry. Long-term incentive grant practices in the media industry have undergone change in the past several years that is, in part, a result in the shift in advertising dollars away from newspapers and the consolidation of advertising providers throughout the industry. Belo believes that a larger population of survey respondents from across industries provided a more reliable basis for recommending long-term compensation, and that assessing long-term incentive grant practices from a broader group provided more stability to its long-term incentive compensation analysis. Belo did not observe the same volatility in base salary and annual incentive compensation practices from the results of the Towers Perrin Media Survey. Representative industries included in the Towers Perrin General Survey included aerospace/defense; automotive and transportation; chemicals; computers, hardware, software, and services; consumer products; electronics and scientific equipment; food and beverage; metals and mining; oil and gas; pharmaceuticals; and telecommunications.

[Table of Contents](#)

In addition, during 2006, Belo's compensation consultant provided Belo with a supplemental summary of compensation information from a select group of public media companies' proxy filings, referred to as the Proxy Study, that provided total compensation information for their executive officers. Belo considered the companies in the Proxy Study to be similarly situated peer media companies with operational characteristics similar to Belo. Belo management used the Proxy Study as a retrospective comparison of the average and 50th percentile compensation levels for similar industry executive officer positions. The companies included in the Proxy Study were:

- Dow Jones & Company, Inc.
- Hearst-Argyle Television, Inc.
- Media General, Inc.
- The Washington Post Company
- The E.W. Scripps Company
- Lee Enterprises, Inc.
- The New York Times Company
- Young Broadcasting Corporation
- Gannett Co., Inc.
- The McClatchy Company
- Tribune Company

Process and Role of Management. Belo used each of these referenced surveys to develop recommendations for base salary, annual cash incentive compensation, and long-term incentive compensation for the company's executive officers, including the chief executive officer. These recommendations, which were developed with input from the compensation committee's compensation consultant, were presented by Marian Spitzberg, senior vice president/Human Resources, to Belo's chief executive officer, Robert Decherd. Robert Decherd and Marian Spitzberg adjusted these recommendations after taking into account each individual executive officer's recent performance, as well as his or her experience, level of responsibility, and contributions to the company's long-term goals during the current year. The compensation recommendations, together with the compensation histories and the percentile rankings of the executive officers relative to the Towers Perrin Peer Group, were then presented to the compensation committee, which had full access to its compensation consultant, Robert Decherd, Marian Spitzberg, and the human resources staff who were involved in the formulation of recommendations. After consideration of the recommendations and adequate opportunity to address specific questions and concerns, the compensation committee made final compensation recommendations for the named executive officers, excluding the chief executive officer, to the non-management members of Belo's board of directors for their approval. In its deliberations, the board considered Belo's compensation objectives and philosophy in light of the recommendations. Based on its review and analysis, the board determined the final compensation to be awarded to each named executive officer, with the exception of the chief executive officer. The committee evaluated and determined the chief executive officer's compensation after following the same process. In this regard, the compensation committee reviewed and received the same peer group information, except that market data for chief executive officer compensation was provided to the committee without any specific compensation recommendation.

Timing of Decisions. Historically, the Belo compensation committee has had three regularly-scheduled meetings each year in or around February, July, and December. The committee usually also has special meetings by telephone or in person periodically as necessary to address compensation issues that may arise from time to time. With respect to 2006 compensation for Belo executive officers, the committee held the following regular meetings to review, discuss, and set or recommend compensation levels:

December 2005	Determine or recommend 2006 base salaries
	Determine or recommend 2006 individual cash incentive opportunities
	Grant 2006 performance-related restricted stock unit awards
	Set 2006 financial performance targets
February 2006	Establish a maximum incentive award pool to ensure tax deductibility under section 162(m) of the Code
July 2006	Review and discuss compensation issues, policies, trends
December 2006	Award stock options
February 2007	Approve or recommend 2006 cash incentive bonuses, time-based restricted stock unit awards, and the number of performance-related restricted stock units earned in respect of 2006 performance

Setting of A. H. Belo Executive Compensation Going Forward

A. H. Belo's named executive officers' 2008 compensation was initially set by Belo in December 2007. Thereafter, the A. H. Belo compensation committee will oversee executive compensation at A. H. Belo and the committee may or may not continue to take an approach similar to that described above in setting compensation for its executive officers. After the distribution, we anticipate that we, either directly or through A. H. Belo's compensation committee's compensation consultant, will use several methods to compare our executive compensation practices to those of other comparable newspaper companies. These include: using publicly available market surveys to match the roles of our named executive officers to roles in the surveys; conducting total compensation studies; and conducting an analysis of our named executive officers' compensation for use in establishing levels for overall long-term incentive awards and setting compensation for the named executive officers. We expect to evaluate the base salary, annual cash incentive awards, and long-term incentives provided to the named executive officers of peer companies in terms of revenue and industry. We expect to extract this data from publicly available sources with assistance from a compensation consultant.

Elements of 2006 Executive Compensation

Historical Belo Elements of Compensation. For the fiscal year ended December 31, 2006, the principal elements of compensation for Belo's named executive officers were:

- base salary;
- annual cash incentive opportunity;
- long-term equity incentive compensation; and
- retirement and other benefits.

The Belo compensation committee administers the 2004 Executive Compensation Plan, as amended, which was approved by Belo's shareholders. We refer to the Executive Compensation Plan as the ECP. The Belo ECP provides for two elements of compensation: annual cash incentives (performance bonus) and long-term equity-based compensation. Awards under the ECP are supplemental to an ECP participant's base salary.

Officers of Belo and its subsidiaries, including Belo's chief executive officer and its other executive officers, are eligible to participate in the ECP. Additional ECP participants are selected based on management's evaluation of their ability to affect significantly Belo's profitability.

Elements of A. H. Belo Executive Compensation Going Forward. Following the distribution, A. H. Belo expects to use a combination of compensation elements similar to those used historically by Belo as further described below.

Base Salary—Historical. Base salaries for Belo executive officers are reviewed annually. Belo gathers base salary data from the Towers Perrin Media Survey and the Towers Perrin Peer Group for compensation comparisons. The data provided by these two surveys includes certain statistical factors that make it possible to predict the median (50th percentile pay data) for both base salary and total target cash compensation.

Belo uses this survey data, along with the revenues earned by each Belo executive officer's organization, to prepare estimates of median pay for base salary and total target cash compensation for each executive officer, including the chief executive officer. Recommendations above the median may be made when warranted on account of an individual executive's outstanding performance, promotion, or retention concerns. Recommendations below the median may also be made when warranted.

As discussed above, the compensation committee reviews the base salary recommendations and makes final recommendations to the Belo board, except with respect to the chief executive officer, for which the compensation committee has final approval. For 2006, Robert Decherd's, Jim Moroney's, and Ali Engel's base salaries were compared to market data for similarly situated officers included in the survey data and in each case, their base salaries set forth in the Summary Compensation Table fell slightly below the estimated median:

[Table of Contents](#)

Robert Decherd – 98 percent of the median; Jim Moroney – 99 percent of the median; and Ali Engel – 79 percent of the median. Comparable survey data was not available for Messrs. Cass’ and Blizzard’s positions with Belo, therefore management reviewed their compensation in light of their experience and tenure with Belo, their relative position with respect to other Belo executive positions for which survey data was available, and retention concerns, in order to set what management believes to be fair and equitable base salary.

Base Salary—Going Forward. The 2008 base salaries for the A. H. Belo named executive officers were initially set by Belo in December 2007 and were ratified by the A. H. Belo compensation committee in January 2008. Median market information for the A. H. Belo named executive officers was provided by Mercer for consideration by the compensation committee. This market information was based on analyses of data from the Towers Perrin Media Survey for 2007 and available proxy data of other peer media companies. The 2008 base salaries for the A. H. Belo named executive officers were set as follows: Robert Decherd – \$800,000; Jim Moroney – \$550,000; Skip Cass – \$465,000; Ali Engel – \$250,000; and Dan Blizzard – \$240,000. Mr. Decherd’s 2008 base salary takes effect on the distribution date. The A. H. Belo named executive officers’ 2008 base salaries do not materially vary from the median range of the market data, with the exception of Ms. Engel, whose base salary is materially below the market median for her position but represents a significant increase over her 2007 base salary in light of her recent promotion to chief financial officer of A. H. Belo. In addition, relevant market data was not available for Mr. Cass’ position, and the committee considered his experience and responsibilities along with his relative position within the organization and retention needs. Following the distribution, the A. H. Belo compensation committee will review, determine, and adjust the base salaries of our named executive officers annually.

Annual Cash Incentive Opportunity—Historical. Consistent with Belo’s objective of motivating and rewarding executives for achievement of Belo’s financial and non-financial performance objectives, each Belo executive officer is eligible to receive annual cash incentive compensation based on financial performance objectives established in the annual financial plan (the “Financial Plan”), approved by Belo’s board of directors at the beginning of each year. The performance goals are communicated to Belo executive officers at the beginning of each year. The financial performance objectives vary from year-to-year and reflect the cyclical nature of the company’s businesses due to fluctuating advertising demand, for example, relating to election years, Olympics, and other United States sports events, in addition to taking into consideration industry factors that include decreases in newspaper circulation, significant changes in demand for print classified advertising, changes in media consumption habits by consumers and advertisers, and other competitive conditions, including recruiting and retaining talent.

The Belo compensation committee establishes an annual performance-based incentive pool for each senior executive, as permitted by the ECP and in compliance with the performance-based compensation exemption under section 162(m) of the Code. This performance pool (3 percent of Belo’s consolidated net income for Robert Decherd) provided a maximum for the award of 2006 cash and certain equity incentives, described below, and generally allowed for full tax deductibility of the compensation awarded. The Belo compensation committee has never awarded the full amount of the incentive pool to any executive officer. Because they were not named executive officers of Belo for 2006, Messrs. Moroney, Cass, and Blizzard and Ms. Engel were not subject to a section 162(m) incentive pool for purposes of 2006 incentive compensation awards. As described below, they were Belo ECP participants in 2006.

Based upon Belo’s 2006 financial performance, cash bonuses were awarded to Belo senior executives by first considering the amounts that would have been paid to the senior executives under the method described below for calculating bonuses for other ECP participants. The compensation committee, in its discretion, may adjust the awards that are derived from that formula to take into consideration individual performance and potential, including achievement of non-financial objectives, scope of responsibility, and their respective contributions toward Belo’s performance.

Under the ECP, the Belo compensation committee establishes a target bonus opportunity expressed as a percentage of base salary based on competitive market information using the Towers Perrin Media Survey. The target bonus opportunity for 2006 for Robert Decherd was set by the Belo compensation committee at 90 percent.

[Table of Contents](#)

The other A. H. Belo named executive officers in the Summary Compensation Table had 2006 target bonus opportunities set as follows: Jim Moroney, 60 percent; Skip Cass, 50 percent; Ali Engel, 30 percent; and Dan Blizzard, 30 percent. Target bonus opportunities for 2007 (relating to Belo performance) for each of the A. H. Belo named executive officers are shown in the “Grants of Plan-Based Awards in 2006” table in the “Estimated Future Payouts Under Non-Equity Incentive Plan Awards” column. The committee targets the median, or 50th percentile, of the Towers Perrin Media Survey and the Towers Perrin Peer Group for annual cash incentives. The target bonus of 90 percent of base salary for Robert Decherd for 2006 was in the median range for the market as measured by the Towers Perrin Media Survey for the position of chief executive officer. Jim Moroney’s target bonus of 60 percent of base salary was greater than the survey indicated median of 45 percent for newspaper chief executives; however, the Belo compensation committee believed this greater target bonus opportunity was appropriate after considering his responsibilities associated with serving on the management committee of Belo and his length and breath of experience with the company. The committee did not consider the market median target bonus percentages for Messrs. Cass and Blizzard and Ms. Engel for 2006 individually, but rather considered their compensation packages as a whole, including total target cash compensation, as part of the entire ECP group, which was approved as a whole at the committee’s December 2005 meeting.

Actual bonus amounts earned by ECP participants may range from zero to a maximum bonus of 200 percent of the target bonus opportunity established by the compensation committee, depending on the level of achievement of Financial Plan target. For 2006, the committee approved financial performance ranges for Belo’s named executive officers based on Belo’s Financial Plan, as shown in the table below. Payout for performance between points is prorated.

<u>Performance Level</u>	<u>Financial Plan Target Achievement</u>	<u>2006 EPS Goals</u>	<u>Opportunity Payout Based on Achievement</u>
Maximum	110%	\$1.40	200%
Target	100%	\$1.27	100%
Threshold	85%	\$1.08	10%
Below Threshold	Less than 85%	Less than \$1.08	0%

The above EPS goals were applicable for Robert Decherd, Ali Engel, and Dan Blizzard for 2006. Messrs. Moroney’s and Cass’ non-equity incentive awards were based upon attainment of certain financial goals set for specific Belo subsidiary operating companies or areas of responsibility reporting to them rather than Belo’s EPS. Belo believes that linking bonus opportunity directly to financial performance, with an opportunity to earn a 200 percent payout of target bonus amount if maximum performance is achieved, provides participants with significant motivation to achieve the company’s financial objectives.

Actual EPS of \$1.26 for the year ended December 31, 2006 was adjusted at the compensation committee’s discretion. The primary adjustments included the elimination of a one-time gain on the sale of an investment and credit for certain expenses associated with the optimization of technology supporting all of Belo’s operations and the effect of curtailment of The G. B. Dealey Retirement Pension Plan, referred to as the Pension Plan. The adjusted EPS of \$1.31, which was approved by the committee, was then compared to the EPS target of \$1.27 and an achievement of 130.8 percent of target resulted. Beginning in 2008, Belo’s compensation committee will generally limit adjustments to earnings per share to defined events, including adjustments related to accounting and tax changes and major transactions.

A proposed cash bonus under the ECP formula was calculated for each Belo named executive officer by applying this achievement percentage to each individual’s target bonus opportunity. For example, in 2006, Robert Decherd’s base salary of \$925,000 and target bonus percentage of 90 percent would qualify him for a target bonus payout of \$832,500. Based upon actual 2006 financial performance equivalent to 130.8 percent of the targeted EPS of \$1.27, Robert qualified for an annual performance bonus under the ECP formula of \$1,088,700. Accordingly, based on Belo’s financial performance, Belo’s named executive officers earned cash incentive payments in respect of 2006 performance that were paid to the executives in the first quarter of 2007. The incentive payments paid by Belo to the A. H. Belo named executive officers are quantified in the “Non-

[Table of Contents](#)

Equity Incentive Plan Compensation” column of the Summary Compensation Table. Amounts in excess of the ECP formula are reflected in the “Bonus” column of the Summary Compensation Table. Messrs. Decherd’s and Moroney’s bonus amounts reflect a rounding upward of their cash incentive award in excess of the ECP formula. The amounts for Ms. Engel and Mr. Cass represent the cash portion of a special discretionary award in recognition of their contributions to the success of the company’s strategic initiatives during 2006.

Annual Cash Incentive Opportunity—Going Forward. Beginning with respect to 2008 compensation, for members of the Belo management committee, the annual cash incentive award opportunity will incorporate a 25 percent discretionary component to allow for recognition of and reward for performance of executives in key non-financial areas. Target bonus opportunities will continue to be set as a percentage of base salary. As revised for Belo management committee members, 75 percent of the target bonus opportunity will be based upon a financial performance measure and 25 percent will be based upon the level of achievement of an individual executive’s non-financial performance goals. For both the financial performance and non-financial performance components of annual cash incentive compensation, Belo management committee members will have the opportunity for payouts based on levels of achievement from zero percent to 200 percent. In addition, beginning in 2008, the Belo compensation committee will have the ability to award members of the Belo management committee an adjustment of up to 20 percent of their annual cash incentive awards based upon Belo’s performance relative to that of its peers. This bonus opportunity allows for recognition of superior performance in a transitional industry operating environment. In determining this bonus adjustment, the committee may consider comparative performance measures, including, without limitation, revenue growth, growth in adjusted earnings before interest, tax, depreciation and amortization, and growth in adjusted income.

In connection with the distribution, A. H. Belo has adopted an Incentive Compensation Plan (ICP) that is generally similar to that of Belo’s ECP, potentially including the discretionary components discussed above. The A. H. Belo ICP provides for an annual cash incentive opportunity that will be based on a target bonus expressed as a percentage of a named executive officer’s annual base salary. The 2008 target bonus opportunities, expressed as a percentage of base salary, for each of A. H. Belo’s named executive officers were set as follows: Robert Decherd – 90 percent; Jim Moroney – 70 percent; Skip Cass – 60 percent; Ali Engel – 50 percent; and Dan Blizzard – 40 percent. The A. H. Belo named executive officers’ target bonus opportunities do not materially vary from the median range of market data, except that relevant market data was not available for Mr. Cass’ position and the committee considered his experience and responsibilities along with his relative position within the organization and retention needs. In determining the appropriate target bonus percentage for each A. H. Belo named executive officer, the Belo compensation committee used Mercer estimates of the market median. A. H. Belo has not determined what financial performance objectives, such as EPS, revenue, expense, and Internet performance, will be used to measure achievement in the ICP.

Long-Term Equity Incentive Compensation—Historical. Belo awards long-term equity incentive grants, or LTI compensation, to executive officers as part of its overall compensation package. These awards are designed to offer competitive compensation that encourages the retention and motivation of key executives, and rewards them based upon market-driven results. The ECP provides the compensation committee with discretion to require performance-based standards to be met before awards vest; and in fact, the compensation committee set performance-based standards in connection with a portion of the 2006 LTI compensation awards. Since the ultimate value of the LTI compensation awards depends upon the performance of Belo common stock, the interests of the executive officers are aligned with the financial interests of Belo’s shareholders.

When determining the value of LTI compensation to be granted to executive officers, the Belo compensation committee strives generally to set LTI compensation levels near the median of the Towers Perrin General Survey. The survey data is presented in terms of a multiple of an ECP participant’s (including an executive officer’s) base salary.

The resulting LTI compensation recommendations at the median level for Belo executive officers other than Robert Decherd were then provided to Robert Decherd and Marian Spitzberg for their review and consideration.

[Table of Contents](#)

Based on their review of the information available for each of the executive officers, and after consideration of retention and succession planning issues and the performance and potential of each individual, an LTI compensation recommendation for each executive officer was prepared for the Belo compensation committee's review and approval. Market data for our chief executive officer's long-term compensation was provided to the compensation committee without any recommended adjustment.

After the compensation committee determined each executive officer's intended 2006 LTI compensation value, the committee then also approved the allocation of the LTI compensation award among three types of equity instruments available under the ECP: stock options, time-based RSUs, referred to as TBRsUs, and performance-related RSUs, referred to as PBRsUs. Belo's LTI equity awards are designed to meet its compensation objectives in three ways. First, stock options encourage and reward strong stock price performance, thus aligning the executive's interests with those of shareholders. PBRsUs reward the achievement of Belo's cumulative annual financial performance goals. Finally, TBRsUs encourage executives to remain with the company and to focus on its long-term success.

The 2006 LTI awards for Mr. Decherd and Mr. Moroney were approximately 8 percent above the survey-indicated median award value. These awards were to assure competitive compensation, particularly in light of the company's decision in prior years to reduce the level of equity awards so that a sufficient number of equity awards remained available for issuance until shareholder approval was obtained in 2004 for additional equity awards under the ECP. The committee did not consider the market median long-term incentive awards for Messrs. Cass and Blizzard and Ms. Engel for 2006 individually, but rather considered their compensation packages as a component of the entire ECP group, which was approved as a whole at the committee's December 2005 meeting.

Belo's compensation committee determined that for 2006 its long-term incentive objectives would be better served if awards to executive officers, other than its chief executive officer, consisted approximately of one-half PBRsUs and one-half TBRsUs. The PBRsUs provide performance-related pay, and the TBRsUs assist in retaining key leaders in a challenging business environment, and have a performance element as well. While the mix of equity instruments changed, the methodology for arriving at the overall intended value of each executive officer's LTI award was unchanged from that described above.

The compensation committee deemed it unnecessary to change the elements of Robert Decherd's LTI awards in light of his position with Belo as an executive officer, director, and shareholder. As a result, Mr. Decherd was awarded stock options for 157,320 shares of Belo Series B common stock in December 2006, in addition to PBRsUs and TBRsUs discussed below.

Long-Term Incentive Compensation—Going Forward. In December 2007, awards of Belo TBRsUs were made to the A. H. Belo named executive officers as follows: Robert Decherd – 157,640 units; Jim Moroney – 57,160 units; Skip Cass – 45,130 units; Ali Engel – 18,050 units; and Dan Blizzard – 12,030 units. These awards were valued at the closing market price of Belo common stock on the date of the award, or \$16.62 per unit. These awards were based on market median estimates of long-term incentive compensation provided by Mercer for each named executive's position with Belo and relative company size for 2007. The awards are intended to recognize, reward, and retain executive talent during and following the distribution. With the exception of Mr. Decherd, whose award is equivalent to the recommended market median, each of the other named executive officer long-term incentive compensation awards materially exceeds the market median. The awards for Mr. Moroney and Mr. Cass fall in a range that is less than the 75th percentile of the market-based survey and were determined to be warranted in light of the Company's retention needs prior to and after the distribution. The awards for Ms. Engel and Mr. Blizzard are both in excess of the 75th percentile of the survey, however, the committee believes the awards are appropriate especially in light of Ms. Engel's below-market median base salary and Mr. Blizzard's overall contributions to the Company, as well as retention requirements. Following the distribution, our named executive officers will be entitled to receive long-term equity awards from time to time as determined by the A. H. Belo compensation committee under the A. H. Belo ICP commensurate with his or her post-distribution position of responsibility. We anticipate that long-term incentive awards under the A. H. Belo ICP may consist of stock options, TBRsUs, PBRsUs, or other awards permitted under the plan.

[Table of Contents](#)

Stock Option Awards—Historical. Stock option awards are granted for shares of Belo Series B common stock at an exercise price equal to the closing market price of Belo's Series A common stock on the date of grant. The option awards to executives vest 40 percent on the first anniversary of the date of grant, an additional 30 percent on the second anniversary, and the remaining 30 percent on the third anniversary of the date of grant. All options expire on the tenth anniversary of the date of grant. The amounts in the Summary Compensation Table, under the column "Option Awards," include the accounting expense recognized in 2006 by Belo in accordance with FAS 123R for prior year option grants to the named executive officers. See also the "Option Exercises and Stock Vested in 2006" table for the amounts realized by the executive officers from option exercises in 2006.

Stock Option Awards—Going Forward. We have not determined if and when in 2008 we will grant stock option awards for A. H. Belo common stock. If the A. H. Belo compensation committee determines that stock option awards are appropriate, we expect that they would be granted for shares of A. H. Belo Series B common stock at an exercise price equal to the closing market price of A. H. Belo's Series A common stock on the date of grant. Under the new A. H. Belo ICP, we expect vesting and expiration to be the same as or similar to that under the Belo ECP.

Time-Based Restricted Stock Unit Awards—Historical. TBRsUs awarded to ECP participants, including Belo executive officers, are based on continued employment with the company and vest at the end of a three-year period. TBRsU awards made to Belo executive officers are granted out of a performance incentive pool amount set for each executive, as discussed previously. These awards are generally made in February following the year of grant when Belo's financial performance for the prior fiscal year can be determined, the incentive pool amount established, and individual non-financial performance goals assessed.

In February 2006, Belo awarded TBRsUs under the ECP to its named executive officers in respect of 2005 performance. The grant date fair value of these awards for Robert Decherd and Jim Moroney are reported under the column "Grant Date Fair Value of Stock and Option Awards" in the "Grants of Plan-Based Awards in 2006" table. The grant date fair value of TBRsU awards made in December 2006 to Messrs. Cass and Blizzard and Ms. Engel under the ECP in respect of 2006 performance are listed in the same table and column. The awards for Mr. Cass and Ms. Engel also include the compensation expense associated with special TBRsU awards of 1,570 and 460, respectively, in recognition of their contributions to the success of Belo's strategic initiatives during the year. Additionally, the amounts in the Summary Compensation Table, under the column "Stock Awards," include the accounting expense recognized in 2006 by Belo in accordance with FAS 123R for these TBRsU awards. In February 2007, the Belo compensation committee awarded a total of 123,720 TBRsUs to its named executive officers under the ECP based upon 2006 performance. The grant date fair value of these TBRsU awards approximates the grant date fair value of the target PBRsU awards granted on December 13, 2006 to Belo's named executive officers. The PBRsU and TBRsU awards, and stock options awarded to Robert Decherd, were determined by the compensation committee to represent long-term incentive awards for the named executive officers that approximate the market median.

Time-Based Restricted Stock Unit Awards—Going Forward. In connection with the distribution, we have not determined whether we will grant TBRsU awards to our named executive officers for A. H. Belo common stock. If the A. H. Belo compensation committee determines that TBRsU awards are appropriate, we expect that they would be granted under terms and conditions similar to those described above for Belo.

Performance-Related Restricted Stock Units—Historical. PBRsUs may be awarded to Belo ECP participants, including executive officers. These awards are earned based upon the same performance criteria, financial performance achievement levels, and payout levels established annually for short-term cash incentives. Once the actual number of PBRsUs earned is determined after the close of the fiscal year, the PBRsUs vest at a rate of 33 1/3 percent per year over a three-year period.

In December 2005, the Belo compensation committee approved 2006 target level grants of PBRsUs for each executive officer, excluding our vice chairman, who retired effective December 31, 2006. In February 2007,

[Table of Contents](#)

Belo assessed the December 2005 target grant of PBRsUs against actual 2006 financial performance and PBRsUs were paid to Belo executive officers at 130.8 percent of target. The amounts in the Summary Compensation Table, under the column “Stock Awards,” include the accounting expense recognized in 2006 by Belo in accordance with FAS 123R for PBRsU awards to Messrs. Decherd, Moroney, Cass, and Blizzard and Ms. Engel. Additionally, the grant date fair value of PBRsU awards made in December 2006 in respect of 2007 financial performance is contained in the “Grants of Plan-Based Awards in 2006” table.

Performance-Related Restricted Stock Unit Awards—Going Forward. In connection with the distribution, we have not determined whether we will grant PBRsU awards to our named executive officers for A. H. Belo common stock. If the A. H. Belo compensation committee determines that PBRsU awards are appropriate, we expect that they would be granted under terms and conditions similar to those described above for Belo.

Retirement Benefits—Historical. Retirement benefits are an important part of a competitive compensation program. Through December 31, 2007, Belo maintained the Belo Supplemental Executive Retirement Plan, or SERP, for key executives approved by the Belo compensation committee, including the named executive officers. Belo’s SERP is an account-balance plan, and does not guarantee a specific benefit amount to participants. The primary purpose of the SERP is to provide to key executives retirement benefits that are intended to restore retirement benefits restricted by IRS limits on qualified plans, such as the Pension Plan and the Belo Savings Plan (401(k) Plan) in which our executive officers also participate. Through 2007, Belo made annual contributions to the SERP on behalf of each of its executive officers; however, effective January 1, 2008, Belo suspended contributions to the SERP and authorized the distribution of all SERP benefits to participants, including Robert Decherd, Jim Moroney, and Skip Cass, in a lump-sum payment to be made in January 2008. Belo intends to redesign its SERP during 2008 and reevaluate the level of participation of each of its executive officers. Ms. Engel and Mr. Blizzard were not Belo SERP participants. For additional discussion of the Pension Plan and the SERP, see “Post-Employment Benefits—Pension Plan” and “Non-Qualified Deferred Compensation—Supplemental Executive Retirement Plan” below.

Retirement Benefits—Going Forward. The compensation committee of A. H. Belo will evaluate supplemental retirement plans for its key executives. However, the design of such plan or plans and the participation level of its executives have not yet been determined.

Change in Control and Severance Benefits

Employment Agreements—Historical. At December 31, 2006, Belo did not have written agreements with any of its named executive officers that would provide guaranteed payments or benefits in the event of a termination of employment or a change in control. However, effective October 1, 2007, following a review performed by Mercer of change in control severance plans at media peer companies and based on general industry data, Belo adopted a change in control severance plan. Companies included in the media peer group review were Gannett Co., Inc, Tribune Company, The Washington Post Company, The New York Times Company, the E.W. Scripps Company, Dow Jones & Company, Inc., The McClatchy Company, Meredith Corporation, Lee Enterprises, Inc., Media General, Inc., and The Hearst Corporation. General industry data was obtained from the Mercer 350 study, a study of compensation trends and market practices conducted for *The Wall Street Journal* that analyzes 350 of the largest United States public companies with median 2006 revenue of \$7.9 billion. Over 70 percent of the companies in each group provide participation in change in control severance plans to key executives. Belo’s plan was adopted in light of media industry consolidation, including a number of notable industry mergers, in order to promote executive retention and reduce the level of uncertainty and distraction that is likely to result from a change in control or potential change in control of Belo. Belo does not design its other elements of compensation in anticipation of a change in control, but instead change in control payments are designed to provide security to executives in the event of job loss in a triggering transaction. The Belo plan provides for severance benefits for designated participants in the event of a change in control of Belo and a termination of employment under specified circumstances. The initial participants, as designated by the Belo compensation committee, are Belo’s executive officers. Additional participants may be designated by the committee from time to time.

[Table of Contents](#)

Generally, a change in control under the Belo change in control severance plan includes (1) the acquisition by a person or group of 30 percent or more of the combined voting power of Belo's voting securities (excluding voting securities held by Robert W. Decherd and voting securities held by any entity over which Robert Decherd has sole or shared voting power); (2) certain changes in the membership of Belo's board of directors that are not approved by the incumbent directors; (3) consummation of a business combination or sale of substantially all of Belo's assets, unless immediately following such transaction the beneficial owners of shares of Belo's common stock and other securities eligible to vote immediately prior to the transaction beneficially own more than 60 percent of the combined voting power of the voting securities of the continuing company resulting from such transaction; or (4) approval by Belo shareholders of a plan of liquidation or dissolution.

Participants in the change in control severance plan will be entitled to benefits upon termination of employment within 24 months of a change in control of Belo if such termination is (1) involuntary other than for "cause" as defined in the plan or (2) voluntary for "good reason" as defined in the plan. In addition, a participant may voluntarily terminate employment for any reason or without reason during the 30 day period immediately following the first anniversary of a change in control and will be entitled to receive payments and benefits under the plan. The triggering of severance benefits upon the occurrence of both a change in control and termination of employment is a common feature of change in control benefits surveyed. Belo also believes that the ability of a participant to trigger change in control benefits during a one-month period following the first anniversary of a change in control assures continuity of senior management by giving senior executives an incentive to stay following a change in control, knowing that they will not experience a loss of severance benefits should there ultimately be incompatibility with new management. Upon such termination, a participant will receive each of the following:

- base salary in effect at the time of change in control, plus the greater of (1) current target bonus in effect prior to the change in control or (2) actual bonus (defined as the average of the last three years' bonus payments), multiplied by the severance multiple set forth below:

<u>Position</u>	<u>Severance Multiple</u>
Chief Executive Officer	3.0
Members of Belo's Management Committee (other than CEO)	2.5
Executive Vice Presidents and Senior Vice Presidents (other than Management Committee members)	2.0
Vice Presidents	1.5

- cash payment in lieu of employer-provided contributions to the Belo Savings Plan and the Pension Transition Supplement Plans for a number of years equal to the participant's severance multiple.
- cash payment in lieu of employer cost of medical and dental benefits in excess of employee premiums for a number of years equal to the participant's severance multiple.
- reimbursement for employment outplacement services up to \$25,000 and legal expenses incurred to enforce participant's rights under the plan.

The severance multiples for participants in the Belo plan are in the range of typical multiples in the plans surveyed by Mercer. If all or a portion of any payment or distribution by Belo under the plan is subject to excise tax, then Belo will make a "gross-up" payment to the terminated employee, designed to cover the excess tax liability.

The payments and benefits provided for under the change in control severance plan are in addition to those payments and benefits provided to ECP participants under the ECP. The distribution of A. H. Belo described in this information statement is not a change in control under the Belo plans.

Employment Agreements or Arrangements—Going Forward. In connection with the distribution transaction, and upon consultation with Mercer, Belo will provide certain retention and special bonuses to a selected group of

[Table of Contents](#)

executives and managers, including those of A. H. Belo. The retention incentive bonuses are intended to counter the effect of an offer by a potential employer during the uncertain time before, during, and after the distribution of A. H. Belo and will serve to retain key employees in important positions who have institutional knowledge that would be difficult to replace or restore during and after the distribution. The Belo compensation committee approved retention bonuses for Skip Cass, Ali Engel, and Dan Blizzard. The retention bonus is comprised of a payment to be made 90 days following the distribution date that is equivalent to 20 percent of the executive's base salary, plus an additional payment in early 2009 equivalent to the greater of target or actual bonus achieved for 2008 under the A. H. Belo ICP. Estimated total retention bonuses are as follows: Skip Cass, \$372,000; Ali Engel, \$175,000; and Dan Blizzard, \$144,000. The Belo board of directors, based on the recommendation of the Belo compensation committee, also approved special cash bonus awards for Jim Moroney and Robert Decherd. Rather than granting only cash incentive awards that are based on 2007 financial performance, the board determined that in light of the distribution and these executives' strategic roles in that transaction, discretionary cash bonus awards were also appropriate. As such, the Belo compensation committee recommended aggregate cash bonus determinations for 2007 that are based, in part, on the historical annual incentive target awards which are tied to corporate financial performance, and in part on a discretionary component related to the distribution. The aggregate total of Jim Moroney's cash award will equal \$400,000 and will be paid prior to the distribution date. Mr. Decherd will receive an aggregate 2007 cash incentive award of \$3,000,000, subject to the successful completion of the distribution.

Effective on the distribution date, A. H. Belo will have in place a change in control severance plan similar to that of Belo's plan described above covering specified participants that would be triggered if there is a "change in control" (as defined to include the acquisition of 30 percent or more of the combined voting power of our outstanding voting stock) and a qualifying termination (or constructive termination) of employment during the 24-month period following a change in control. In addition, a participant may voluntarily terminate employment for any reason or without reason during the 30-day period immediately following the first anniversary of a change in control and will be entitled to receive payments and benefits under the severance plan. The triggering events would result in the payment of specified severance benefits, including a lump sum multiple of participant's compensation, outplacement services, vesting of long-term incentive awards, and "gross up" payment if necessary to satisfy certain tax payments relating to the severance payments. The distribution is not a change in control event under the plan.

Employee Benefit Plans—Historical. Compensation and benefits under Belo's ECP and SERP may be affected by a change in control of Belo. Generally under these plans, a change in control event means the first of the following to occur, unless the Belo board of directors has adopted a resolution stipulating that such event will not constitute a change in control for purposes of the applicable plan:

- commencement or public announcement of a tender offer for all or any part of the Belo's common stock;
- acquisition of more than 30 percent of all shares of Belo common stock;
- shareholder approval of a merger in which Belo does not survive as an independent public company;
- shareholder approval of a sale or disposition of all or substantially all of the Belo's assets; or
- specified changes in the majority composition of Belo's board.

Following a change in control of Belo, ECP bonuses are paid in full at the higher of target or forecasted full-year results in the year of the change in control; stock options held by management, including sales executives and non-employee directors, become fully-vested and are immediately exercisable; TBRsUs vest and are payable in full immediately; and PBRsUs vest at the higher of target or forecasted full-year results in the year of the change in control; and all vested units are payable in full immediately. Also, upon a change in control, the trust that holds assets to fund SERP benefits becomes irrevocable and, subject to the prior claims of Belo's creditors, the assets of the trust may not be recovered by Belo until all SERP benefits have been paid. Because all Pension Plan participants are fully vested in their benefits under that plan, a change in control would have no effect upon participants' benefits. In addition, the ECP provides for accelerated vesting of equity awards for terminating employees that meet the criteria for early retirement (age 55 or more with three years service). Except in

[Table of Contents](#)

connection with the recently adopted change in control severance plan, Belo's named executive officers do not receive tax "gross up" payments to compensate them for taxes incurred as a result of payments or benefits received in connection with a change in control or termination of employment.

In addition to the change in control provisions in these plans, Belo has general severance guidelines that may or may not be followed in any particular instance when an executive officer leaves Belo. These guidelines do not entitle executive officers to any specific severance benefit or amount of benefit in the event of termination of employment. For additional discussion, see "Termination of Employment and Change in Control Arrangements" and the "Potential Payments on Termination or Change in Control at December 31, 2006" table, below.

Employee Benefit Plans—Going Forward. The change in control provisions in the A. H. Belo ICP contain terms and conditions similar to those contained in the Belo plans described above.

2006 Belo Executive Compensation

The following information summarizes annual and long-term compensation awarded to, earned by, or paid to A. H. Belo's principal executive officer, principal financial officer, and its three other most highly-paid executive officers (the "named executive officers") for services in all capacities to Belo and its subsidiaries for the fiscal year ended December 31, 2006. All references in the following tables to stock and stock options relate to awards of stock and stock options granted by Belo. These amounts do not necessarily reflect the compensation those persons will receive following the distribution which could be higher or lower, because historical compensation was determined by Belo and future compensation levels will be determined based on the compensation policies, programs, and procedures to be established by A. H. Belo's compensation committee.

Summary Compensation Table									
Name and Principal Position	Year	Salary	Bonus \$(1)	Stock Awards \$(2)	Option Awards \$(2)	Non-Equity Incentive Plan Compensation \$(3)	Change in Pension Value and Non-qualified Deferred Compensation Earnings \$(4)	All Other Compensation \$(5)	Total (\$)
(a)	(b)	(c)	(d)	(e)	(f)	(g)	(h)	(i)	(j)
Robert W. Dechard Chairman of the Board, President and Chief Executive Officer	2006	\$925,000	\$11,300	\$1,499,519	\$1,873,307	\$1,088,700	\$52,722	\$288,945	\$5,739,493
James M. Moroney III Executive Vice President, Publisher and Chief Executive Officer, <i>The Dallas Morning News</i>	2006	\$510,000	\$5,900	\$86,971	\$394,824	\$144,100	\$26,378	\$77,832	\$1,246,005
Donald F. (Skip) Cass, Jr. Executive Vice President and Secretary	2006	\$420,000	\$71,200	\$109,866	\$190,415	\$253,300	\$9,160	\$34,656	\$1,088,597
Alison K. Engel Senior Vice President/ Chief Financial Officer and Treasurer	2006	\$175,000	\$21,100	\$15,121	\$8,475	\$68,700	—	\$13,049	\$301,445
Daniel J. Blizzard Senior Vice President	2006	\$201,500	—	\$14,448	\$47,001	\$79,100	—	\$8,937	\$350,986

[Table of Contents](#)

- (1) The amounts in column (d) for Robert Decherd and Jim Moroney represent the portion of the cash incentive award that was in excess of the formula under Belo's 2004 Executive Compensation Plan ("ECP") due to a rounding upward of the named executive officer's award. The amounts for Ali Engel and Skip Cass represent the cash portion of a special discretionary award in recognition of their contributions to the success of Belo's strategic initiatives during the year.
- (2) The amounts in columns (e) and (f) reflect accounting expense recognized in 2006 for all outstanding share-based compensation issued in the form of time-based restricted stock units ("TBRsUs"), performance-based restricted stock units ("PBRsUs"), and stock options. The amounts reported in columns (e) and (f) above were recognized according to the rules of Statement of Financial Accounting Standard Number 123 as Revised ("FAS 123R"), which requires recognition of the fair value of stock-based compensation over the appropriate vesting period for the award. Expense amounts include dividend equivalents, but exclude risk of forfeiture assumptions for purposes of this disclosure. Plan provisions provide for accelerated vesting of equity awards for terminating employees that meet the criteria for early retirement (age 55 or more with three years of service). Therefore, under FAS 123R, expense for equity awards for employees that meet the early retirement criteria must be fully recognized in the year of the award. Robert Decherd meets these criteria. The amounts in column (e) for both Skip Cass and Ali Engel include the compensation expense associated with special TBRsU awards of 1,570 and 460, respectively, which instead of a three-year vesting period, have a one-year vesting period. These RSUs were awarded along with the cash component in column (d), as described in footnote 1, in recognition of their contributions toward the success of Belo's strategic initiatives during the year.
- The grant date fair value of stock and option awards in 2006 is presented in the "Grants of Plan-Based Awards in 2006" table. For additional discussion on assumptions made in determining the grant date fair value of share-based awards, see the Combined Financial Statements, Note 4—Long-Term Incentive Plan to the combined financial statements.
- (3) Amounts in column (g) above were paid during the first quarter of 2007 in respect of 2006 performance relative to financial performance targets and goals. Belo does not allow for the deferral of any amounts earned by its executives outside of the Belo Savings Plan, a qualified 401(k) plan available to substantially all employees.
- (4) The amounts indicated in column (h) are comprised of the increase in pension value for each named executive officer from the year ended December 31, 2005 to the year ended December 31, 2006. Ali Engel and Dan Blizzard do not participate in the pension plan; therefore, no amounts are reported in column (h) for either.
- (5) For 2006, Belo contributed the following amounts to the Belo Savings Plan and the Belo Supplemental Executive Retirement Plan ("SERP"), which amounts are included in column (i):

Name	Belo Savings Plan	SERP
	Contribution(\$)	Contribution(\$)
	(a)	(b)
Robert W. Decherd	\$ 7,260	\$ 271,055
James M. Moroney III	\$ 7,260	\$ 70,572
Donald F. (Skip) Cass, Jr.	\$ 7,260	\$ 27,396
Alison K. Engel	\$ 13,049	—
Daniel J. Blizzard	\$ 8,937	—

The SERP contribution for Robert Decherd indicated above includes a \$90,233 make-up contribution attributable to his previous participation in Belo's Management Security Plan ("MSP"), which was terminated December 31, 1999. Because Ali Engel and Dan Blizzard do not participate in the Pension Plan, each is eligible for a larger company contribution to their Belo Savings Plan account. Neither Ms. Engel nor Mr. Blizzard was a participant in the SERP during 2006.

Additionally, amounts in the All Other Compensation column (i) for 2006 include \$7,420 for life insurance purchased for Robert Decherd and \$3,210 for tax gross up. Of this amount, \$1,882 is related to the life insurance mentioned previously and \$1,328 relates to Belo's MSP make-up contribution to the SERP.

The total value of executive perquisites and personal benefits did not exceed \$10,000 for any named executive officer.

[Table of Contents](#)

The following table summarizes cash-based and equity awards that were granted under the Belo ECP during 2006.

Grants of Plan-Based Awards in 2006											
Name	Grant Date	Estimated Future Payouts Under Non-Equity Incentive Plan Awards(1)			Performance-Related RSUs			Time-Based RSUs	Stock Options		Grant Date Fair Value of Stock and Option Awards (\$)(5)
		Threshold (\$)	Target (\$)	Maximum (\$)	Estimated Future Payouts Under Equity Incentive Plan Awards(2)	All Other Stock Awards: Number of Shares of Stock or Units(3)	All Other Option Awards: Number of Securities Underlying of Option Awards (#) (4)		Exercise or Base price of Option Awards (\$/Sh) (k)		
(a)	(b)	(c)	(d)	(e)	Threshold (#) (f)			Target (#) (g)		Maximum (#) (h)	(i)
Robert W. Decherd	2/28/2006	—	—	—	—	—	—	59,500	—	—	\$1,263,780
	12/13/2006	\$ 88,650	\$886,500	\$ 1,773,000	5,244	52,440	104,880	—	—	—	\$ 948,640
	12/13/2006	—	—	—	—	—	—	—	157,320	\$ 18.09	\$ 774,014
James M. Moroney III	2/28/2006	—	—	—	—	—	—	13,900	—	—	\$ 295,236
	12/13/2006	\$ 34,320	\$ 343,200	\$ 686,400	2,414	24,140	48,280	—	—	—	\$ 436,693
Donald F. (Skip) Cass, Jr.	12/1/2006	\$ 22,500	\$225,000	\$ 450,000	1,907	19,070	38,140	19,070	—	—	\$ 692,622
	12/1/2006	—	—	—	—	—	—	1,570	—	—	\$ 28,511
Alison K. Engel	12/1/2006	\$ 5,511	\$ 55,110	\$ 110,220	318	3,180	6,360	3,180	—	—	\$ 115,498
	12/1/2006	—	—	—	—	—	—	460	—	—	\$ 8,354
Daniel J. Blizzard	12/1/2006	\$ 6,225	\$ 62,250	\$ 124,500	238	2,380	4,760	2,380	—	—	\$ 86,442

- (1) The estimated future payouts under non-equity incentive plan awards are subject to a performance period that begins on January 1, 2007 and ends on December 31, 2007. The target amounts indicated in the table represent an established percent of the executive's stated annual base salary, with the actual range of award starting at 10 percent of the target for threshold level performance up to 200 percent of the target award for performance that is at or above the maximum level of performance. Performance criteria for Robert Decherd, Ali Engel, and Dan Blizzard were based upon reported earnings per share for Belo. Messers. Moroney's and Cass' non-equity incentive awards were based upon attainment of certain financial goals set for the specific Belo operating companies or areas of responsibility reporting to them. Final attainment percentages may be adjusted for significant or unusual events or circumstances that are deemed to be excludable based upon the determination of Belo's compensation committee. Non-equity incentive awards in the form of cash bonuses are generally paid in the first quarter of the year following the performance period, subject to approval or certification of performance achievement by Belo's compensation committee.
- (2) The PBRsUs awarded in December 2006 are subject to a performance period that begins January 1, 2007 and ends December 31, 2007. One-third of the earned PBRsU award will vest on the later of the earnings release date for the fiscal year ending December 31, 2007 or the date on which the 2007 performance criteria is certified by Belo's compensation committee. PBRsUs are paid 60 percent in shares of Belo Series A common stock and 40 percent in cash. The remaining two-thirds of the earned award are subject to additional employment-based vesting criteria and receive dividend equivalents. One-half of the remaining earned award will vest on the earnings release date for Belo for the year ending December 31, 2008 and the final portion will vest on the earnings release date for Belo for the year ending December 31, 2009.
- (3) The TBRsUs awarded February 28, 2006 are in recognition of 2005 performance. Following the conclusion of the fiscal year ending December 31, 2005, financial performance was evaluated and an incentive pool was established for providing incentive compensation to named executive officers, Robert Decherd and Jim Moroney, including TBRsUs. The TBRsUs approved by Belo's compensation committee for each executive receiving such an award on this date are subject to a vesting period that ends on the date of the annual earnings release for Belo for the year ending December 31, 2008, and receive dividend equivalents in such amounts and such frequency as those declared on Belo Series A common stock. The 19,070, 3,180, and 2,380 TBRsUs awarded December 1, 2006 to Skip Cass, Ali Engel, and Dan Blizzard, respectively, are in recognition of 2006 performance. The TBRsUs approved by Belo's compensation committee for each executive receiving such an award on this date are subject to a vesting period that ends on the date of the annual earnings release for Belo for the year ending December 31, 2009, and receive dividend equivalents in such amounts and such frequency as those declared on Belo Series A common stock. As set forth in footnote 2 to the Summary Compensation Table, Skip Cass and Ali Engel also received a special one-time award of 1,570 TBRsUs and 460 TBRsUs, respectively, in recognition of their contributions toward the success of Belo's strategic initiatives for 2006. These TBRsUs have a one-year vesting period and will be paid out as of the date of the annual earnings release for the year ending December 31, 2007.
- (4) The stock options awarded December 13, 2006 are in recognition of 2006 performance. The options vest over a three-year period, measured from the date of grant with 40 percent vesting on the one-year anniversary of the grant, 30 percent vesting on the two-year anniversary of the grant and

[Table of Contents](#)

30 percent on the three-year anniversary of the grant. Options are granted with an exercise price equivalent to the closing market price for a share of Belo Series A common stock on the grant date. Unexercised options expire on the tenth anniversary of the date of the grant. Belo has never repriced options or made similar modifications to outstanding awards, except as necessary to prevent dilution of options holdings due to stock dividends and stock splits.

- (5) The grant date fair value for Robert Decherd's stock option award in column (j) is based upon a Black-Scholes-Merton value of \$4.92 per option, which was determined based on the following assumptions: volatility (measured as the annualized standard deviation of the sample, generally determined over the estimated life of the option)—28; risk free rate of return—4.54 percent; dividend yield—2.76 percent; estimated life—7 years. The fair value estimates indicated above do not include any adjustments for risk of forfeiture. The fair value for the TBRsUs awarded February 28, 2006 is based on the closing market price of Series A Belo common stock on that date, which was \$21.24. The fair value of the TBRsUs and PBRsUs awarded December 1 and December 13, 2006 assumes a payout at the target level of performance and uses the closing market price for a share of Belo Series A common stock on the grant date of \$18.16 for the December 1 awards and \$18.09 for the December 13 awards.

For 2006, the proportion of equity-based compensation in relation to total compensation, excluding changes in pension value and above-market interest from non-qualified deferred compensation plans, for each of the named executive officers was as follows: Robert Decherd-59 percent; Jim Moroney-40 percent; Skip Cass-28 percent; Ali Engel-8 percent; and Dan Blizzard-18 percent.

Equity Holdings and Value Realization

The following table contains information on all equity awards that were outstanding as of December 31, 2006.

Outstanding Equity Awards at Fiscal Year-End 2006								
Name (a)	Option Awards				Stock Awards			
	Number of Securities Underlying Unexercised Options (#) Exercisable (1)	Number of Securities Underlying Unexercised Options (#) Unexercisable (1)	Option Exercise Price (5)	Option Expiration Date (6)	Number of Shares or Units of Stock That Have Not Vested (2)	Market Value of Shares or Units of Stock That Have Not Vested (3)	Equity Incentive Plan Awards: Number of Shares, Units or Rights That Have Not Vested (4)	Equity Incentive Plan Awards- Market Value of Unearned Units (5)
	(b)	(c)	(e)	(f)	(g)	(h)	(i)	(j)
Robert W. Dechard	—	157,320	\$ 18.0900	12/13/2016	59,500	\$ 1,093,015	104,880	\$ 1,926,646
	44,800	67,200	\$ 21.6200	12/09/2015	32,692	\$ 600,552		
	140,000	60,000	\$ 25.2000	12/03/2014				
	200,000		\$ 27.9400	12/05/2013				
	200,000		\$ 21.5900	12/06/2012				
	410,000		\$ 17.8800	11/30/2011				
	410,000		\$ 17.3125	12/01/2010				
	340,000		\$ 19.1250	12/16/2009				
	200,000		\$ 17.7500	12/16/2008				
	200,000		\$ 26.3750	12/19/2007				
	20,000		\$ 22.1600	7/24/2007				
James M. Moroney III	11,000	16,500	\$ 21.6200	12/09/2015	13,900	\$ 255,343	48,280	\$ 886,904
	59,500	25,500	\$ 25.2000	12/03/2014	871	\$ 16,000		
	75,000		\$ 27.9400	12/05/2013				
	76,000		\$ 21.5900	12/06/2012				
	104,000		\$ 17.8800	11/30/2011				
	100,000		\$ 17.3125	12/01/2010				
	90,500		\$ 19.1250	12/16/2009				
	50,000		\$ 17.7500	12/16/2008				
	49,400		\$ 26.3750	12/19/2007				
Donald F. (Skip) Cass, Jr.	8,200	12,300	\$ 21.6200	12/09/2015	8,000	\$ 146,960		
	23,800	10,200	\$ 25.2000	12/03/2014	19,070	\$ 350,316	38,140	\$ 700,632
	34,000		\$ 27.9400	12/05/2013	1,570	\$ 28,841		
	34,000		\$ 21.5900	12/06/2012	5,166	\$ 94,899		
	43,000		\$ 17.8800	11/30/2011				
	24,000		\$ 19.1250	12/16/2009				
	3,600		\$ 26.3750	12/19/2007				
Alison K. Engel	1,400	2,100	\$ 21.6200	12/09/2015	2,000	\$ 36,740		
					3,180	\$ 58,417	6,360	\$ 116,833
					460	\$ 8,450		
Daniel J. Blizzard	2,000	3,000	\$ 21.6200	12/09/2015	2,000	\$ 36,740		
	6,300	2,700	\$ 25.2000	12/03/2014	2,380	\$ 43,721	4,760	\$ 87,441
	8,000		\$ 27.9400	12/05/2013				
	8,500		\$ 21.5900	12/06/2012				

[Table of Contents](#)

- (1) Vesting dates for each outstanding option award for the named executive officers are:

Vesting Date	Exercise Price	Robert W. Decherd	James M. Moroney III	Donald F. (Skip) Cass, Jr.	Alison K. Engel	Daniel J. Blizzard
December 3, 2007	\$25.20	60,000	25,500	10,200	—	2,700
December 9, 2007	\$ 21.62	33,600	8,250	6,150	1,050	1,500
December 13, 2007	\$ 18.09	62,928	—	—	—	—
December 9, 2008	\$ 21.62	33,600	8,250	6,150	1,050	1,500
December 13, 2008	\$ 18.09	47,196	—	—	—	—
December 13, 2009	\$ 18.09	47,196	—	—	—	—

All stock options become exercisable in increments of 40 percent after one year and 30 percent after each of years two and three. Upon the occurrence of a change in control (as defined in the plan), all of the options become immediately exercisable, unless Belo's board of directors has adopted resolutions making the acceleration provisions inoperative (or does so promptly following such occurrence). See also footnote 2 to the Summary Compensation Table of this information statement regarding vesting upon early retirement.

- (2) The amounts in column (g) reflect unvested TBRsUs and PBRsUs, respectively, that have been earned as of December 31, 2006, but which remain subject to additional vesting requirements that depend upon the executive's continued employment.

Scheduled vesting of all outstanding RSU awards for each of the named executive officers is as follows:

Projected Vesting Date*	Award Type	Robert W. Decherd**	James M. Moroney III**	Donald F. (Skip) Cass, Jr.	Alison K. Engel	Daniel J. Blizzard
February 1, 2008	PBRsU	16,346	435	2,582	—	—
February 1, 2008	TBRsU	—	—	1,570	460	—
February 1, 2009	PBRsU	16,346	436	2,584	—	—
February 1, 2009	TBRsU	59,500	13,900	8,000	2,000	2,000
February 1, 2010	TBRsU	50,920	23,440	19,070	3,180	2,380

- * February 1 is used as a projected earnings release date for purposes of this disclosure. Actual vesting date is the later of the earnings release date for Belo for the previous completed fiscal year ending December 31 or the date on which the related performance criteria are certified by Belo's compensation committee. See also footnote 2 to the Summary Compensation Table of this information statement regarding vesting upon early retirement.
- ** The TBRsUs with a February 1, 2010 vesting date for Robert Decherd and Jim Moroney were awarded February 28, 2007 in respect of 2006 performance. These awards are not included in the table of outstanding equity awards at fiscal year-end 2006 of this information statement because they had not been awarded as of December 31, 2006.

- (3) The market value at year-end for outstanding awards still subject to vesting is based on the closing market price of a share of Belo Series A common stock for the year ended December 31, 2006 of \$18.37.
- (4) Awards indicated in column (i) represent the maximum level of PBRsUs that could be earned by the named executives based on 200 percent of the target level awards made in December 2006. These PBRsUs are subject to the satisfaction of certain financial performance criteria that have been established by Belo's compensation committee for fiscal year 2007. The financial performance criteria used to determine the number of PBRsUs earned by the named executive are generally the same as those used to calculate the non-equity incentive awards made under the ECP. One-third of the earned PBRsU award will vest on the later of the earnings release date for Belo for the year ending December 31, 2007 or the date on which the 2007 performance criteria are certified by Belo's compensation committee. One-half of the remaining earned award will vest on the earnings release date for Belo for the year ending December 31, 2008 and the final portion will vest on the earnings release date for Belo for the year ending December 31, 2009. All earned PBRsUs not yet paid are subject to additional vesting requirements that are dependent upon the executive's continued employment.

[Table of Contents](#)

The following table presents information on amounts realized from options that were exercised during the 2006 fiscal year.

Option Exercises and Stock Vested in 2006(1)		
Name	Option Awards	
	Number of Shares Acquired on Exercise(#)	Value Realized on Exercise(\$)
(a)	(b)	(c)(2)
Robert W. Decherd	336,000	\$ 332,640
James M. Moroney III	46,000	\$ 41,280
Donald F. (Skip) Cass, Jr.	—	—
Alison K. Engel	—	—
Daniel J. Blizzard	—	—

(1) No RSUs vested during 2006.

(2) The value realized upon the exercise of stock option awards is equal to the difference between the market value of Belo Series A common stock at the time of exercise and the stock option exercise price, multiplied by the number of shares acquired upon exercise of the stock option.

Post-Employment Benefits

Pension Plan. Belo offers pension benefits to certain employees through its tax-qualified pension plan, The G. B. Dealey Retirement Pension Plan (the "Pension Plan"). Until July 1, 2000, this non-contributory pension plan was available to substantially all Belo employees who had completed one year of service and had reached 21 years of age. The Pension Plan was amended effective July 1, 2000, with respect to employees other than members of the Providence Newspaper Guild ("Guild Employees"), and effective August 1, 2004 with respect to Guild Employees, to exclude employees hired or rehired after the applicable effective date from eligibility to participate in the Pension Plan. As a result, individuals who were participants or eligible to become participants prior to July 1, 2000 for non-Guild Employees and prior to August 1, 2004 for Guild Employees, were offered an election to either (1) remain eligible to participate in and accrue benefits under the Pension Plan, or (2) cease accruing benefits under the Pension Plan as of the applicable effective date. Those employees who elected to cease accruing benefits under the Pension Plan became eligible for enhanced benefits under the Belo Savings Plan, a tax-qualified defined contribution plan. Persons who are participants in the Pension Plan as a Belo employee will remain a participant in the Pension Plan if they become an employee of A. H. Belo.

The Pension Plan provides for the payment of a monthly retirement benefit based on credited years of service and average monthly compensation during the five consecutive years of highest annual compensation out of the ten most recent calendar years of employment referred to as "final monthly compensation." The formula for determining an individual participant's benefit is as follows: 1.1 percent times final monthly compensation times years of credited service plus .35 percent times final monthly compensation in excess of covered compensation times years of credited service (up to 35 years). Compensation under the Pension Plan includes regular pay plus overtime, bonuses, commissions, and any contribution made by Belo on behalf of an employee pursuant to a deferral election under any benefit plan containing a cash or deferred arrangement. Covered compensation is the average of the Social Security taxable wage bases over the 35-year period ending with the calendar year in which a participant will attain Social Security retirement age. A participant's interest in the Pension Plan ordinarily becomes fully vested upon completion of five years of credited service, or upon attainment of age 62, whichever first occurs. However, as a result of the plan amendment described above, any participant employed by Belo on July 1, 2000 for non-Guild Employees and on August 1, 2004 for Guild Employees is fully vested without regard to years of service or the age of the participant. Retirement benefits

[Table of Contents](#)

under the Pension Plan are paid to participants upon normal retirement at the age of 65 or later, or upon early retirement, which may occur as early as age 55. An early retirement reduction factor, which is applied to the participant's normal age 65 monthly benefit, is based on the participant's Social Security normal retirement age. The percentage reduction factor is the sum of 3.33 percent times the number of years of payment between ages 55 and 60 increased for each year the Social Security normal retirement age exceeds age 65, plus 6.67 percent times the number of years between ages 60 and 65 decreased for each year the Social Security normal retirement age exceeds age 65. For example, a participant with a Social Security normal retirement age of 67 who elects to begin receiving pension benefits at age 57 would have a reduction factor of 36.7 percent. The Pension Plan also provides for the payment of death benefits. The covered compensation of the named executive officers who are participants in the Pension Plan comprises base salary and cash incentive compensation received, up to a limit of \$220,000 for all participants in 2006.

The table below presents the present value of each named executive officer's benefit under the Pension Plan at age 65, based upon credited years of service and covered compensation as of December 31, 2006.

Pension Benefits at December 31, 2006			
Name	Plan Name	Number of Years of Credited Service (#)(1)	Present Value of Accumulated Benefit \$(2)
(a)	(b)	(c)	(d)
Robert W. Decherd	The G. B. Dealey Retirement Pension Plan	33	\$ 546,236
James M. Moroney III	The G. B. Dealey Retirement Pension Plan	26	\$ 293,354
Donald F. (Skip) Cass, Jr.	The G. B. Dealey Retirement Pension Plan	13	\$ 87,083
Alison K. Engel(3)	The G. B. Dealey Retirement Pension Plan	—	—
Daniel J. Blizzard(3)	The G. B. Dealey Retirement Pension Plan	—	—

- (1) As announced in the fourth quarter 2006, Belo froze benefits under the Pension Plan effective March 31, 2007, and is providing transition benefits to affected employees, including the granting of five years of additional credited service. The number of years of credited service reflected in column (c) and the present value of accumulated benefit reflected in column (d) do not include the 5-year credit. As of October 1, 2007, the present value of the accumulated benefit for each of the named executive officers, including the additional 5 years of credited service as well as service for the period from December 31, 2006 through March 31 2007, the date of the freeze, was: Robert Decherd, \$772,130; Jim Moroney, \$374,175; and Skip Cass, \$125,317.
- (2) Belo's pension costs and obligations are calculated using various actuarial assumptions and methodologies as prescribed under SFAS 87—Employers' Accounting for Pensions, as amended by SFAS 158—Employers' Accounting for Defined Benefit Pension and Other Postretirement Plans. To assist in developing these assumptions and methodologies, Belo uses the services of an independent consulting firm. To determine the benefit obligations, the assumptions Belo uses include, but are not limited to, the selection of the discount rate and projected salary increases. For additional information regarding the valuation methodology and material assumptions used in quantifying the pension benefits, see the Combined Financial Statements, Note 6—Defined Benefit Pension and Other Post Retirement Plans. At December 31, 2006, Robert Decherd is eligible to receive benefits under the early retirement provisions of the Pension Plan.
- (3) Ali Engel and Dan Blizzard do not participate in the Pension Plan.

Non-Qualified Deferred Compensation

Supplemental Executive Retirement Plan. The Belo SERP provides a supplemental retirement benefit to key executives beyond the qualified retirement benefits allowed by the IRS. Federal tax law limits the amount of annual pay (\$220,000 in 2006) that can be used in calculating benefits under qualified plans such as the Pension Plan and the Belo Savings Plan.

The SERP is a non-qualified defined contribution plan to which Belo makes annual contributions on behalf of its participants. To determine the amount of the annual Belo contribution, the value of a participant's age 65 retirement benefit using the same benefit formula as that used in the Pension Plan, is projected with and without

[Table of Contents](#)

regard to IRS limits. The value of the difference between the two projected amounts is the projected SERP benefit. Every three years, the projected SERP benefit and the annual contribution amount necessary to fund the projected SERP benefit is calculated using certain assumptions about future eligible earnings and the investment rate of return. This amount is contributed annually to a rabbi trust and becomes subject to market gains and losses. The trust remains a general asset of Belo and is subject to the claims of Belo’s creditors.

The balance in each named executive officer’s SERP account is made up of the total of Belo’s contributions plus an allocation of the investment gains and losses of the trust that holds account balances. Executives with three years of continuous service with Belo are fully vested in their SERP account balance. Executives are not permitted to make contributions to the SERP.

An executive’s vested SERP balance is paid in a single lump sum following termination of his or her employment with Belo. Payment is made no sooner than six months after his or her last day of employment. An executive may be allowed to defer the distribution of a portion of his or her SERP balance, provided that portion qualified for “grandfather” status as of January 1, 2005, under section 409A of the Code. “Grandfather” status was granted as of January 1, 2005, to executives in the SERP aged 60 or more or with account balances of \$450,000 or more. The payout of account balances subject to “grandfather” status is eligible for deferral under certain conditions and alternative forms of distribution may also be elected. Robert Decherd and Jim Moroney each have a SERP balance that qualifies for “grandfather” status. However, at this time, none of the named executive officers have initiated the required procedures necessary to exercise their right to defer distribution of their SERP benefit in the future.

The table below presents the allocation in the SERP for each named executive officer:

Non-Qualified Deferred Compensation for 2006			
Name	Registrant Contributions in Last FY (S)(1)	Aggregate Earnings in Last FY (S)	Aggregate Balance at Last FYE (S)(1)(2)
(a)	(c)	(d)	(f)
Robert W. Decherd	\$271,055	\$510,638	\$ 3,783,921
James M. Moroney III	\$ 70,572	\$ 97,645	\$ 742,307
Donald F. (Skip) Cass, Jr.	\$ 27,396	\$ 18,596	\$ 155,327
Alison K. Engel	—	—	—
Daniel J. Blizzard	—	—	—

- (1) The contribution amounts presented in column (c) are also included in column (f), above, and included in column (i) “All Other Compensation” of the Summary Compensation Table of this information statement. Ali Engel and Dan Blizzard were not participants in the SERP in 2006.
- (2) Amounts indicated in column (f) represent each named executive officer’s allocated balance from the Belo SERP. The SERP is an account balance plan; therefore, the accumulated balance in each participant’s account is available as a lump sum distribution in the event of termination for any reason, other than “cause” as determined by Belo’s compensation committee.

Termination of Employment and Change in Control Arrangements

The following descriptions reflect the amount of compensation that would have become payable to each of the named executive officers under existing arrangements if the named executive’s employment had terminated and/or there had been a change in control on December 31, 2006, given the named executive’s compensation and service levels as of such date and, if applicable, based on Belo’s closing stock price on that date. These amounts are in addition to benefits that were available without regard to the occurrence of any termination of employment or change in control, including then-exercisable stock options, and benefits available generally to salaried employees.

[Table of Contents](#)

Except as described below, at December 31, 2006 Belo did not have written agreements with any of the named executive officers that would provide guaranteed payments or benefits in the event of a termination of employment or a change in control. Effective October 1, 2007, Belo adopted a change in control severance plan. A. H. Belo has adopted a similar plan effective on the distribution date.

The approximate value of the severance benefits available to each of the named executive officers under the ECP if he or she had been terminated, or had there been a change in control, on December 31, 2006, would have been as follows, based on a closing market price of \$18.37 for Belo's Series A common stock for the year ended December 31, 2006:

Potential Payments on Termination or Change in Control at December 31, 2006		
<u>Name and Description of Benefit</u> (a)	<u>Change in Control</u> (b)	<u>Death, Disability or Retirement After Age 55 with Three Years Service</u> (c)
Robert W. Dechard		
Non-equity incentives(1)	\$ 1,088,700	—
Stock Options(2)	\$ 44,050	\$ 44,050
Time-based RSUs(3)	\$ 1,093,015	\$ 1,093,015
Performance-related RSUs(4)	\$ 1,864,165	\$ 900,842
Change in Control Severance Plan Payments(5)	<u>\$ 7,763,074</u>	<u>—</u>
Total	\$ 11,853,004	\$ 2,037,907
James M. Moroney III		
Non-equity incentives(1)	\$ 306,000	—
Stock Options(2)	—	—
Time-based RSUs(3)	\$ 255,343	\$ 255,343
Performance-related RSUs(4)	\$ 627,152	\$ 23,991
Change in Control Severance Plan Payments(5)	<u>\$ 2,890,753</u>	<u>—</u>
Total	\$ 4,079,248	\$ 279,334
Donald F. (Skip) Cass, Jr.		
Non-equity incentives(1)	\$ 253,300	—
Stock Options(2)	—	—
Time-based RSUs(3)	\$ 526,117	\$ 526,117
Performance-related RSUs(4)	\$ 497,276	\$ 142,331
Change in Control Severance Plan Payments(5)	<u>\$ 1,314,268</u>	<u>—</u>
Total	\$ 2,590,961	\$ 668,448
Alison K. Engel		
Non-equity incentives(1)	\$ 68,700	—
Stock Options(2)	—	—
Time-based RSUs(3)	\$ 103,607	\$ 103,607
Performance-related RSUs(4)	\$ 58,417	—
Change in Control Severance Plan Payments(5)	<u>\$ 544,476</u>	<u>—</u>
Total	\$ 775,200	\$ 103,607
Daniel J. Blizzard		
Non-equity incentives(1)	\$ 79,100	—
Stock Options(2)	—	—
Time-based RSUs(3)	\$ 80,461	\$ 80,461
Performance-related RSUs(4)	\$ 43,721	—
Change in Control Severance Plan Payments(5)	<u>\$ 450,907</u>	<u>—</u>
Total	\$ 654,189	\$ 80,461

(1) In the event of a change in control, short-term, non-equity incentives (cash bonuses) are paid in a lump sum to each executive at the higher of target or actual financial performance based on current full-year forecasted results (taking into consideration actual financial performance to date). Cash bonuses are not automatically paid for executives terminating under other circumstances.

Table of Contents

- (2) All stock options, vested or unvested, are forfeited immediately in the event an executive is terminated for cause or voluntarily resigns. In the event of a change in control or an executive's retirement after age 55 with at least three years of service, qualification for long-term disability, or death, vesting of all option holdings is accelerated and all vested options will remain exercisable until the original expiration date of that option (10 years from the date of grant). If any named executive officer is terminated without cause, vested options will remain exercisable for a period of one year from the date of the executive's termination of employment. Unvested options are forfeited immediately.
- (3) All unvested TBRsUs are forfeited immediately in the event an executive is terminated with or without cause or voluntarily resigns. In the event of a change in control or an executive's retirement after age 55 with at least three years of service, qualification for long-term disability, or death, vesting of all TBRsUs is accelerated and payment is made as soon as practicable.
- (4) All unvested PBRsUs are forfeited immediately in the event an executive is terminated with or without cause or voluntarily resigns. In the event of an executive's retirement after age 55 with at least three years of service, qualification for long-term disability, or death, vesting of all earned but unvested PBRsUs is accelerated and payment is made as soon as practicable. In the event of a change in control, unearned PBRsUs are earned and paid at the higher of target or actual financial performance based on current full-year forecasted results (taking into consideration actual financial performance to date).
- (5) Under Belo's change in control severance plan, each executive is eligible for certain payments that depend on the executive's position with Belo at the time of the change in control. As of December 31, 2006, the following multiples would have applied to each of the named executive officers' payments under the plan had a change in control occurred and had the change in control severance plan been in place at that time: Robert Decherd, 3; Jim Moroney, 2.5; Skip Cass, 2; Ali Engel, 1.5; and Dan Blizzard, 1.5. These multiples are used to determine the total cash payment to be awarded to each executive, and are applied to the sum of the following components: (1) base salary in effect at the time of the change in control; (2) higher of the current target bonus in effect prior to the change in control or the average of the last three years' bonus payments; (3) employer-provided contributions to the Belo Savings Plan for the current year; and (4) employer cost of medical and dental benefits in excess of employee premiums. In addition to this change in control amount, the employee is also eligible for outplacement services valued at no more than \$25,000, plus reimbursement for any legal fees incurred to enforce the participant's rights under the plan. The assumptions for outplacement costs and legal fees in the table above for each executive were \$25,000 and \$0, respectively. To the extent the cash payment and the value related to the acceleration of vesting for outstanding equity awards exceeds 3 times the employee's average taxable compensation earned during the five years preceding the year of the change in control, excise taxes will be assessed. If all or a portion of the distribution is subject to excise tax, Belo will make a "gross up" payment to the terminated employee. For each of the executives included in the table above, with the exception of Messrs. Cass and Blizzard, an estimated "gross up" of excise taxes has been included in the total cash payment amount. The distribution is not a change in control event under the plan.

A. H. Belo Compensation Arrangements

A. H. Belo has adopted, effective as of the distribution date, benefit plans substantially similar to Belo's benefit plans, including the Belo ECP, the Belo Savings Plan, and the Belo change in control severance plan, as well as employee health and welfare plans.

DIRECTOR COMPENSATION**Belo Director Compensation for 2006**

During 2006, non-employee directors of Belo received an annual retainer package with a nominal value of \$140,000. One-half of the Belo board's annual retainer was divided between options to purchase Belo Series B common stock and TBRsUs for Belo Series A common stock. The number of options awarded was determined using an option valuation model that approximates a Black-Scholes-Merton value as of the date of the award. The number of TBRsUs awarded was derived from the number of options on a formula of three-for-one. Belo directors may elect to receive all or a portion of the remaining amount of their annual retainer in additional stock options for Belo Series B common stock or in cash. Awards are made effective with the date of the Belo annual shareholders meeting, which is generally in early May of each year.

Belo directors who served as committee chairs in 2006 received an additional \$10,000 in cash compensation. Belo reimburses all directors for travel expenses incurred in attending meetings. No additional fee is paid to directors for attendance at Belo board and committee meetings. Robert Decherd, chairman of the board and chief executive officer of Belo, does not receive separate compensation for Belo board service.

Name	Fees Earned or Paid in Cash	Stock Awards	Option Awards	Total
(a)	(\$)	\$(1)	\$(2)	(\$)
	(b)	(c)	(d)	(e)
Louis E. Caldera	\$ 70,000	\$26,391	\$33,479	\$ 129,870
Douglas G. Carlston(3)	—	—	—	—
Dealey D. Herndon	\$ 70,000	\$26,391	\$33,479	\$ 129,870
Laurence E. Hirsch	—	\$26,391	\$84,238	\$ 110,629
J. McDonald Williams	\$ 80,000	\$26,391	\$33,479	\$ 139,870

- (1) TBRsUs were awarded to non-employee directors for the first time in 2006 and, as of December 31, 2006, each non-employee director held 2,205 TBRsUs. The amounts indicated in column (c) for stock awards are based on the accounting expense recognized by Belo under the requirements of FAS 123R, which includes dividend equivalents. Expense is recorded over the one-year vesting period for each award beginning at the time of grant, which was the date of the Belo annual meeting of shareholders on May 9, 2006. The actual grant date fair value of these awards was \$39,602 for each director. Once vested, the TBRsUs are paid two years later, on the date of the Belo annual meeting of shareholders three years from the date of the original award. Payment of vested RSUs is made 60 percent in shares of Belo Series A common stock and 40 percent in cash.

Belo directors who voluntarily resign or retire from board service prior to the vesting of TBRsUs will receive a proportionate amount of the award based on actual service. Payment will be made on the normal payment date, which is three years from the date of the award. Vesting is accelerated and payment is made immediately for TBRsUs held by a director who becomes disabled or dies.

[Table of Contents](#)

- (2) Amounts indicated in column (d) for option awards represent the accounting expense recognized by Belo in 2006 under the requirements of FAS 123R for stock options held by non-employee directors. Belo uses the Black-Scholes-Merton option pricing model to determine the fair value of options. The grant date fair value for the option awards made to each Belo non-employee director, with the exception of Larry Hirsch, was \$26,725. The grant date fair value of Larry's award was \$80,174. For additional information with respect to the assumptions and valuation methodology for share-based compensation, see the Combined Financial Statements, Note 4—Long-Term Incentive Plan. The option exercise price is equal to the closing market price of Belo Series A common stock on the date of grant. Options vest one year from the date of grant and expire 10 years from the date of grant. Belo directors who voluntarily resign from board service prior to the vesting of options forfeit unvested options. Vesting is accelerated for options held by a director who retires, becomes disabled, or dies. In any event, vested options remain exercisable for the original term of the award for all former directors. Following are the stock option holdings of each of Belo's non-employee directors as of December 31, 2006:

Name	Outstanding Stock Options	Exercisable Stock Options
Louis E. Caldera	44,440	37,825
Douglas G. Carlston(3)	—	—
Dealey D. Herndon	76,637	70,022
Laurence E. Hirsch	130,555	110,710
J. McDonald Williams	99,116	92,501

- (3) Doug Carlston was elected to Belo's board on July 26, 2007. At that time, Doug Carlston received a pro rated portion of his 2007 director compensation consisting of \$55,243 in cash, 1,482 TBRsUs, and 5,134 options to purchase Belo Series B common stock at an exercise price of \$18.64 per share.

A. H. Belo Director Compensation

Non-employee directors of A. H. Belo will receive an annual retainer package with a nominal value of \$140,000. One-half of the board's annual retainer will be divided between options to purchase A. H. Belo Series B common stock and TBRsUs for A. H. Belo Series A common stock. The number of options awarded will be determined using a Black-Scholes-Merton value as of the date of the award. The number of TBRsUs awarded will be determined by the closing market price of A. H. Belo Series A common stock on the date of the award. Directors may elect to receive all or a portion of the remaining amount of their annual retainer in additional stock options for A. H. Belo Series B common stock or in cash. Awards will be made effective with the date of the annual shareholders meeting, which is generally expected to be held in early May of each year.

Directors who serve as committee chairs will receive an additional \$10,000 in cash compensation. A. H. Belo will reimburse all directors for travel expenses incurred in attending meetings. No additional fee will be paid to directors for attendance at board and committee meetings. Robert W. Decherd, the chairman of the board, president and chief executive officer of A. H. Belo, will not receive separate compensation for board service.

PRINCIPAL SHAREHOLDERS

Ownership of Belo and A. H. Belo Common Stock

All of A. H. Belo's outstanding shares are, and immediately prior to the distribution will be, held beneficially and of record by Belo, and none of A. H. Belo's directors or executives own any A. H. Belo shares. The following tables set forth information as of December 31, 2007 regarding (1) the beneficial ownership of Belo common stock by each of A. H. Belo directors and named executive officers, all of A. H. Belo directors and executive officers as a group, and each other person known to us who beneficially owns 5 percent or more of the outstanding shares of Belo Series A or Series B common stock and (2) the approximate beneficial ownership of A. H. Belo common stock that will be held by such persons immediately upon completion of the distribution, assuming there are no changes in such person's holdings since December 31, 2007 and based on our estimates as of December 31, 2007 using a distribution ratio of 0.20 shares of A. H. Belo Series A common stock for every share of Belo Series A common stock and 0.20 shares of A. H. Belo Series B common stock for every share of Belo Series B common stock. At the close of business on December 31, 2007, 88,016,220 shares of Belo Series A common stock and 14,243,141 shares of Belo Series B common stock were issued and outstanding. Based on the outstanding shares of Belo common stock on the record date and the distribution ratio, A. H. Belo expects to have an estimated 17,603,244 shares of Series A common stock and 2,848,628 shares of Series B common stock outstanding immediately after the distribution. Based on the number of shares of Belo common stock that were subject to outstanding options as of December 31, 2007, approximately 2,496,929 shares of A. H. Belo Series B common stock and no A. H. Belo Series A common stock will be subject to options immediately following the distribution.

Under the rules of the SEC, the beneficial ownership of a person or group includes not only shares held directly or indirectly by the person or group but also shares the person or group has the right to acquire or receive within 60 days of the record date pursuant to exercisable options and convertible securities. The information below, including the percentage calculations, is based on beneficial ownership of shares rather than direct ownership of issued and outstanding shares.

Unless otherwise indicated, each person listed below has sole voting power and sole dispositive power with respect to the shares of common stock indicated in the table as beneficially owned by such person. Series A common stock has one vote per share and Series B common stock has ten votes per share. Consequently, the voting power of Series B holders is greater than the number of shares beneficially owned. For example, the shares of Belo common stock beneficially owned by all A. H. Belo directors and executive officers as a group, representing 15.3 percent of the outstanding shares of Belo Series A and Series B common stock, have combined voting power of 58.2 percent. There are no known voting arrangements relating to Belo or A. H. Belo common stock among any of the persons listed below.

Stock Ownership of Directors and Executive Officers of A. H. Belo

Name	Shares of Belo Common Stock Beneficially Owned And Percentage of Outstanding Shares as of December 31, 2007(1)(2)(3)(4)						Shares of A. H. Belo Common Stock Beneficially Owned And Percentage of Outstanding Shares as of February 8, 2008(1)(3)(4)					
	Series A		Series B		Combined Series A and Series B		Series A		Series B		Combined Series A and Series B	
	Number	Percent	Number	Percent	Number	Percent	Number	Percent	Number	Percent	Number	Percent
Robert W. Decherd*+	39,061	**	8,274,364	50.9%	8,313,425	8.0%	7,812	**	1,654,873	50.9%	1,662,685	8.0%
James M. Moroney III+	207,879	**	3,690,400	24.8%	3,898,279	3.8%	41,576	**	738,080	24.8%	779,656	3.8%
Donald F. (Skip) Cass, Jr.+	6,995	**	185,350	1.3%	192,345	**	1,399	**	37,070	1.3%	38,469	**
Alison K. Engel+	342	**	2,450	**	2,792	**	68	**	490	**	558	**
Daniel J. Blizzard+	—	**	29,100	**	29,100	**	—	**	5,820	**	5,820	**
Louis E. Caldera*	—	**	44,440	**	44,440	**	—	**	8,888	**	8,888	**
Douglas G. Carlston*	—	**	—	**	—	**	—	**	—	**	—	**
Dealey D. Herndon*	704,279	**	2,737,885	19.1%	3,442,164	3.4%	140,856	**	547,577	9.1%	688,433	3.4%
Laurence E. Hirsch*	10,000	**	130,555	**	140,555	**	2,000	**	26,111	**	28,111	**
J. McDonald Williams*	6,000	**	81,859	**	87,859	**	1,200	**	16,372	**	17,572	**
All directors and executive officers as a group (10 persons)	974,556	1.1%	15,176,403	87.1%	16,150,959	15.3%	194,111	1.1%	3,035,281	87.1%	3,230,192	15.3%

- * Director
- + Executive Officer
- ** Less than one percent

(1) Series B shares are convertible at any time on a share-for-share basis into Series A shares but not vice versa. For purposes of determining the number of Series A shares beneficially owned by the persons listed, the person may be deemed to be the beneficial owner of the Series A shares into which the Series B shares owned are convertible. The numbers listed in the Series A column, however, do not reflect the Series A shares that may be deemed to be beneficially owned by the person listed because of this convertibility feature. If the Series A total included shares into which Series B shares held are convertible, the persons listed would be deemed to be the beneficial owners of the following percentages of the Series A shares: Robert Decherd, 8.6 percent; Dealey Herndon, 3.8 percent; Jim Moroney, 4.2 percent; and all directors and executive officers as a group, 15.6 percent. All other persons listed would be deemed to beneficially own less than 1 percent of the Series A shares. These percentages are calculated by taking the person's number of combined Series A and Series B shares as reflected in the table above and dividing that number by the sum of (a) the Series A shares issued and outstanding, plus (b) the total of Series B shares owned by the person as reflected in the table above, plus (c) the person's exercisable Series A stock options listed in footnote (3) to the table.

The family relationships among the directors and named executive officers are as follows: Robert Decherd and Dealey Herndon are brother and sister and are second cousins of Jim Moroney.

The following shares are included in the individual's holdings because the individual has either sole or shared voting and dispositive power with respect to such shares.

Robert Decherd—13,980 Belo Series A shares held in trust for which Robert serves as trustee; Robert disclaims beneficial ownership of these shares. Robert's holdings also include 23,159 Belo Series B shares owned by him and his wife as to which he shares voting and dispositive power.

Dealey Herndon—20,000 Belo Series A shares held by a charitable foundation she established and for which she serves as a director. Dealey disclaims beneficial ownership of these shares.

Jim Moroney—51,995 Series A shares and 2,350,277 Series B shares held by Moroney Management, Limited, a family limited partnership of which he is the managing general partner, and 52,100 Series B shares held in a family trust as to which he has sole voting authority, as well as 480 Series B shares owned by Jim and his wife as to which he shares voting and dispositive power. Jim's holdings also include 29,800 Series A shares held by a family charitable foundation for which Jim serves as trustee; 35,777 Series A and 264,700 Series B shares and options to acquire 18,349 Series B shares held by the Estate of James M. Moroney, Jr., of which Jim is the executor; and 42,306 Series A shares and 376,596 Series B shares owned by Jim's mother as to which he has voting and dispositive power.

(2) Robert Decherd's holdings include 1,125,281 Belo Series B shares owned by him and which are subject to a pledge.

[Table of Contents](#)

- (3) The number of shares shown in the table above includes (a) shares held in the Belo Savings Plan at December 31, 2007, and (b) shares that could be purchased by exercise of options exercisable on December 31, 2007 or within 60 days thereafter (to and including February 29, 2008) under Belo's equity compensation plans, as follows:

Name	Shares of Belo Common Stock Held in			
	Belo Savings Plan		Exercisable Belo Stock Options	
	Series A	Series B	Series A	Series B
Robert W. Decherd	5,467	—	—	2,023,464
James M. Moroney III	4,909	—	—	618,099
Donald F. (Skip) Cass, Jr.	2,955	—	—	183,350
Alison K. Engel	66	—	—	2,450
Daniel J. Blizzard	—	—	—	29,100
Louis E. Caldera	—	—	—	44,440
Douglas G. Carlston	—	—	—	—
Dealey D. Herndon	—	—	—	66,637
Laurence E. Hirsch	—	—	—	130,555
J. McDonald Williams	—	—	—	75,859
All directors and executive officers as a group (10 persons)	13,397	—	—	3,173,954

- (4) Pursuant to SEC rules, the percentages in the table are calculated by taking the number of shares indicated as beneficially owned by the listed person or group and dividing that number by the sum of (a) the number of issued and outstanding shares in each series or the combined series, as applicable, plus (b) the number of shares of each series or the combined series, as applicable, that the person or group may purchase through the exercise of stock options as indicated in footnote (3) to the table.

Stock Ownership of Other Principal Shareholders (greater than 5 percent)

Name	Shares of Belo Common Stock Beneficially Owned And Percentage of Outstanding Shares as of December 31, 2007(1)(2)						Shares of A. H. Belo Common Stock Beneficially Owned And Percentage of Outstanding Shares as of February 8, 2008 (1)(2)					
	Series A		Series B		Combined Series A and Series B		Series A		Series B		Combined Series A and Series B	
	Number	Percent	Number	Percent	Number	Percent	Number	Percent	Number	Percent	Number	Percent
GoldenTree Asset Management LP(3) 300 Park Avenue New York, NY 10022	5,369,486	6.1%	—	**	5,369,486	5.2%	1,073,897	6.1%	—	**	1,073,897	5.2%
LSV Asset Management(4) One North Wacker Drive Chicago, IL 60606	5,107,311	5.8%	—	**	5,107,311	5.0%	1,021,462	5.8%	—	**	1,021,462	5.0%
Fidelity Management & Research Company/FMR Co., Inc.; Pyramis Global Advisors Trust Company(5) 82 Devonshire Street Boston, MA 02109	4,627,807	5.3%	—	**	4,627,807	4.5%	925,561	5.3%	—	**	925,561	4.5%
Barclays Global Investors, N.A. Barclays Global Fund Advisors(6) 45 Fremont Street San Francisco, CA 94105	4,615,892	5.2%	—	**	4,615,892	4.5%	923,178	5.2%	—	**	923,178	4.5%

Table of Contents

** Less than one percent

- (1) Series B shares are convertible at any time on a share-for-share basis into Series A shares but not vice versa. For purposes of determining the number of Series A shares beneficially owned by the persons listed, the person may be deemed to be the beneficial owner of the Series A shares into which the Series B shares owned are convertible. The numbers listed in the Series A column, however, do not reflect the Series A shares that may be deemed to be beneficially owned by the person listed because of this convertibility feature.
- (2) Pursuant to SEC rules, the percentages above are calculated by taking the number of shares indicated as beneficially owned by the listed person or group and dividing that number by the sum of (a) the number of issued and outstanding shares in each series or the combined series, as applicable, plus (b) the number of shares of each series or the combined series, as applicable, that the person or group may purchase through the exercise of stock options as indicated in the notes to the table.
- (3) Based upon information contained in its report on Form 13F for the calendar quarter ended September 30, 2007, as filed with the SEC on November 13, 2007, GoldenTree Asset Management LP has sole voting and dispositive power with respect to all of these shares.
- (4) Based upon information contained in their report on Form 13F for the calendar quarter ended September 30, 2007, as filed with the SEC on November 15, 2007, LSV Asset Management has sole voting power with respect to 3,306,020 of these shares and has sole dispositive power with respect to 5,093,811 of these shares.
- (5) Based upon information contained in their report on Form 13F for the calendar quarter ended September 30, 2007, as filed with the SEC on November 14, 2007, (a) Fidelity Management & Research Company/FMR Co., Inc. have sole voting power with respect to 4,700 of these shares and have sole dispositive power with respect to 4,526,507 of these shares and (b) Pyramis Global Advisors Trust Company has sole voting and dispositive power with respect to 101,300 of these shares.
- (6) Based upon information contained in their report on Form 13F for the calendar quarter ended September 30, 2007, as filed with the SEC on November 13, 2007 and amended on December 18, 2007, (a) Barclays Global Investors, NA, has sole voting power with respect to 2,104,731 of these shares and has sole dispositive power with respect to 2,461,300 of these shares and (b) Barclays Global Fund Advisors has sole voting and dispositive power with respect to 2,154,592 of these shares.

CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS

A. H. Belo has adopted a written Code of Business Conduct and Ethics, patterned after Belo's code of the same name, which sets forth A. H. Belo's policy that all directors, officers, and employees avoid business and personal situations that may give rise to a conflict of interest. A "conflict of interest" under the code will occur when an individual's private interest significantly interferes or appears to significantly interfere with A. H. Belo's interest. The code provides that the audit committee (or its designee) is generally responsible for enforcement of the code relating to members of the board of directors; and A. H. Belo's management committee (or its designee) is generally responsible for enforcement of the code relating to officers and employees. A. H. Belo has procedures pursuant to which significant transactions and transactions that are related person transactions under SEC rules will be subject to disclosure and review by an appropriate disinterested party (which may include one or more directors or executive officers).

Effective October 1, 2005, Belo entered into a construction contract with Austin Commercial, L.P. relating to the new *Dallas Morning News* South Plant. The contract provides for total payments of approximately \$16.2 million, of which approximately \$13.2 million was paid during the year ended December 31, 2006. Belo director Bill Solomon was at that time non-executive chairman of the board of Austin Industries, Inc., the parent company of Austin Commercial, L.P. This transaction was reviewed and approved in advance by Belo's audit committee in accordance with Belo's procedures, which are similar to those described above.

Robert Decherd's son, William Decherd, was employed by Belo from August 2005 to July 2007, when he became a full-time student at the Stanford Graduate School of Business to pursue an advanced degree. In 2006, William was promoted to product development director and previously served as product development manager. William also staffed Belo's enterprise-wide strategy and business development activities. Prior to joining Belo, William worked in an analyst role for The Goldman Sachs Group, Inc., McKinsey & Company, and Hicks, Muse, Tate & Furst Incorporated (now known as HM Capital Partners LLC), a Dallas-based private equity firm. William's compensation for 2006 was \$160,882, consisting of base salary and a performance bonus under Belo's management compensation plan. His base salary for 2007 was \$165,000 and he received a pro rated performance bonus based on Belo's 2007 financial results. William's employment with Belo was discussed with Belo's board in advance of his joining Belo. William's 2006 compensation was reviewed and approved by the then executive vice president and the senior vice president/Human Resources, and his 2007 compensation was reviewed and approved by the then president/Media Operations and the senior vice president/Human Resources, in both cases in accordance with Belo's normal management compensation process and the procedures referenced above.

In addition, see "Relationships Between Belo and A. H. Belo Following the Distribution" for a description of the inter-company agreements that will exist between Belo and A. H. Belo following the distribution.

DESCRIPTION OF CAPITAL STOCK

Authorized Capital Stock

Under A. H. Belo's certificate of incorporation, the total number of shares of all classes of stock that it has authority to issue is 127,000,000, of which 125,000,000 are shares of common stock, par value \$.01 per share, and 2,000,000 are shares of preferred stock, par value \$.01 per share. A. H. Belo's equity capital structure is similar to Belo's.

No shares of preferred stock have been issued. Based on the number of Belo shares of common stock outstanding on January 25, 2008, approximately _____ shares of A. H. Belo Series A common stock and approximately _____ shares of A. H. Belo Series B common stock will be issued to shareholders of Belo on the distribution date. All of the shares of A. H. Belo Series A and Series B common stock to be distributed to Belo shareholders in the distribution will be fully paid and non-assessable.

The following summary describes certain provisions of A. H. Belo's certificate of incorporation and bylaws relating to its capital stock. This summary is intended as an overview only and is qualified in its entirety by reference to A. H. Belo's certificate of incorporation and bylaws, the forms of which are included as exhibits to the registration statement on Form 10, as well as the applicable provisions of the Delaware General Corporation Law. A. H. Belo's equity capital and governance structure is designed to mirror Belo's existing equity capital and governance structure to the maximum extent applicable.

Common Stock

A. H. Belo's certificate of incorporation authorizes three series of common stock, Series A common stock, Series B common stock, and Series C common stock. A. H. Belo's certificate of incorporation authorizes the issuance of 125,000,000 shares of common stock, of which 90,000,000 shares are designated as Series A common stock, 30,000,000 shares are designated as Series B common stock, and 5,000,000 shares are undesignated. Based on the number of shares of Belo common stock outstanding on the record date and the distribution ratio, Belo expects to have approximately _____ shares of Series A common stock and _____ shares of Series B common stock outstanding immediately after the distribution. No shares of Series C common stock have been designated and issued. Under A. H. Belo's certificate of incorporation, all outstanding shares of Series B common stock will automatically convert into shares of Series A common stock and A. H. Belo may not issue any additional shares of Series B if, as a result of the existence or issuance of such stock, A. H. Belo's Series A common stock would be excluded from trading on the NYSE or any other national stock exchange or quotation system. Except for these limitations, our board has the authority to designate the shares of Series C common stock and to increase or decrease the number of shares of such series prior to or after the issuance of shares of that series, but not below the number of shares of such series then outstanding.

Voting Rights

Generally, the issued and outstanding shares of A. H. Belo's Series A common stock and Series B common stock vote together as a single class on matters submitted to a vote of shareholders. Each issued and outstanding share of Series A common stock is entitled to one vote and each issued and outstanding share of Belo Series B common stock is entitled to 10 votes. Class votes by series, however, are required with respect to (1) any amendment to A. H. Belo's certificate of incorporation that alters or changes the powers, preferences, or special rights of a series of A. H. Belo common stock that affects the respective series adversely and (2) any other matters that require class votes under the Delaware General Corporation Law. Cumulative voting is not permitted in the election of directors or otherwise.

Transfer Restrictions

Series A common stock is freely transferable. Transferability of the shares of Series B common stock, as such, is limited to certain family members of the holder of the Series B common stock, trusts established for the benefit of the holder and his or her family members, certain affiliated entities of the holder, and certain other

[Table of Contents](#)

permitted transferees. If you transfer your Series B common stock to a non-permitted transferee, such shares will automatically convert into Series A common stock.

Shares of Series B common stock may be pledged as collateral security for indebtedness, provided the shares will not be transferred to or registered in the name of the pledgee and remain subject to the transfer restrictions contained in our certificate of incorporation. In the event of foreclosure or other similar action by a pledgee, the pledged shares of Series B common stock may only be transferred to a permitted transferee under our certificate of incorporation or such shares will automatically convert into shares of Series A common stock, as the pledgee may elect.

Conversion of Series B Common Stock at the Election of a Holder

Shares of Series B common stock are convertible on a one-for-one basis into Series A common stock at any time, at the holder's option. If A. H. Belo enters into any consolidation or merger in which the holders of Series A common stock are entitled to receive cash, stock, or any other property with respect to or in exchange for Series A common stock (or in the event of a sale of all or substantially all of A. H. Belo's property or business), a holder of Series B common stock will have the right to convert such shares into the kind and amount of cash, stock, or respective properties that a holder of Series A common stock is entitled to receive and will have no other conversion rights regarding such shares.

Automatic Conversion of Series B Common Stock

All outstanding shares of Series B common stock will automatically, without any further act of any person or A. H. Belo, convert into shares of Series A common stock on a share-for-share basis if, as a result of the existence of the Series B common stock, the Series A common stock is excluded from trading on the NYSE or any other national exchange or quotation system. All outstanding shares of Series B common stock will also be converted into shares of Series A common stock at A. H. Belo's option (1) if A. H. Belo's board and the holders of a majority of the outstanding shares of Series B common stock approve the conversion of all of the Series B common stock into Series A common stock or (2) if A. H. Belo's board elects to convert the Series B common stock (a) in order to avoid the exclusion of Series A common stock from trading on the NYSE or any other national exchange or quotation system or (b) due to the requirements of federal or state law, in any such case, as a result of the existence of the Series B common stock. Further, if you transfer your shares of Series B common stock to a non-permitted transferee, such shares will automatically convert into shares of Series A common stock.

Dividends

Holders of a series of common stock are entitled to share equally, on a per share basis, in dividends, if any, that may be declared by A. H. Belo's board. A. H. Belo's shareholders are also entitled to share ratably in the net assets available for distribution to them upon liquidation, dissolution, and winding-up.

Dividends must be paid on both the Series A common stock and Series B common stock, at any time that dividends are paid on either. Stock dividends must be paid at the same rate for each series, with dividends payable in shares of Series A common stock payable only to holders of Series A common stock and dividends payable in shares of Series B common stock payable only to holders of Series B common stock.

Preferred Stock

None of the 2,000,000 shares of authorized preferred stock are outstanding. A. H. Belo's certificate of incorporation authorizes A. H. Belo's board to issue preferred stock in one or more series, to set from time to time the number of shares to be included in each series, and to determine the designations, powers, preferences, and rights of the shares of each series and the qualifications, limitations, or restrictions thereof. Although the ability of A. H. Belo's board to designate and issue shares of preferred stock provides A. H. Belo with flexibility regarding the ability to engage in future public offerings to raise additional capital, the issuance of shares of preferred stock may have adverse effects on the holders of A. H. Belo common stock. A. H. Belo would, for

[Table of Contents](#)

example, be restricted in its ability to declare dividends on its common stock if dividends on shares of its preferred stock have not been paid; the voting power of A. H. Belo common stock would be diluted to the extent the shares of A. H. Belo preferred stock have voting rights; or, the participation of the holders of A. H. Belo common stock in A. H. Belo's assets in a liquidation of A. H. Belo would be deferred until the satisfaction of any liquidation preference granted to holders of preferred stock. In addition, the issuance of preferred stock could make it more difficult for a third party to acquire a majority of A. H. Belo's outstanding voting stock and, accordingly, may be used as an "anti-takeover" device. Except pursuant to our shareholder rights agreement, A. H. Belo's board, however, currently does not contemplate the issuance of any shares of preferred stock.

Junior Participating Preferred Stock

Shares of A. H. Belo's junior participating preferred stock, Series A, or "Series A preferred stock," will be reserved for issuance upon exercise of the rights under A. H. Belo's shareholder rights agreement. See "Certain Anti-Takeover Provisions—Shareholder Rights Agreement." Shares of A. H. Belo's Series A preferred stock may be purchased only after the rights have become exercisable, and each share of Series A preferred stock:

- will rank junior to any other class or series of A. H. Belo preferred stock with respect to the payment of dividends and the distribution of assets.
- will entitle holders to a quarterly dividend in an amount per share equal to the greater of (1) \$1.00, or (2) the product of (a) 200 (subject to antidilution adjustment) and (b) the aggregate per share amount of all dividends declared on A. H. Belo's common stock since the preceding dividend payment date.
- will entitle holders to 200 votes (subject to antidilution adjustment) on all matters submitted to a vote of A. H. Belo's shareholders.
- in the event of a liquidation of A. H. Belo, will entitle holders to a preferred liquidation payment equal to \$100 per share, plus accrued and unpaid dividends, provided that holders shall be entitled to receive not less than an aggregate amount per share equal to the product of (1) 200 (subject to antidilution adjustment) and (2) the aggregate amount to be distributed per share to holders of A. H. Belo common stock.
- in the event of any consolidation, merger, combination, or other transaction in which shares of A. H. Belo common stock are exchanged for or changed into stock or securities of another entity, cash and/or other property, shall be exchanged or changed into an amount per share equal to the product of (1) 200 (subject to antidilution adjustment) and (2) the aggregate amount of stock, securities, cash, and/or other property into which or for which each share of A. H. Belo common stock is changed or exchanged.

The Series A preferred stock is not redeemable.

The exercise price of the rights, the number of shares of Series A preferred stock issuable, and the number of outstanding rights will adjust to prevent dilution that may result from a stock dividend, a stock split, or a reclassification of the Series A preferred stock or A. H. Belo common stock.

A. H. Belo's certificate of incorporation may not be amended in any manner that would materially alter or change the powers, preferences, or special rights of the Series A preferred stock so as to affect them adversely without the affirmative vote of the holders of at least two-thirds of the outstanding shares of Series A preferred stock voting as a single class.

No Preemptive Rights

No holder of any A. H. Belo stock of any class authorized at the distribution date will have any preemptive right to subscribe to any A. H. Belo securities of any kind or class.

[Table of Contents](#)

Listing

The shares of A. H. Belo Series A common stock have been authorized for listing on the NYSE under the trading symbol “AHC.” If a “when-issued” market for A. H. Belo Series A common stock develops then a listing with a distinct listing symbol for A. H. Belo Series A when-issued common stock will appear on the NYSE.

Sales of Unregistered Securities

In connection with its incorporation, on October 1, 2007, A. H. Belo issued 1,000 shares of A. H. Belo common stock, par value \$.01 per share, to a subsidiary of Belo in consideration of an aggregate capital contribution of \$1,000 by Belo. A. H. Belo did not register this issuance of securities under the Securities Act because it did not involve any public offering of securities.

Transfer Agent

The transfer agent and registrar for A. H. Belo common stock is Mellon Investor Services LLC. The contact information for the transfer agent and registrar is:

BNY Mellon Shareowner Services
P. O. Box 11258
Church Street Station
New York, NY 10286
(800) 524-4458

CERTAIN ANTI-TAKEOVER PROVISIONS

General

A. H. Belo's certificate of incorporation, bylaws, the shareholder rights agreement, the change in control severance plan, several inter-company agreements to be entered into between A. H. Belo and Belo, and the Delaware General Corporation Law contain certain provisions that (1) could discourage, delay or make more difficult transactions involving an actual or potential change in control of A. H. Belo; (2) may limit the ability of shareholders to remove current directors (or management) or approve a transaction that a majority of shareholders may deem to be in their best interests; and (3) could otherwise adversely affect the price of A. H. Belo Series A common stock. These provisions have been implemented to enable A. H. Belo, particularly (but not exclusively) in the initial years of its existence as a separate public company, to develop its business in a manner that should foster its long-term growth without disruption caused by the threat of a possible takeover that A. H. Belo's board of directors deems not to be in the best interests of A. H. Belo. The shareholder rights agreement also would make such transactions more difficult. In addition, certain provisions of the inter-company agreements that Belo and A. H. Belo will enter into in connection with the distribution could discourage third parties from making proposals involving an acquisition or change in control of A. H. Belo. See "Relationships Between Belo and A. H. Belo Following the Distribution."

Further, _____ percent of the voting power of our outstanding voting stock as of the record date is held by A. H. Belo's directors and executive officers. Such concentration of voting power could discourage third parties from making proposals involving an acquisition of control of A. H. Belo. See "Principal Shareholders."

Set forth below is a summary of certain provisions contained in our certificate of incorporation, bylaws, the shareholder rights agreement, the change in control severance plan, the inter-company agreements, and the applicable provisions of the Delaware General Corporation Law that could impede or delay an acquisition of control of A. H. Belo that the board of directors would not approve. This summary is intended as an overview only and is qualified in its entirety by reference to the documents evidencing such provisions, the forms of which are included as exhibits to the registration statement on Form 10, as well as the applicable provisions of the Delaware General Corporation Law.

Series of Common Stock

A. H. Belo's certificate of incorporation authorizes three series of common stock, Series A common stock, Series B common stock, and Series C common stock. A. H. Belo's certificate of incorporation authorizes the issuance of 125,000,000 shares of common stock, of which 90,000,000 shares are designated as Series A common stock, 30,000,000 shares are designated as Series B common stock, and 5,000,000 shares are undesignated. Except for limitations relating to the continued listing of the Series A common stock on a national stock exchange or quotation system, A. H. Belo's board has the authority to designate the shares of Series C common stock and to increase or decrease the number of shares of such series prior to or after the issuance of shares of that series, but not below the number of shares of such series then outstanding. In addition, shares of A. H. Belo's Series A common stock and Series B common stock generally vote together as a single class on matters submitted to a vote of shareholders. Each issued and outstanding share of Series A common stock is entitled to one vote and each issued and outstanding share of Series B common stock is entitled to 10 votes.

A. H. Belo's dual common equity capital structure permits holders of Series B common stock with voting power that is greater than the number of shares that they own. A holder of Series B common stock will have greater voting power per share than a holder of Series A common stock holding the same number of shares. As a consequence, holders of Series B common stock have significant influence over all matters requiring shareholder approval, including the election of directors and significant corporate transactions, such as a merger or other sale of A. H. Belo or its assets. A. H. Belo's dual common equity capital structure could have the effect of discouraging a potential acquirer from making a tender offer or otherwise attempting to take control of A. H. Belo and could make more difficult transactions including an actual or potential change in control.

[Table of Contents](#)

Classified Board of Directors

A. H. Belo's certificate of incorporation provides for our board of directors to be divided into three classes of directors serving staggered three-year terms. As a result, approximately one-third of our directors will be elected each year. The first class of directors will initially serve a one-year term, and the second class of directors will initially serve a two-year term. Thereafter, each class of directors will be elected for a three-year term. See "Management."

This provision could prevent a party who acquires control of a majority of the voting power of our outstanding voting stock from obtaining control of A. H. Belo's board of directors until the second annual shareholders meeting following the date of such acquisition and could have the effect of discouraging a potential acquiror from making a tender offer or otherwise attempting to obtain control of A. H. Belo and thus could increase the likelihood that incumbent directors will continue to hold their positions.

Number of Directors; Removal; Filling Vacancies

A. H. Belo's certificate of incorporation and bylaws provide that its board of directors or shareholders may from time to time determine the number of directors.

Under A. H. Belo's bylaws, a director or the entire board of directors may be removed only for cause and only by a vote of shareholders representing not less than a majority of the voting power of our outstanding voting stock. A. H. Belo's bylaws further provide that vacant directorships may be filled only by a majority vote of the remaining directors even if the number of the remaining directors does not provide for a quorum.

No Shareholder Action by Written Consent; Special Meeting

A. H. Belo's certificate of incorporation provides that shareholders may take action only at an annual or special shareholders meeting. The shareholders are thus prohibited from taking any action by written consent in lieu of a meeting. A. H. Belo's bylaws provide that special meetings of shareholders may be called only by (1) its chief executive officer; (2) its board of directors; or (3) the holders of not less than one-fifth of the voting power of our outstanding voting stock.

Advance Notice Requirements for Shareholder Proposals and Director Nominations

A. H. Belo's bylaws establish advance notice procedures regarding shareholder proposals and the nomination of candidates for election as directors, other than by or at the direction of our board. These procedures provide that the notice of shareholder proposals and shareholder nominations for the election of directors at a meeting must be in writing and received at our principal executive offices generally not less than 60 days and not more than 90 days prior to the first anniversary of the preceding year's annual meeting. If the date of the annual meeting is advanced or delayed by more than 30 days from the first anniversary date of the preceding year's annual meeting, then the shareholder must deliver the notice no later than the close of business on the later of the 60th day prior to the annual meeting or the 10th day following the day on which the date of the meeting is publicly announced. The notice of shareholder nominations must set forth certain information specified in A. H. Belo's bylaws and required by the applicable federal proxy rules.

Supermajority and Fair Price Provisions

A. H. Belo's certificate of incorporation requires that certain mergers, consolidations, sale of all or substantially all of its assets, and dissolutions must be approved the affirmative vote of the holders of at least two-thirds, rather than a majority as provided by Delaware General Corporation Law, of the voting power of our outstanding voting stock. A. H. Belo's certificate of incorporation further requires the affirmative vote of the holders of at least 80 percent of the voting power of our outstanding voting stock, for approval of certain business transactions with any shareholder who owns more than 10 percent of the voting power of our outstanding voting

[Table of Contents](#)

stock, including certain mergers or combinations, sales or other dispositions of assets, issuances of securities, liquidations or dissolutions, or reclassifications of securities or recapitalizations. The 80 percent vote requirement does not apply to any transaction, if the transaction does not involve cash or any other consideration being received by our shareholders, that is approved by a majority of A. H. Belo's continuing directors (as defined in A. H. Belo's certificate of incorporation) or, in the case of any such other transaction, that is approved by a majority of A. H. Belo's continuing directors and satisfies certain procedural requirements set forth in A. H. Belo's certificate of incorporation as well as minimum price requirements.

Amendments to Bylaws

A. H. Belo's certificate of incorporation provides that only our board of directors or holders of at least two-thirds of the voting power of our outstanding voting stock have the power to amend or repeal our bylaws.

Amendment of the Certificate of Incorporation

Any proposal to amend, alter, change, or repeal any provision of A. H. Belo's certificate of incorporation requires the affirmative vote of a majority of the voting power of our outstanding voting stock, except that the affirmative vote of the holders of at least two-thirds of the voting power of our outstanding voting stock is required to amend the provision of A. H. Belo's certificate of incorporation relating to (1) the approval of any merger, consolidation, sale of all or substantially all of our property and assets, or our dissolution or (2) the alteration, amendment, or repeal of A. H. Belo's bylaws. The affirmative vote of at least 80 percent of the voting power of our outstanding voting stock is required to amend, alter, or repeal the provisions of our certificate of incorporation relating to certain business transactions with an interested shareholder.

Preferred Stock

A. H. Belo's certificate of incorporation authorizes the board of directors to designate and issue preferred stock in one or more series and to determine, with respect to any series of preferred stock, the powers, preferences, and rights, including whether the shares have voting rights in addition to the voting rights provided by law, of each series.

A. H. Belo believes that the availability of the preferred stock will provide it with flexibility in structuring possible future financings and acquisitions and in meeting other corporate needs which might arise. Having the authorized shares readily available for issuance will allow A. H. Belo to issue shares of preferred stock without the expense and delay of a special shareholders' meeting. The authorized shares of preferred stock, as well as shares of A. H. Belo common stock, will be available for issuance without further action by our shareholders, unless that action is required by applicable law or the rules of any stock exchange on which our securities are listed. Although A. H. Belo's board of directors has no intention at the present time of doing so, it would have the power (subject to applicable law) to issue a series of preferred stock that could, depending on the terms of the series, impede the completion of a merger, tender offer, or other takeover attempt. For instance, subject to applicable law, a series of preferred stock might impede a business combination by including class voting rights which would enable the holders to block the transaction. See "Certain Anti-Takeover Provisions—Shareholder Rights Agreement" below.

Shareholder Rights Agreement

On January 11, 2008, the board of directors of A. H. Belo adopted the shareholder rights agreement between A. H. Belo and Mellon Investor Services LLC, a New Jersey limited liability company, as rights agent. Each outstanding share of A. H. Belo common stock issued in the distribution will have attached to it a right entitling its holder to purchase from A. H. Belo one two-hundredths of a share of Series A junior participating preferred stock (subject to antidilution provisions) upon the occurrence of certain triggering events. The initial purchase price for the Series A junior participating preferred stock is \$80, subject to certain adjustments. Until one of those triggering events occurs, or the rights are earlier redeemed, exchanged, or expired, the rights will not be evidenced by separate certificates and may be transferred only with the common stock to which they are attached.

[Table of Contents](#)

The rights will become exercisable 10 days after a public announcement that any person or group beneficially owns 15 percent or more of the outstanding shares of A. H. Belo common stock, or 10 business days (or such later date as the A. H. Belo board may determine) after a person or group commences an offer the consummation of which would result in any person or group beneficially owning 15 percent or more of the outstanding shares of A. H. Belo common stock, whichever occurs first. In the event that the rights become exercisable, A. H. Belo will distribute separate rights certificates evidencing the rights to all holders of A. H. Belo common stock held on the date the rights become exercisable. In the event any person or group has become the beneficial owner of 15 percent or more of A. H. Belo common stock, each right will then entitle its holder (except the acquiring party whose rights become void) to purchase, in lieu of the Series A junior participating preferred stock, the number of shares of A. H. Belo Series A common stock having a market value of two times the exercise price of the right.

If, following the date that a person or group becomes the beneficial owner of 15 percent or more of A. H. Belo common stock, A. H. Belo merges into or consolidates with, or transfers 50 percent or more of its consolidated assets or earning power to another entity (other than A. H. Belo or its subsidiaries), then each right will then entitle its holder to purchase the number of shares of A. H. Belo Series A common stock of the acquiring entity having a market value of two times the exercise price of the right.

As soon as practicable after the rights distribution date, the rights agent will mail to each record holder of A. H. Belo common stock as of the close of business on the rights distribution date certificates evidencing the rights. From and after the rights distribution date, the separate certificates alone will represent the rights. Except as otherwise provided in the shareholder rights agreement, only shares of A. H. Belo common stock issued or sold by A. H. Belo prior to the rights distribution date will receive rights.

The rights are not exercisable until the rights distribution date and will expire on January 11, 2018, unless earlier redeemed or exchanged by A. H. Belo as described below.

The exercise price of the rights, the number of shares of Series A preferred stock issuable, and the number of outstanding rights will adjust to prevent dilution that may occur from a stock dividend, a stock split, or a reclassification of the Series A preferred stock or A. H. Belo common stock.

A. H. Belo's board of directors may redeem the rights, in whole, but not in part, at a price of \$0.005 per right (subject to certain adjustments), at any time prior to such time any person acquires 15 percent or more of A. H. Belo's common stock and the expiration date of the rights.

At any time after a person acquires 15 percent or more of A. H. Belo's outstanding common stock, A. H. Belo's board of directors may cause A. H. Belo to exchange for all or part of the then-outstanding and exercisable rights shares of A. H. Belo common stock at an exchange ratio of one common share per right, adjusted to reflect any stock split, stock dividend, or similar transaction.

Until a right is exercised, its holder, as such, will have no rights as a shareholder with respect to such rights, including, without limitation, the right to vote or to receive dividends. While the distribution of the rights in connection with the distribution of A. H. Belo shares will not result in the recognition of taxable income by A. H. Belo shareholders or A. H. Belo, shareholders may, depending upon the circumstances, recognize taxable income after a triggering event.

The terms of the rights may be amended by A. H. Belo's board of directors without the consent of the holders of the rights. From and after the acquisition of 15 percent or more of A. H. Belo's common stock, however, no amendment can adversely affect the interests of the holders of the rights. A. H. Belo's board of directors can lower the 15 percent threshold to not less than 10 percent.

[Table of Contents](#)

The rights will have certain anti-takeover effects. For example, the rights will cause substantial dilution to any person or group who attempts to acquire a significant interest in A. H. Belo without advance approval from A. H. Belo's board of directors. As a result, the overall effect of the rights may be to render it more difficult or to discourage any attempt to acquire A. H. Belo, even if the acquisition would be in the best interests of A. H. Belo's shareholders. Because the A. H. Belo board can redeem the rights prior to the acquisition of 15 percent or more of A. H. Belo's common stock, the rights should not interfere with a merger or other business combination approved by A. H. Belo's board of directors.

For so long as the rights continue to be associated with A. H. Belo common stock, each new share of common stock A. H. Belo issues will include a right. Shareholders will not be required to pay any separate consideration for the rights issued with A. H. Belo common stock.

Change In Control Severance Plan

Effective on the distribution date, A. H. Belo will have in place a change in control severance plan covering specified participants that would be triggered if there is a "change in control" (as defined to include the acquisition of 30 percent or more of the combined voting power of our outstanding voting stock) and a qualifying termination (or constructive termination) of employment during the 24-month period following a change in control. In addition, a participant may voluntarily terminate employment for any reason or without reason during the 30-day period immediately following the first anniversary of a change in control and will be entitled to receive payments and benefits under the severance plan. The triggering events would result in the payment of specified severance benefits, including a lump sum multiple of participant's compensation, outplacement services, vesting of long-term incentive awards, and "gross up" payment if necessary to satisfy certain tax payments relating to the severance payments.

Inter-Company Agreements

The separation and distribution agreement, services agreement, tax matters agreement, employee matters agreement, and other agreements described elsewhere in the information statement could have certain anti-takeover effects. See "Relationships Between Belo and A. H. Belo Following the Distribution."

Delaware Law

A. H. Belo is subject to the provisions of section 203 of the Delaware General Corporation Law regulating corporate takeovers. Section 203 prevents Delaware corporations from engaging in a business combination involving a merger or sale of more than 10 percent of the corporation's assets with any shareholder who is deemed to be interested under this section, for three years following the date that the shareholder became an interested shareholder, unless:

- the transaction that resulted in the shareholder becoming an interested shareholder was approved by the board of directors prior to the date the interested shareholder attained that status;
- upon consummation of such transaction, the interested shareholder owned at least 85 percent of the voting power of our outstanding voting stock at the time the transaction commenced, excluding the voting power of those shares owned by (1) persons who are directors as well as officers and (2) employee stock plans in which employee participants do not have the right to determine confidentially whether shares held subject to the plan will be tendered in a tender or exchange offer; or
- on or subsequent to the consummation of such transaction, the business combination is approved by the board of directors and authorized at an annual or special meeting of shareholders by the affirmative vote of at least two-thirds of the voting power of our outstanding voting stock that are not owned by the interested shareholder.

A shareholder is deemed to be interested under section 203 if he owns 15 percent or more of the voting power of our outstanding voting stock, as well as affiliates and associates of any such person.

[Table of Contents](#)

A Delaware corporation may opt out of section 203 with an express provision in its original certificate of incorporation or an express provision in its certificate of incorporation or bylaws resulting from a shareholders' amendment approved by at least a majority of the voting power of our outstanding voting stock. Because A. H. Belo has not opted out of the provisions of section 203, this statute could prohibit or delay mergers or other takeover or change in control attempts with respect to A. H. Belo and, accordingly, may discourage attempts to acquire A. H. Belo. Also, section 203 may have the effect of preventing changes in A. H. Belo's management because it is possible that its provisions could make it more difficult to accomplish transactions that shareholders may otherwise deem to be in their best interests.

However, section 203 may encourage companies interested in acquiring A. H. Belo to negotiate in advance with our board of directors. If a majority of the directors then in office approved either the business combination or the transaction which results in the shareholder becoming an interested shareholder, the shareholder approval requirement under section 203 would be avoided.

Limitation of Liability of Directors

A. H. Belo's certificate of incorporation limits the liability of directors to the maximum extent permitted by Delaware law. It therefore provides that our directors will not be personally liable to A. H. Belo or our shareholders for monetary damages for breach of their fiduciary duties, except for liability:

- for any breach of their duty of loyalty to A. H. Belo or our shareholders;
- for acts or omissions not in good faith or which involve intentional misconduct or a knowing violation of law;
- under section 174 of the Delaware General Corporation Law relating to unlawful payments of dividends or unlawful stock repurchases (or redemptions); or
- for any transaction from which the director derived an improper personal benefit.

This limitation of liability does not apply to liabilities arising under the federal or state securities laws and does not affect the availability of equitable remedies, such as injunctive relief or rescission.

A. H. Belo's certificate of incorporation provides that any future repeal or amendment of its terms (including any amendment or repeal of A. H. Belo's certificate of incorporation made by virtue of any change in the Delaware General Corporation Law) will not adversely affect any rights or protection of directors described above with respect to acts or omissions that occurred prior to such repeal or amendment.

Indemnification of Officers, Directors, and Employees

A. H. Belo's bylaws provide for indemnification of, and advancement of expenses to, any person who was or is a party, or was or is threatened to be made a party, in any action, whether civil, criminal, administrative, or investigative, by reason of the fact that he or she is or was or has agreed to become a director, officer, employee, or agent of A. H. Belo, or is, or was, or was serving at A. H. Belo's request as, a director, officer, employee, or agent of another enterprise against all expenses, including attorneys' fees, judgments, fines, and amounts paid in settlement actually and reasonably incurred by him or her in connection with such action, provided that the person acted in good faith and in a manner he or she reasonably believed to be in or not opposed to the best interests of A. H. Belo, and, with respect to any criminal action, had no reasonable cause to believe his or her conduct was unlawful. This right to indemnification includes the right to receive payment of any expenses incurred by the person being indemnified in connection with such proceeding in advance of the final disposition of the proceeding, provided the indemnified person delivers to A. H. Belo an undertaking to repay all amounts so advanced if it is ultimately determined that such indemnified person is not entitled to be indemnified by A. H. Belo. In addition to the indemnification and advancement of expenses described above, under A. H. Belo's bylaws, A. H. Belo will indemnify, and advance expenses to, the persons listed above to the fullest extent

[Table of Contents](#)

permitted by the Delaware General Corporation Law, any other applicable law or A. H. Belo's certificate of incorporation. Any indemnification will be paid by A. H. Belo unless otherwise decided by (1) a majority vote of a quorum of our disinterested directors; (2) independent legal counsel in a written opinion; or (3) a majority vote of the voting power of our outstanding voting stock.

A. H. Belo's bylaws also give A. H. Belo the power to purchase and maintain insurance for such persons whether or not it would have the power to indemnify them against such liabilities.

WHERE YOU CAN FIND MORE INFORMATION

A. H. Belo has filed a registration statement on Form 10 with the SEC with respect to the shares of its common stock being distributed as contemplated by this information statement. This information statement is a part of, and does not contain all of the information set forth in, the registration statement and the exhibits and schedules to the registration statement. For further information with respect to A. H. Belo and its common stock, please refer to the registration statement, including its exhibits and schedules. Statements made in this information statement relating to any contract or other document are not necessarily complete, and you should refer to the exhibits attached to the registration statement for copies of the actual contract or document. You may review a copy of the registration statement, including its exhibits and schedules, at the SEC's public reference room, located at 100 F Street, N.E., Washington, D.C. 20549, as well as on the Internet at the SEC's Web site at www.sec.gov. Please call the SEC at 1-800-SEC-0330 for further information on the public reference room. Information contained on any Web site referenced in this information statement is not incorporated by reference into this information statement or the registration statement of which this information statement is a part.

After the distribution, A. H. Belo will become subject to the information and reporting requirements of the Exchange Act and, in accordance with the Exchange Act, will file periodic reports, proxy statements, and other information with the SEC. Our future filings will be available from the SEC as described above.

A. H. Belo will make its SEC filings available free of charge through our Web site (www.ahbelo.com) as soon as practicable after they are electronically filed with the SEC. After the distribution, you may also request a copy of A. H. Belo's future SEC filings at no cost, by writing or telephoning us at:

A. H. Belo Corporation
400 South Record Street
Dallas, Texas 75202
(214) 977-6606
Attn: Corporate Secretary

We intend to furnish holders of our common stock with annual reports containing financial statements prepared in accordance with GAAP and audited and reported on, with an opinion expressed, by an independent registered public accounting firm.

You should rely only on the information contained in this information statement or to which we have referred you. We have not authorized any person to provide you with different information or to make any representation not contained in this information statement.

[Table of Contents](#)

INDEX TO FINANCIAL STATEMENTS

	<u>PAGE</u>
Balance Sheet of A. H. Belo Corporation	
Report of Independent Registered Public Accounting Firm	F-2
Balance Sheet as of October 11, 2007	F-3
Note to Balance Sheet	F-4
Combined Financial Statements of the A. H. Belo Businesses	
Report of Independent Registered Public Accounting Firm	F-5
Combined Statements of Operations for the Years Ended December 31, 2004, 2005, and 2006 and the Nine Months ended September 30, 2006 and 2007	F-6
Combined Balance Sheets as of December 31, 2005 and, 2006 and September 30, 2007	F-7
Combined Statements of Belo Corp.'s Equity for the Three Years Ended December 31, 2004, 2005, and 2006 and the Nine Months ended September 30, 2007	F-9
Combined Statements of Cash Flows for the Years Ended December 31, 2004, 2005, and 2006 and the Nine Months ended September 30, 2006 and 2007	F-10
Notes to Combined Financial Statements	F-11

Report of Independent Registered Public Accounting Firm

The Board of Directors
Belo Corp.

We have audited the accompanying balance sheet of A. H. Belo Corporation (“A. H. Belo”) as of October 11, 2007. This balance sheet is the responsibility of the Company’s management. Our responsibility is to express an opinion on this balance sheet based on our audit.

We conducted our audit in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. We were not engaged to perform an audit of A. H. Belo’s internal control over financial reporting. Our audit included consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of A. H. Belo’s internal control over financial reporting. Accordingly, we express no such opinion. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, and evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion the balance sheet referred to above presents fairly, in all material respects, the financial position of A. H. Belo Corporation as of October 11, 2007, in conformity with U.S. generally accepted accounting principles.

/s/ Ernst & Young LLP

Dallas, Texas
October 11, 2007

A. H. Belo Corporation
Balance Sheet
October 11, 2007

Assets	
Cash	\$1,000
	<u>\$1,000</u>
Shareholder's Equity	
Common stock; \$0.01 par value; 1,000 shares authorized, issued and outstanding	\$ 10
Additional paid-in capital	990
	<u>\$1,000</u>

See accompanying Note to Balance Sheet.

A. H. Belo Corporation
Note to Balance Sheet

On October 1, 2007, Belo Corp. (“Belo”) announced a plan to distribute its newspaper publishing business to its shareholders to create a separate public company. On October 1, 2007, Belo also formed a new, wholly-owned subsidiary, A. H. Belo Corporation (“A. H. Belo”), to serve as the holding company for its newspaper business and related businesses. A. H. Belo was initially capitalized for \$1,000 and issued 1,000 shares of its common stock, at \$0.01 par value per share, to a subsidiary of Belo.

In anticipation of the distribution, Belo and A. H. Belo will enter into a separation and distribution agreement under which Belo will transfer all of the assets and liabilities associated with its newspaper business and related businesses to A. H. Belo. The assets and liabilities transferred to A. H. Belo will be recorded at historical cost as a reorganization of entities under common control. Belo will not have any ownership interest in A. H. Belo subsequent to the distribution, but will continue to conduct business with A. H. Belo pursuant to various inter-company agreements.

Management expects that the shares of A. H. Belo will be distributed to Belo shareholders in the form of a tax-free distribution to Belo shareholders for United States federal income tax purposes. Shareholders that own shares of Belo Series A common stock or Belo Series B common stock on the record date, will receive shares of A. H. Belo Series A common stock or A. H. Belo Series B common stock, respectively, based on the distribution ratio. The distribution will result in A. H. Belo operating as a separate entity with publicly traded common stock.

The accompanying balance sheet presents A. H. Belo’s financial position as of October 11, 2007. Statements of operations and cash flows have not been presented as there has been no significant activity since formation. Cash represents amounts on deposit with a banking institution.

Report of Independent Registered Public Accounting Firm

The Board of Directors and Shareholders
Belo Corp.

We have audited the accompanying combined balance sheets of the A. H. Belo Businesses (as defined in Note 1, the "Company") as of December 31, 2006 and 2005, and the related combined statements of operations, Belo Corp.'s equity, and cash flows for each of the three years in the period ended December 31, 2006. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. We were not engaged to perform an audit of the Company's internal control over financial reporting. Our audits included consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control over financial reporting. Accordingly, we express no such opinion. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, and evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

As discussed in Note 1 to the combined financial statements, effective January 1, 2006, the Company changed its method of accounting for share-based compensation.

In our opinion, the financial statements referred to above present fairly, in all material respects, the combined financial position of the A. H. Belo Businesses at December 31, 2006 and 2005, and the combined results of their operations and cash flows for each of the three years in the period ended December 31, 2006, in conformity with U.S. generally accepted accounting principles.

/s/ Ernst & Young LLP

Dallas, Texas
October 11, 2007

A. H. BELO BUSINESSES
COMBINED STATEMENTS OF OPERATIONS

<i>In thousands</i>	<i>Years ended December 31,</i>			<i>Nine months ended September 30,</i>	
	<i>2004</i>	<i>2005</i>	<i>2006</i>	<i>2006</i>	<i>2007</i>
				<i>(unaudited)</i>	
Net operating revenues					
Advertising	\$ 669,811	\$ 687,140	\$ 674,140	\$ 496,738	\$ 447,160
Circulation	96,786	104,790	116,265	87,150	83,721
Other	12,545	30,414	27,328	20,632	19,048
Total net operating revenues	<u>779,142</u>	<u>822,344</u>	<u>817,733</u>	<u>604,520</u>	<u>549,929</u>
Operating costs and expenses					
Salaries, wages and employee benefits	314,900	306,690	322,947	244,210	220,631
Other production, distribution and operating costs	190,001	226,438	258,076	189,141	192,312
Newsprint, ink and other supplies	136,190	141,901	132,775	100,880	77,712
Depreciation	41,659	39,608	39,996	29,767	33,854
Amortization	6,710	6,614	6,582	4,936	4,874
Total operating costs and expenses	<u>689,460</u>	<u>721,251</u>	<u>760,376</u>	<u>568,934</u>	<u>529,383</u>
Earnings from operations	<u>89,682</u>	<u>101,093</u>	<u>57,357</u>	<u>35,586</u>	<u>20,546</u>
Other income and expense					
Interest expense on notes payable to Belo Corp.	(16,510)	(23,661)	(31,814)	(23,453)	(26,547)
Other income, net	862	748	1,504	688	3,312
Total other income and expense	<u>(15,648)</u>	<u>(22,913)</u>	<u>(30,310)</u>	<u>(22,765)</u>	<u>(23,235)</u>
Earnings (loss)					
Earnings (loss) before income taxes	74,034	78,180	27,047	12,821	(2,689)
Income taxes	28,745	30,361	11,868	6,071	688
Net earnings (loss)	<u>\$ 45,289</u>	<u>\$ 47,819</u>	<u>\$ 15,179</u>	<u>\$ 6,750</u>	<u>\$ (3,377)</u>

See accompanying Notes to Combined Financial Statements.

A. H. BELO BUSINESSES
COMBINED BALANCE SHEETS

Assets

<i>In thousands</i>	<u>December 31,</u>		<u>September 30,</u>
	<u>2005</u>	<u>2006</u>	<u>2007</u>
			<i>(unaudited)</i>
Current assets:			
Cash and temporary cash investments	\$ 11,440	\$ 10,521	\$ 8,019
Accounts receivable (net of allowance of \$5,283, \$4,298, and \$4,107 at December 31, 2005 and 2006 and September 30, 2007, respectively)	104,930	100,817	85,146
Inventories	19,679	20,926	14,994
Deferred income taxes	4,757	4,738	4,903
Other current assets	9,813	8,154	7,618
Total current assets	<u>150,619</u>	<u>145,156</u>	<u>120,680</u>
Property, plant and equipment, at cost:			
Land	46,425	46,518	46,403
Buildings and improvements	174,370	177,490	198,571
Publishing equipment	316,372	324,438	351,337
Other	133,318	142,235	148,443
Advance payments on property, plant and equipment expenditures	41,076	81,645	50,556
Total property, plant and equipment	<u>711,561</u>	<u>772,326</u>	<u>795,310</u>
Less accumulated depreciation	<u>427,435</u>	<u>459,839</u>	<u>493,855</u>
Property, plant and equipment, net	284,126	312,487	301,455
Intangible assets, net	53,506	46,925	42,050
Goodwill	464,091	464,091	464,091
Other assets	29,319	26,156	30,128
Total assets	<u>\$981,661</u>	<u>\$994,815</u>	<u>\$ 958,404</u>

See accompanying Notes to Combined Financial Statements.

A. H. BELO BUSINESSES
COMBINED BALANCE SHEETS (continued)

Liabilities and Belo Corp.'s Equity

<i>In thousands</i>	<u>December 31,</u>		<u>September 30,</u>
	<u>2005</u>	<u>2006</u>	<u>2007</u>
			<i>(unaudited)</i>
Current liabilities:			
Accounts payable	\$ 40,975	\$ 29,041	\$ 20,128
Accrued compensation and benefits	30,864	31,262	28,486
Accrued interest on notes payable to Belo Corp.	23,644	31,802	26,893
Other accrued expenses	1,942	1,358	1,911
Advance subscription payments	25,460	24,476	24,587
Current portion of notes payable to Belo Corp.	1,435	932	392
Total current liabilities	124,320	118,871	102,397
Deferred income taxes	44,077	31,378	21,307
Notes payable to Belo Corp.	332,710	353,893	379,697
Other liabilities	8,763	9,446	12,465
Commitments and contingent liabilities			
Belo Corp.'s equity	471,791	481,227	442,538
Total liabilities and Belo Corp.'s equity	<u>\$ 981,661</u>	<u>\$ 994,815</u>	<u>\$ 958,404</u>

See accompanying Notes to Combined Financial Statements.

A. H. BELO BUSINESSES
COMBINED STATEMENTS OF BELO CORP.'S EQUITY
Years ended December 31, 2004, 2005 and 2006 and the nine months ended September 30, 2007

<i>In thousands</i>	
Balance at December 31, 2003	\$ 512,762
Dividends and other distributions	(75,747)
Net earnings	45,289
Balance at December 31, 2004	482,304
Dividends and other distributions	(58,332)
Net earnings	47,819
Balance at December 31, 2005	471,791
Dividends and other distributions	(5,743)
Net earnings	15,179
Balance at December 31, 2006	481,227
Dividends and other distributions (unaudited)	(35,312)
Net loss (unaudited)	(3,377)
Balance at September 30, 2007 (unaudited)	<u>\$ 442,538</u>

See accompanying Notes to Combined Financial Statements.

A. H. BELO BUSINESSES
COMBINED STATEMENTS OF CASH FLOWS

Cash Provided (Used)

<i>In thousands</i>	<i>Years ended December 31,</i>			<i>Nine Months ended September 30,</i>	
	<i>2004</i>	<i>2005</i>	<i>2006</i>	<i>2006</i> <i>(unaudited)</i>	
	<i>2006</i>	<i>2007</i>			
Operations					
Net earnings (loss)	\$ 45,289	\$ 47,819	\$ 15,179	\$ 6,750	\$ (3,377)
Adjustments to reconcile net earnings to net cash provided by operations:					
Depreciation and amortization	48,369	46,222	46,578	34,703	38,728
Deferred income taxes	8,408	(5,062)	(12,679)	(8,389)	(10,235)
Employee retirement benefit expense	45	150	(346)	803	126
Share-based compensation	—	—	1,691	1,158	748
Other non-cash expenses	2,134	(1,688)	637	159	(56)
Net change in operating assets and liabilities:					
Accounts receivable	(7,074)	(7,577)	3,131	16,323	15,484
Inventories and other current assets	(4,748)	(3,522)	427	3,084	7,007
Other assets	(2,854)	1,650	338	344	316
Accounts payable	(3,667)	8,862	(11,935)	(20,760)	(8,912)
Accrued compensation and benefits	462	433	(135)	(1,386)	(2,776)
Other accrued expenses	1,730	4,276	7,595	(2,354)	(4,895)
Advance subscription payments	575	(357)	(984)	(726)	111
Net cash provided by operations	88,669	91,206	49,497	29,709	32,269
Investments					
Capital expenditures	(36,378)	(52,860)	(68,356)	(43,610)	(22,823)
Investment in joint venture	—	(9,100)	—	—	—
Other	1,996	565	3,041	2,765	(1,900)
Net cash used for investments	(34,382)	(61,395)	(65,315)	(40,845)	(24,723)
Financing					
Repayment of third party debt	(6,400)	—	—	—	—
Dividends and other distributions	(76,521)	(53,655)	(5,781)	(10,159)	(35,312)
Net borrowings from Belo Corp.	26,972	26,312	20,680	19,637	25,264
Net cash (used for) provided by financing	(55,949)	(27,343)	14,899	9,478	(10,048)
Net (decrease) increase in cash and temporary cash investments	(1,662)	2,468	(919)	(1,658)	(2,502)
Cash and temporary cash investments at beginning of period	10,634	8,972	11,440	11,440	10,521
Cash and temporary cash investments at end of period	\$ 8,972	\$ 11,440	\$ 10,521	\$ 9,782	\$ 8,019
Supplemental disclosures:					
Interest paid, net of amounts capitalized	\$ 17,660	\$ 16,902	\$ 23,656	\$ 23,656	\$ 31,457
Income taxes paid, net of refunds	\$ 19,548	\$ 43,359	\$ 23,951	\$ 15,724	\$ 10,513

See accompanying Notes to Combined Financial Statements.

A. H. BELO BUSINESSES

Notes to Combined Financial Statements

(All dollar amounts in thousands)

(Information as of September 30, 2007 and for the nine months ended

September 30, 2007 and 2006 is unaudited)

Note 1: Summary of Significant Accounting Policies

A) *Description of Business and Basis of Presentation* On October 1, 2007, Belo Corp. (“Belo”) announced a plan to distribute its newspaper publishing business to its shareholders to create a separate public company, A. H. Belo Corporation (“A. H. Belo” or the “Company”). In anticipation of the distribution, A. H. Belo and Belo will enter into a separation and distribution agreement under which Belo will transfer all of the assets and liabilities associated with its newspaper and related businesses to A. H. Belo. The assets and liabilities transferred to A. H. Belo will be recorded at historical cost as a reorganization of entities under common control. Management expects that the shares of A. H. Belo will be distributed to Belo shareholders in the form of a tax-free distribution to Belo shareholders for United States federal income tax purposes. Shareholders that own shares of Belo Series A common stock or Belo Series B common stock on the record date will receive shares of A. H. Belo Series A common stock or Belo Series B common stock, respectively, based on the distribution ratio. The distribution will result in A. H. Belo operating as an separate entity with publicly traded common stock. Belo will not have any ownership interest in A. H. Belo subsequent to the distribution, but will continue to conduct business with A. H. Belo pursuant to various inter-company agreements which are discussed in Note 7.

The combined financial statements include the accounts of Belo comprising its newspaper and related businesses (the “A. H. Belo Businesses”). Operating expenses reflect direct expenses of the business together with allocations of certain Belo corporate expenses. The allocations from Belo include certain costs associated with Belo’s corporate facilities, information systems, legal, internal audit, finance (including public company accounting and reporting), employee compensation and benefits administration, risk management, treasury administration and tax functions and were based on actual costs incurred by Belo. Costs allocated to the Company totaled \$34,119, \$32,864, and \$55,307 for the years ended December 31, 2004, 2005, and 2006, respectively, and \$37,765 and \$39,298 for the nine months ended September 30, 2006 and 2007, respectively. Allocations of corporate facility costs are based on the actual space utilized. Information technology costs and employee compensation and benefits administration are allocated based on headcount. Other costs are allocated to us based on our size relative to the other Belo subsidiaries. We believe that these cost allocations are reasonable for the services provided. Belo’s various operating units currently share content at no cost. Transactions between the companies comprising the Company have been eliminated in the combined financial statements.

The Company owns three primary daily newspapers, *The Dallas Morning News*, *The Providence Journal*, and *The Press-Enterprise*. They provide local, state, national, and international news. In addition to these three daily newspapers, the Company publishes various niche products in the same or nearby markets where the primary daily newspapers are published. Each of the Company’s daily newspapers and niche publications operates and maintains its own Web site. The Company also operates direct mail and commercial printing businesses.

The accompanying unaudited combined financial statements of the Company as of September 30, 2007 and for the nine months periods ended September 30, 2006 and 2007 have been prepared in accordance with generally accepted accounting principles for interim financial information and in accordance with the instructions to Form 10 and Article 10 of Regulation S-X. Accordingly, they do not include all of the information and footnotes required by generally accepted accounting principles for complete financial statements. In the opinion of management, all adjustments (consisting of normal recurring accruals) considered necessary for a fair presentation have been included. Operating results for the nine-month period

[Table of Contents](#)

ended September 30, 2007 are not necessarily indicative of the results that may be expected for the year ending December 31, 2007.

- B) *Cash and Temporary Cash Investments* The Company considers all highly liquid instruments purchased with a remaining maturity of three months or less to be temporary cash investments. Such temporary cash investments are classified as available-for-sale and are carried at fair value.
- C) *Accounts Receivable* Accounts receivable are net of a valuation reserve that represents an estimate of amounts considered uncollectible. Expense for such uncollectible amounts is included in other production, distribution and operating costs. The carrying value of accounts receivable approximates fair value. The following table shows the expense for uncollectible accounts and accounts written off, net of recoveries, for the years ended December 31, 2004, 2005, and 2006:

	<i>Expense for Uncollectible Accounts</i>	<i>Accounts Written Off</i>
2004	\$ 2,821	\$ 2,628
2005	5,085	3,580
2006	5,181	6,166

- D) *Risk Concentration* Financial instruments that potentially subject the Company to concentrations of credit risk are primarily accounts receivable. The Company maintains an allowance for losses based upon the expected collectibility of accounts receivable. A significant portion of the Company's customer base is concentrated within the local geographical area of each newspaper. The Company generally extends credit to customers, and the ultimate collection of accounts receivable could be affected by the local economy. Management performs continuous credit evaluations of its customers and may require cash in advance or other special arrangements from certain customers. Management does not believe that there is any significant credit risk that could have a material effect on the Company's financial condition.
- E) *Inventories* Inventories, consisting primarily of newsprint, ink and other supplies used in printing newspapers, are stated at the lower of average cost or market value (first-in, first-out method). Newsprint inventory varies from approximately a 30-day to 45-day supply, depending on availability and market conditions. Damaged newsprint is generally returned to the manufacturer or supplier within 30 days for a full credit. Obsolete inventory is generally not a factor.
- F) *Property, Plant and Equipment* Depreciation of property, plant and equipment is provided on a straight-line basis over the estimated useful lives of the assets as follows:

	<i>Estimated Useful Lives</i>
Buildings and improvements	5-30 years
Newspaper publishing equipment	3-20 years
Other	3-10 years

The Company reviews the carrying value of property, plant and equipment for impairment whenever events and circumstances indicate that the carrying value of an asset may not be recoverable. Recoverability of the carrying values is measured by comparison of the carrying amount to the future net cash flows the property and equipment is expected to generate. Based on this assessment, no impairment was recorded in any of the periods presented.

- G) *Intangible Assets and Goodwill* The Company's intangible assets and goodwill result from its significant business acquisitions, which occurred prior to 1998. In connection with these acquisitions, the Company obtained appraisals of the significant assets purchased. The excess of the purchase price over the fair value of the assets acquired was recorded as goodwill.

Prior to January 1, 2002, all of the acquired intangible assets were classified together as "goodwill and intangible assets" in the Company's combined financial statements and were amortized over a composite life of 40 years. On January 1, 2002, upon adoption of Statement of Financial Accounting Standard (SFAS) 142 "Goodwill and Other Intangible Assets", the Company ceased amortization of its goodwill.

[Table of Contents](#)

Goodwill is tested at least annually by reporting unit for impairment. A reporting unit consists of the newspaper operations in each individual market. See Note 3.

The Company's separable intangible assets that have finite useful lives consist of subscriber lists which continue to be amortized on a straight-line basis over their estimated useful lives of 18 years. The Company reviews the carrying value of intangible assets for impairment whenever events and circumstances indicate that the carrying value these may not be recoverable. Recoverability of the carrying values is measured by comparison of the carrying amount to the future net cash flows the intangible assets are expected to generate. Based on this assessment, no impairment was recorded in any of the periods presented.

- H) *Revenue Recognition* The Company's principal sources of revenue are the advertising space in published issues of its newspapers and on the Company's Web sites, the sale of newspapers to distributors and individual subscribers, and amounts charged to customers for direct mail and commercial printing. Newspaper advertising revenue is recorded, net of agency commissions, when the advertisements are published in the newspaper. Advertising revenues for Web sites are recorded, net of agency commissions, ratably over the period of time the advertisement is placed on Web sites. Subscription proceeds are deferred and are included in revenue on a pro-rata basis over the term of the subscriptions. Subscription revenues under buy-sell arrangements with distributors are recorded based on the net amount received from the distributor, whereas subscription revenues under fee-based delivery arrangements with distributors are recorded based on the amount received from the subscriber. Direct mail and commercial printing revenues are recorded when the products are distributed or shipped.
- I) *Advertising Expense* The cost of advertising is expensed as incurred. The Company incurred \$11,323, \$18,756 and \$17,472 in advertising and promotion costs during the years ended December 31, 2004, 2005 and 2006, respectively.
- J) *Employee Benefits* The Company participates in certain Belo benefit plans. Under these plans, the Company's portion of the cost of benefits earned by its employees during the year is expensed as earned.
- K) *Stock-Based Compensation* The Company participates in a stock-based compensation plan sponsored by Belo. The Company is charged for the stock compensation cost recorded by Belo related to its employees. Compensation expenses for Belo corporate employees that have been allocated to the Company include related stock based compensation, where applicable.

In December 2004, the FASB issued SFAS 123R, "Share-Based Payment." SFAS 123R is a revision of SFAS 123, "Accounting for Stock Based Compensation." SFAS 123R supersedes Accounting Principles Board (APB) Opinion 25, "Accounting for Stock Issued to Employees," and amends SFAS 95, "Statement of Cash Flows." Among other items, SFAS 123R eliminates the use of APB 25 and the intrinsic value method of accounting, and requires companies to recognize the cost of employee services received in exchange for awards of equity instruments, based on the grant date fair value of those awards, in the financial statements.

Prior to January 1, 2006, Belo accounted for the plans under the recognition and measurement provisions of APB 25, and related interpretations, as permitted by SFAS 123. As a result, no stock-based employee compensation cost was recognized by Belo or the Company in the statements of earnings for the years ended December 31, 2004 or 2005 for options granted, as all options granted under the plans had an exercise price equal to the market value of the underlying common stock on the date of grant. Effective January 1, 2006, Belo and the Company adopted the fair value recognition provisions of SFAS 123R using the modified prospective transition method. Under this transition method, compensation cost recognized in the year ended December 31, 2006, includes: (a) compensation expense of all share-based payments granted prior to, but not yet vested as of, January 1, 2006 (based on the grant-date fair value estimated in accordance with the original provisions of SFAS 123), and (b) compensation cost for all share-based payments granted subsequent to January 1, 2006 (based on the grant-date fair value estimated in accordance with the provisions of SFAS 123R). Results for prior periods have not been restated.

[Table of Contents](#)

As a result of adopting SFAS 123R on January 1, 2006, the Company's income before income taxes and net income for the year ended December 31, 2006 are \$5,347 and \$3,422, respectively, lower than if it had continued to account for share-based compensation under APB 25.

The following table illustrates the effect on net earnings and net earnings per share if Belo and the Company had applied the fair value recognition provisions of SFAS 123 to options granted to the Company's employees (including the costs for corporate employees allocated to the Company) under Belo's stock option plans in all periods presented prior to the adoption of SFAS 123R. For purposes of this pro forma disclosure, the value of the options is estimated using a Black-Scholes-Merton option-pricing formula and amortized to expense over the options' vesting periods.

	<u>2004</u>	<u>2005</u>
Net earnings, as reported	\$45,289	\$47,819
Less: Stock-based compensation expense for options determined under fair value-based method, net of income taxes	4,985	4,004
Net earnings, pro forma	<u>\$ 40,304</u>	<u>\$ 43,815</u>

- L) *Income Taxes* The Company's results are included in the combined income tax returns of Belo. However, the provision for income taxes for the periods presented has been determined as if the Company had filed separate tax returns. The Company uses the liability method of accounting for income taxes. Under this method, deferred tax assets and liabilities are determined based on differences between financial reporting and tax bases of assets and liabilities, and are measured using the enacted tax rates and laws that will be in effect when the differences are expected to reverse.
- M) *Use of Estimates* The preparation of combined financial statements in conformity with United States generally accepted accounting principles requires management to make estimates and assumptions that affect the amounts reported in the combined financial statements and accompanying notes. Actual results could differ from those estimates.
- N) *Segments* The Company's operating segments are defined as its newspapers within a given market. The Company has determined that all of its operating segments meet the criteria under SFAS No. 131 "Disclosures about Segments of an Enterprise and Related Information" to be aggregated into one reporting segment.

Note 2: Recently Issued Accounting Standards

In September 2006, the FASB issued SFAS 157, "Fair Value Measurements." SFAS 157 establishes, among other items, a framework for fair value measurements in the financial statements by providing a single definition of fair value, provides guidance on the methods used to estimate fair value and increases disclosures about estimates of fair value. The effective date of SFAS 157 for the Company is January 1, 2008. The Company is currently evaluating the effect of the adoption of this standard.

Note 3: Goodwill and Intangible Assets

The following table sets forth the Company's identifiable intangible assets, consisting of subscriber lists, that continue to be subject to amortization:

	<u>2005</u>			<u>2006</u>		
	<u>Gross Carrying Amount</u>	<u>Accumulated Amortization</u>	<u>Intangible Assets, Net</u>	<u>Gross Carrying Amount</u>	<u>Accumulated Amortization</u>	<u>Intangible Assets, Net</u>
Subscriber lists	<u>\$ 115,963</u>	<u>\$ 62,457</u>	<u>\$ 53,506</u>	<u>\$ 115,963</u>	<u>\$ 69,038</u>	<u>\$ 46,925</u>

[Table of Contents](#)

The amortization expense for intangible assets subject to amortization for the years ended December 31, 2004, 2005, and 2006 was:

2004	\$ 6,710
2005	6,614
2006	6,582

The amortization expense for each of the next five years related to intangible assets subject to amortization at December 31, 2006, is expected to be:

2007	\$6,499
2008	6,499
2009	6,499
2010	5,239
2011	5,239

Goodwill as of December 31, 2005 and 2006 and September 30, 2007 was approximately \$464,091. In 2005, the Company reduced goodwill by \$5,952 due to the favorable resolution of a pre-acquisition tax matter relating to the 1997 acquisition of *The Providence Journal*.

Based on the results of its annual impairment test of goodwill, the Company determined that no impairment existed as of December 31, 2005 or 2006. The Company must make assumptions regarding estimated future cash flows and other factors to determine the fair value of the respective assets in assessing the fair value of its goodwill. If these estimates or the related assumptions change, the Company may be required to record impairment charges in the future.

Note 4: Long-Term Incentive Plan

The Company's employees participate in Belo's long-term incentive plan under which awards may be granted to employees and outside directors in the form of non-qualified stock options, incentive stock options, restricted shares, restricted stock units ("RSUs"), performance shares, performance units or stock appreciation rights. In addition, options may be accompanied by stock appreciation rights and limited stock appreciation rights. Rights and limited rights may also be issued without accompanying options. Cash-based bonus awards are also available under the plan.

Compensation cost charged to the Company under Belo's long-term incentive plan for the year ended December 31, 2006 was \$9,070. There was no compensation cost charged to the Company for the years ended December 31, 2004 and 2005.

In the distribution, holders of Belo stock based awards would be treated similarly to public shareholders and accordingly, would have their stock awards split into two instruments. Holders of Belo stock options would receive the following stock options, which, immediately after the distribution, would have aggregate intrinsic value equal to the intrinsic value of the pre-distribution Belo options:

- a new A. H. Belo option to acquire the number of shares of A. H. Belo common stock equal to the product of (a) the number of Belo options held by such person at the time of the distribution and (b) the distribution ratio; and
- an adjusted Belo option for the same number of shares of Belo common stock with a reduced exercise price.

[Table of Contents](#)

The new A. H. Belo option will have an exercise price equal to the A. H. Belo market price at the time of the distribution multiplied by the option conversion ratio, which is the exercise price of the original Belo option divided by market price of Belo common stock immediately before the distribution. The reduced exercise price of the adjusted Belo option will be determined by multiplying the market price of the Belo common stock immediately following the distribution by the option conversion ratio.

The RSUs would be treated for purposes of the distribution as if they were issued and outstanding shares. The Belo RSUs and the A. H. Belo RSUs, taken together, would have the same aggregate value, based on the closing prices of the Belo stock and the A. H. Belo stock on the distribution date, as the current RSUs immediately prior to the distribution.

Each stock option and RSU (of A. H. Belo and of Belo) will otherwise have the same terms as the current award. The awards would continue to vest as under the existing vesting schedule based on continued employment with Belo or A. H. Belo, as applicable. Following the distribution, A. H. Belo and Belo would recognize compensation expense for any pre-distribution awards related to their respective employees, regardless of which company ultimately issues the award.

Options

The non-qualified options granted to employees under Belo's long-term incentive plan become exercisable in cumulative installments over periods of one to three years and expire after ten years. The fair value of each option award granted is estimated on the date of grant using the Black-Scholes-Merton valuation model that uses the assumptions noted in the following table. Volatility is calculated using an analysis of historical volatility. Belo believes that the historical volatility of the Belo's stock is the best method for estimating future volatility. The expected lives of options are determined based on Belo's historical share option exercise experience using a rolling one-year average. Belo believes the historical experience method is the best estimate of future exercise patterns currently available. The risk-free interest rates are determined using the implied yield currently available for zero-coupon United States government issues with a remaining term equal to the expected life of the options. The expected dividend yields are based on the approved annual dividend rate in effect and current market price of the underlying common stock at the time of grant.

	<u>2004</u>	<u>2005</u>	<u>2006</u>
Weighted average grant date fair value	\$ 5.36	\$ 5.89	\$ 4.71
Weighted average assumptions used:			
Expected volatility	23.1%	26.0%	24.9%
Expected lives	4 yrs	6 yrs	6 yrs
Risk-free interest rates	3.33%	4.30%	4.74%
Expected dividend yields	1.49%	1.81%	2.54%

[Table of Contents](#)

A summary of option activity under Belo's long-term incentive plan for the three years ended December 31, 2006, is summarized in the following table:

	2004		2005		2006	
	Number of Options	Weighted Average Exercise Price	Number of Options	Weighted Average Exercise Price	Number of Options	Weighted Average Exercise Price
Outstanding at January 1,	16,612,230	\$ 20.15	16,369,928	\$ 20.97	16,270,228	\$ 21.17
Granted	1,886,456	\$ 25.49	1,042,860	\$ 22.17	369,330	\$ 18.60
Exercised	(1,859,388)	\$ 17.90	(951,810)	\$ 17.90	(1,581,844)	\$ 17.90
Canceled	(269,370)	\$ 23.53	(190,750)	\$ 25.15	(300,216)	\$ 22.61
Outstanding at December 31,	<u>16,369,928</u>	\$ 20.97	<u>16,270,228</u>	\$ 21.17	<u>14,757,498</u>	\$ 21.43
Vested and exercisable at December 31,	<u>13,015,082</u>	\$ 19.82	<u>13,784,308</u>	\$ 20.60	<u>13,448,418</u>	\$ 21.36
Weighted average remaining contractual term (in years)	<u>6.1</u>		<u>5.4</u>		<u>4.9</u>	

Options granted under Belo's long-term incentive plan are granted where the exercise price equals the closing stock price on the day of grant. Therefore, the options outstanding have no intrinsic value. The total intrinsic value of options exercised during the years ended December 31, 2004, 2005, and 2006 are as follows:

2004	\$17,934
2005	5,688
2006	1,805

The following table summarizes information (net of estimated forfeitures) related to stock options outstanding at December 31, 2006:

Range of Exercise Prices	Number of Options Outstanding(a)	Weighted Average Remaining Life (years)	Weighted Average Exercise Price	Number of Options Exercisable	Weighted Average Exercise Price
\$15 - 18	5,097,310	4.23	\$ 17.63	4,839,475	\$ 17.63
\$19 - 21	4,516,788	5.06	\$ 20.39	3,979,209	\$ 20.26
\$22 - 29	<u>5,090,074</u>	5.58	\$ 26.12	<u>4,517,646</u>	\$ 26.24
\$15 - 29	<u>14,704,172</u>	4.95	\$ 21.42	<u>13,336,330</u>	\$ 21.33

(a) Comprised of Series B shares

Belo recognized stock-based compensation expense related to awards of stock options of approximately \$9,886, \$6,759, and \$3,057 for the year ended December 31, 2006 and the nine-month periods ended September 30, 2006 and 2007, respectively, of which \$5,347, \$3,395, and \$1,534, respectively, was charged to the Company. No expense related to awards of stock options was recognized by Belo or the Company in 2004 and 2005. As of December 31, 2006, employees of the Company held options to purchase 5,528,000 shares of Belo Series B shares with a weighted average exercise price of \$21.29, of which 4,957,000 of these options with a weighted average exercise price of \$21.23 were vested and exercisable. As of December 31, 2006, there was \$2,186 of total unrecognized compensation cost related to the Company's portion of non-vested Belo options which is expected to be recognized over a weighted average period of 1.5 years. The amounts related to the Company's employees do not include options held by Belo corporate employees whose compensation is partially allocated to the Company.

[Table of Contents](#)

Restricted Stock Units (RSUs)

Under the long-term incentive plan, Belo's Board of Directors has awarded RSUs. The RSUs have service and/or performance conditions and vest over a period of one to three years. Upon vesting, the RSUs will be redeemed with 60 percent in Belo's Series A common stock and 40 percent in cash. During the vesting period, holders of time-based RSUs and RSUs with performance conditions where the performance conditions have been met participate in the Company's dividends declared by receiving payments for dividend equivalents. Such dividend equivalents are recorded as components of the Company's share-based compensation. The RSUs do not have voting rights.

A summary of RSU activity under the long-term incentive plan for the two years ended December 31, 2006, is summarized in the following table. No RSUs were awarded in 2004.

	2005		2006	
	<i>Number of RSUs</i>	<i>Weighted Average Exercise Price</i>	<i>Number of RSUs</i>	<i>Weighted Average Exercise Price</i>
Outstanding at January 1,	—	\$ —	364,900	\$ 21.62
Granted	364,900	\$ 21.62	1,036,756	\$ 18.82
Vested	—	\$ —	—	\$ —
Canceled	—	\$ —	(13,450)	\$ 21.31
Outstanding at December 31,	<u>364,900</u>	<u>\$ 21.62</u>	<u>1,388,206</u>	<u>\$ 19.53</u>
Vested at December 31,	—	\$ —	—	\$ —

The fair value of the RSUs granted is determined using the closing trading price of Belo's shares on the grant date. Belo recognized stock-based compensation expense related to awards of RSUs of \$305, \$7,107, \$4,509, and \$9,315 for the years ended December 31, 2005 and 2006 and the nine-month periods ended September 30, 2006 and 2007, respectively, of which \$0, \$3,723, \$2,520, and \$4,243, respectively, was charged to the Company. The weighted-average grant-date fair value of the RSUs granted during the years ended December 31, 2006 and 2005 was \$18.82 and \$21.62, respectively. No RSUs were converted to shares of stock during the years ended December 31, 2005 or 2006. In the nine months ended September 30, 2007, 127,863 RSUs were converted to shares of stock. As of December 31, 2006, employees of the Company held 513,000 RSUs and there was \$6,891 of total unrecognized compensation cost related to the non-vested RSUs held by the Company's employees. The compensation cost is expected to be recognized over a weighted-average period of 2.66 years. The amounts related to the Company's employees do not include RSUs held by Belo corporate employees whose compensation is partially allocated to the Company.

Note 5: Defined Contribution Plans

The Company's employees participate in a Belo sponsored defined contribution plan established effective October 1, 1989. The defined contribution plan covers substantially all employees of Belo. Participants may elect to contribute a portion of their pretax compensation as provided by the Plan and Internal Revenue Service regulations. The maximum pretax contribution an employee can make is 100 percent of his or her annual eligible compensation (less required withholdings and deductions) up to statutory limits. Employees participate in the defined contribution plan under the Star Plan (for employees who did not elect to continue participation in Belo's defined benefit pension plan when it was frozen to new participants in 2000, for employees other than members of the Providence newspaper guild, and in 2004, for members of the Providence newspaper guild); or under the Classic Plan (for employees who elected to continue participation in Belo's defined benefit pension plan). See Note 6 for further discussions of Belo's defined benefit pension plan. Belo contributes an amount equal to two percent of the compensation paid to eligible employees, subject to limitations, and matches a specified percentage of employees' contributions under the Star Plan. Under the Classic Plan, Belo matches a percentage of the employees' contribution but does not make the two percent contribution of the participant's compensation.

[Table of Contents](#)

The Company was charged \$7,533, \$7,271, and \$8,330 in 2004, 2005, and 2006, respectively, for contributions for its employees to Belo's defined contribution plan, excluding corporate employees whose compensation and benefits are partially allocated to the Company.

Note 6: Defined Benefit Pension and Other Post-Retirement Plans

The Company's employees participate in Belo's defined benefit pension plan (Pension Plan), which covers employees who elected to continue participation in the plan when it was frozen to new participants in 2000 (for employees other than members of the Providence newspaper guild) and in 2004 (for members of the Providence newspaper guild). The benefits are based on years of service and the average of the employee's five consecutive years of highest annual compensation earned during the most recently completed ten years of employment. Certain information regarding Belo's pension plan is included below.

Belo froze benefits under the Pension Plan effective March 31, 2007. As part of the curtailment of the Pension Plan, Belo and A. H. Belo will provide transition benefits to affected employees, including the granting of five years of additional credited service under the Pension Plan and supplemental contributions for a period of up to five years to a defined contribution plan. The supplemental contribution will benefit those employees affected by these changes who remain with Belo or the Company. As a result, the Company recorded \$2,696, representing its portion of Belo's curtailment loss of \$4,082, included in salaries, wages and employee benefits in the accompanying statement of earnings, which represents the previously unrecognized prior service cost associated with years of credited service which are now no longer expected to be earned.

On December 31, 2006, Belo adopted the recognition and disclosure provisions of SFAS 158. SFAS 158 requires Belo to recognize the funded status (the difference between the fair value of plan assets and the projected benefit obligations) of the Pension Plan in its December 31, 2006 consolidated balance sheet, with a corresponding adjustment to accumulated other comprehensive income, net of tax. Because Belo curtailed all benefits under the Pension Plan as discussed above, the adoption of SFAS 158 had no effect on Belo's financial position as of December 31, 2006. As a result, the adoption of SFAS 158 had no effect on the Company's combined financial position or results of operations and will not affect the Company's results of operations in future periods.

[Table of Contents](#)

The reconciliation of the beginning and ending balances of the projected benefit obligation and the fair value of plan assets for the years ended December 31, 2005 and 2006, and the accumulated benefit obligation at December 31, 2005 and 2006, for the Pension Plan are as follows:

	<u>2005</u>	<u>2006</u>
Funded Status		
Projected Benefit Obligation		
As of January 1,	\$ 464,808	\$ 507,443
Actuarial (gains) losses	23,903	(17,603)
Service cost	10,862	11,343
Interest cost	27,565	28,734
Plan amendments	(2,257)	40,334
Curtailments	—	(54,984)
Benefits paid	(17,438)	(17,641)
As of December 31,	<u>\$ 507,443</u>	<u>\$497,626</u>
Fair Value of Plan Assets		
As of January 1,	\$ 389,228	\$ 410,513
Actual return on plan assets	23,723	58,367
Employer contributions	15,000	—
Benefits paid	(17,438)	(17,641)
As of December 31,	<u>410,513</u>	<u>451,239</u>
Funded Status as of December 31,	<u>\$ (96,930)</u>	<u>\$ (46,387)</u>
Accumulated Benefit Obligation	<u>\$ 450,325</u>	<u>\$497,626</u>

[Table of Contents](#)

In connection with the distribution, Belo is expected to remain as the sponsor of the Pension Plan. The Company would not be a participating employer for the Pension Plan. However, it is expected that Belo and the Company will enter into an agreement whereby the Company will agree to provide a portion of any future funding requirements of the Pension Plan. As a result, if the Company withdraws from participation in the Pension Plan at the date of the distribution, it would record a liability for the present value of its share of the estimated future funding requirements based on the expected timing and amount of required payments to Belo.

Belo's pension costs and obligations are calculated using various actuarial assumptions and methodologies as prescribed under SFAS 87. To assist in developing these assumptions and methodologies, Belo uses the services of an independent consulting firm. To determine the benefit obligations, the assumptions Belo uses include, but are not limited to, the selection of the discount rate and projected salary increases. In determining the discount rate assumption, Belo used a measurement date of December 31, 2006 and constructed a portfolio of bonds to match the benefit payment stream that is projected to be paid from the Pension Plan. The benefit payment stream is assumed to be funded from bond coupons and maturities as well as interest on the excess cash flows from the bond portfolio.

Weighted average assumptions used to determine benefit obligations for the Pension Plan as of December 31, 2005 and 2006 are as follows:

	<u>2005</u>	<u>2006</u>
Discount rate	5.75%	6.00%
Rate of increase in future compensation	4.20%	4.23%

To compute the net periodic benefit cost in the year ended December 31, 2006, Belo uses actuarial assumptions which include a discount rate, an expected long-term rate of return on plan assets and projected salary increases. The discount rate applied in this calculation is the rate used in computing the benefit obligation as of the end of the preceding year. The expected long-term rate of return on plan assets assumption is based on the weighted average expected long-term returns for the target allocation of plan assets as of the measurement date, the end of the year, and was developed through analysis of historical market returns, current market conditions and the Pension Plan's assets past experience. Although the Company believes that the assumptions used are appropriate, differences between assumed and actual experience may affect the Company's operating results.

Weighted average assumptions used to determine net periodic benefit cost for the years ended December 31, 2004, 2005, and 2006 are as follows:

	<u>2004</u>	<u>2005</u>	<u>2006</u>
Discount rate	6.25%	6.00%	5.75%
Expected long-term rate of return on assets	8.75%	8.75%	8.50%
Rate of increase in future compensation	4.20%	4.20%	4.20%

[Table of Contents](#)

Belo's net periodic pension cost for the years ended December 31, 2004, 2005, and 2006 and the nine-month periods ended September 30, 2006 and 2007 includes the following components:

	2004	2005	2006	September 30, 2007	
				2006	2007
Service cost—benefits earned during the period	\$ 10,410	\$ 10,862	\$ 11,343	\$ 8,684	\$ 1,860
Interest cost on projected benefit obligation	26,232	27,565	28,734	21,531	21,790
Expected return on plan assets	(29,033)	(31,139)	(34,026)	(25,589)	(27,280)
Amortization of net loss	6,324	7,820	7,186	5,313	1,192
Amortization of unrecognized prior service cost	640	529	616	462	—
Recognized curtailment loss	—	—	4,082	—	—
Net periodic pension cost (credit)	\$ 14,573	\$ 15,637	\$ 17,935	\$ 10,401	\$ (2,438)

The Company was charged \$9,653, \$10,432, \$11,856, \$6,870, and \$1,733 for the years ended December 31, 2004, 2005, and 2006, and the nine-month periods ended September 30, 2006 and 2007, respectively, for pension costs for its employees, excluding corporate employees whose compensation and benefits are partially allocated to the Company.

Belo also sponsors non-qualified retirement plans and post-retirement benefit plans that certain of the Company's employees participate in. Expense recognized by the Company for the years ended December 31, 2004, 2005, and 2006 and the nine-month periods ended September 30, 2006 and 2007 for the non-qualified retirement plans was \$1,054, \$1,009, \$777, \$660, and \$640, respectively.

Note 7: Transactions with Belo Corp. and its affiliates

Prior to the distribution, A. H. Belo and Belo will enter into agreements for Belo to transfer to A. H. Belo certain assets and liabilities of Belo related to A. H. Belo's business, to arrange for the continued provision of certain services by each company to the other for a specified period of time, to make arrangements for the distribution, and to define the ongoing relationships between A. H. Belo and Belo, including with respect to tax matters and certain indemnification rights. A. H. Belo may be obligated by the separation and distribution agreement to indemnify Belo and certain persons related to Belo from and against any and all damages, losses, liabilities and expenses relating to the business and certain obligations transferred to A. H. Belo.

Note 8: Notes Payable to Belo Corp.

Certain subsidiaries have entered into notes payable arrangements with Belo, primarily to facilitate tax planning and cash management strategies. The notes accrue interest at prime plus one percent and have various payments terms. In conjunction with the planned transaction, Belo will contribute to the capital of A. H. Belo all inter-company indebtedness, including accounts receivable and promissory notes, owed by A. H. Belo to Belo, or assign the same to A. H. Belo, on or prior to the distribution.

There are three types of notes payable to Belo:

- Revolving notes which have an upper limit up to which an entity may borrow and are payable in full at the end of each fiscal year;
- Installment notes payable in ten equal annual installments on each of the ten anniversaries from the inception of the note; and
- Notes payable in full on the tenth anniversary from the inception of the note.

All of the notes may be prepaid at any time.

[Table of Contents](#)

Notes payable to Belo consists of the following at December 31, 2005 and 2006 and September 30, 2007:

	<u>2005</u>	<u>2006</u>	<u>2007</u>
Revolving notes	\$ 179,819	\$ 201,432	\$ 225,074
Installment notes	3,610	1,785	992
Balloon notes	<u>150,716</u>	<u>151,608</u>	<u>154,022</u>
Total notes payable to Belo Corp.	334,145	354,825	380,088
Less current maturities	<u>1,435</u>	<u>932</u>	<u>392</u>
Long-term portion of notes payable to Belo Corp.	<u>\$ 332,710</u>	<u>\$ 353,893</u>	<u>\$ 379,697</u>

The Company's notes payable maturities as of December 31, 2006 are as follows:

2007	\$ 202,756
2008	357
2009	976
2010	881
2011 and thereafter	<u>149,855</u>
Total	<u>\$ 354,825</u>

The weighted average effective interest rate on the notes payable was 8.25 percent at December 31, 2005 and 9.25 percent at December 31, 2006 and September 30, 2007.

In connection with the distribution from Belo, A. H. Belo expects to enter into a bank credit facility in order to provide for future working capital needs and other general corporate purposes. Under this credit facility, the Company expects to become subject to various restrictions and covenants.

Note 9: Income Taxes

Income tax expense for the years ended December 31, 2004, 2005, and 2006 consists of the following:

	<u>2004</u>	<u>2005</u>	<u>2006</u>
Current			
Federal	\$ 23,583	\$ 31,670	\$ 19,478
State	<u>4,443</u>	<u>4,081</u>	<u>4,085</u>
Total current	<u>28,026</u>	<u>35,751</u>	<u>23,563</u>
Deferred			
Federal	871	(5,547)	(10,759)
State	<u>(152)</u>	<u>157</u>	<u>(936)</u>
Total deferred	<u>719</u>	<u>(5,390)</u>	<u>(11,695)</u>
Total income tax expense	<u>\$ 28,745</u>	<u>\$ 30,361</u>	<u>\$ 11,868</u>

[Table of Contents](#)

Income tax expense (benefit) for the years ended December 31, 2004, 2005, and 2006 and the nine months ended September 30, 2007 differ from amounts computed by applying the applicable United States federal income tax rate as follows:

	<u>Years ended December 31,</u>			<u>Nine months ended</u>
	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>September 30,</u> <u>2007</u>
Computed expected income tax expense (benefit)	\$25,912	\$27,363	\$ 9,466	\$ (942)
State income taxes	2,789	2,755	2,047	2,402
Other	44	243	355	(772)
Total income tax expense	<u>\$ 28,745</u>	<u>\$ 30,361</u>	<u>\$11,868</u>	<u>\$ 688</u>
Effective income tax rate	<u>38.8%</u>	<u>38.8%</u>	<u>43.9%</u>	<u>25.6%</u>

In May 2006, the Texas legislature enacted a new law that reforms the Texas franchise tax system and replaces it with a new tax system, referred to as the Texas margin tax. The Texas margin tax is a significant change in Texas tax law because it generally makes all legal entities subject to tax, including general and limited partnerships, while the current franchise tax system applies only to corporations and limited liability companies. The Company conducts some operations in Texas that will become subject to the new Texas margin tax. The effective date of the Texas margin tax, which has been interpreted to be an income tax for accounting purposes, is January 1, 2008 for calendar year-end companies, and the computation of tax liability is expected to be based on 2007 revenues as reduced by certain deductions.

In accordance with provisions of SFAS 109, "Accounting for Income Taxes," which requires that deferred tax assets and liabilities be adjusted for the effects of new tax legislation in the period of enactment, the Company recorded reductions of income tax expense of approximately \$326 and \$1,873 in the second quarters of 2006 and 2007, respectively. The estimates were based on the Texas margin tax law and the guidance issued by the Texas Comptroller of Public Accounts.

Significant components of the Company's deferred tax liabilities and assets as of December 31, 2005 and 2006 are as follows:

	<u>2005</u>	<u>2006</u>
Deferred tax liabilities:		
Excess tax amortization	\$22,617	\$15,862
Excess tax depreciation	30,385	25,093
Total deferred tax liabilities	53,002	40,955
Deferred tax assets:		
Deferred compensation and benefits	3,574	4,548
State taxes	2,076	1,730
Expenses deductible for tax purposes in a year different from the year accrued	6,378	5,913
Other	1,654	2,124
Total deferred tax assets	13,682	14,315
Net deferred tax liability	<u>\$ 39,320</u>	<u>\$ 26,640</u>

On January 1, 2007, Belo adopted Financial Accounting Standards Board (FASB) Interpretation (FIN) 48, "Accounting for Uncertainty in Income Taxes." FIN 48, an interpretation of Statement of Financial Accounting Standard (SFAS) 109, "Accounting for Income Taxes," that clarifies the accounting and disclosure requirements for uncertainty in tax positions as defined by the standard. In connection with the adoption of FIN 48, the Company has analyzed its filing positions in all significant jurisdictions where it is required to file income tax

[Table of Contents](#)

returns for the open tax years in such jurisdictions. Belo has identified as major tax jurisdictions, as defined, its federal income tax return and its state income tax returns in five states. Belo's federal income tax returns for the years subsequent to December 31, 2002, remain subject to examination. Belo's income tax returns in major state income tax jurisdictions where the Company operates remain subject to examination for various periods subsequent to December 31, 2001. Belo currently believes that all significant filing positions are highly certain and that, more likely than not, all of its significant income tax filing positions and deductions would be sustained. Therefore, the Company has no significant reserves for uncertain tax positions and no adjustments to such reserves were required upon the adoption of FIN 48. If interest and penalties are assessed, interest costs will be recognized in interest expense and penalties will be recognized in operating expenses.

Note 10: Commitments

As of December 31, 2006, the Company had contractual obligations for capital expenditures that primarily relate to newspaper production equipment, as well as contracted construction costs for the new South Plant distribution and collating facility for *The Dallas Morning News* and the new media center for *The Press-Enterprise*. The table below summarizes the following commitments of the Company as of December 31, 2006:

<i>Nature of Commitment</i>	<i>Total</i>	<i>2007</i>	<i>2008</i>	<i>2009</i>	<i>2010</i>	<i>2011</i>	<i>Thereafter</i>
Capital expenditures and licenses	\$ 15,349	\$ 15,229	\$ 40	\$ 40	\$ 40	\$ —	\$ —
Non-cancelable operating leases	14,922	5,362	4,309	2,799	1,797	546	109
Total	\$ 30,271	\$ 20,591	\$ 4,349	\$ 2,839	\$ 1,837	\$ 546	\$ 109

Total lease expense for property and equipment was \$8,351, \$8,080, and \$7,978 in 2004, 2005, and 2006, respectively.

Note 11: Contingent Liabilities

On August 23, 2004, August 26, 2004, and October 5, 2004, three related lawsuits were filed by purported shareholders of Belo in the United States District Court for the Northern District of Texas against Belo, Robert W. Decherd, and Barry T. Peckham, a former executive officer of *The Dallas Morning News*. The complaints arise out of the circulation overstatement at *The Dallas Morning News* announced by Belo in 2004 and further described below, alleging that the overstatement artificially inflated Belo's financial results and thereby injured investors. The plaintiffs seek to represent a purported class of shareholders who purchased Belo common stock between May 12, 2003 and August 6, 2004. The complaints allege violations of Sections 10(b) and 20(a) of the Securities Exchange Act of 1934. On October 18, 2004, the court ordered the consolidation of all cases arising out of the same facts and presenting the same claims, and on February 7, 2005, plaintiffs filed an amended, consolidated complaint adding as defendants John L. Sander, Dunia A. Shive, and Dennis A. Williamson, all of whom are current or retired executive officers of Belo, and James M. Moroney III, an executive officer of *The Dallas Morning News*. On May 18, 2007, the court partially granted defendants' motions to dismiss plaintiffs' second amended complaint to the extent it dismissed plaintiffs' complaint as to defendants John L. Sander, Dunia A. Shive, and Dennis A. Williamson. The motions to dismiss were denied as to the other defendants. On September 19, 2007, plaintiffs filed their motion for class certification; defendants filed their response to this motion on October 26, 2007. Plaintiffs filed their reply to the response on November 16, 2007. On November 26, 2007, the court denied defendants' motion for reconsideration of the court's denial of defendants' motion to dismiss as to the remaining defendants. No class or classes have been certified and no amount of damages has been specified. We believe the complaints are without merit and intend to defend vigorously against them.

On June 3, 2005, a shareholder derivative lawsuit was filed by a purported individual shareholder of Belo in the 191st Judicial District Court of Dallas County, Texas, against Robert W. Decherd, John L. Sander, Dunia A. Shive, Dennis A. Williamson, and James M. Moroney III; Barry T. Peckham, a former executive officer of *The*

[Table of Contents](#)

Dallas Morning News; and Louis E. Caldera, Judith L. Craven, Stephen Hamblett, Dealey D. Herndon, Wayne R. Sanders, France A. Córdova, Laurence E. Hirsch, J. McDonald Williams, Henry P. Becton, Jr., Roger A. Enrico, William T. Solomon, Lloyd D. Ward, M. Anne Szostak, and Arturo Madrid, current or former directors of Belo. The lawsuit makes various claims asserting mismanagement and breach of fiduciary duty related to the circulation overstatement at *The Dallas Morning News*. On May 30, 2007, after a prior discovery stay ended, the court issued an order administratively closing the case. Under the court's order, the case is stayed and, as a result, no further action can be taken unless the case is reinstated. The court retained jurisdiction and the case is subject to being reinstated by the court or upon motion by any party. The court's order was not a dismissal with prejudice.

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

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

In 2004, Belo announced that an internal investigation, then ongoing, disclosed practices and procedures that led to an overstatement of previously reported circulation figures at *The Dallas Morning News*, primarily in single copy sales. In response to the overstatement, Belo implemented a voluntary advertiser plan developed by Belo management. The plan included cash payments to advertisers and future advertising credits. Payments under the plan were made without any condition that such advertisers release *The Dallas Morning News* from liability for the circulation overstatement. To use the credits, advertisers generally placed advertising in addition to the terms of the advertiser's current contract. There are no unused credits.

In 2004, the staff of the SEC notified Belo that it was conducting a newspaper industry-wide inquiry into circulation practices, and inquired specifically about *The Dallas Morning News*' circulation overstatement. Belo briefed the SEC on *The Dallas Morning News* circulation situation and related matters. The information voluntarily provided to the SEC related to *The Dallas Morning News*, as well as *The Providence Journal*, and *The Press-Enterprise*. On October 1, 2007, the staff sent counsel for Belo a letter stating that the inquiry has been completed and that the staff does not intend to recommend any enforcement action by the SEC.

Note 12: Other Income and Expense

On August 16, 2004, the Company announced a voluntary advertiser plan developed by management in response to an overstatement of previously reported circulation figures at *The Dallas Morning News*. As a result, the Company recorded a charge of \$23,500 in 2004 related to the advertiser plan, of which approximately \$19,629, consisting of cash payments to advertisers, was classified as a reduction of revenues and approximately \$3,900, consisting of related costs, was included in other operating costs. The plan also included future advertising credits. To use the credits, advertisers generally placed advertising in addition to the terms of each advertiser's current contract. Credits earned were to be used by the end of an advertiser's contract period or February 28, 2005, whichever was later. As of December 31, 2005, advertisers had used or forfeited all available credits.

Note 13: Reduction in Force

On September 14, 2006, the Company completed a voluntary severance program for newsroom employees at *The Dallas Morning News*. The voluntary severance affected approximately 112 positions. The total charge for

[Table of Contents](#)

severance costs and other expenses related to this reduction in workforce was approximately \$6,491, which was recorded and paid in 2006. In April 2006, the Company announced its technology optimization initiative. Part of this initiative is the elimination of approximately 60 positions. The total charge for severance costs and other expenses related to this initiative is expected to be approximately \$1,742, of which \$1,688 was recorded in 2006. Approximately \$1,388 of the technology initiative charges were recorded by the Company, with the remaining amount recorded as Belo corporate expenses. Of the \$1,688 in charges recorded in salaries, wages and employee benefits as of December 31, 2006, approximately \$1,627 was paid in 2006, with the remainder to be paid by the fourth quarter 2007.

In 2004, Belo announced a Company-wide reduction in workforce of approximately 250 positions, with the majority coming from *The Dallas Morning News*. The Company recorded charges totaling \$5,706 for severance costs and other expenses (included in salaries, wages and employee benefits) related to the reduction in workforce. As of December 31, 2005, substantially all of the payments for the 2004 reduction in workforce have been made.

Note 14: Related Party Transactions

In December 2005, the Company entered into a construction contract with Austin Commercial, L.P. relating to the new *Dallas Morning News* South Plant distribution and collating facility. The contract provides for total payments of approximately \$16,198, of which approximately \$556 and \$13,162 was paid during the years ended December 31, 2005 and 2006, respectively. Approximately \$13,718 has been paid since the inception of the contract. At December 31, 2006, there was a balance due of approximately \$927. Bill Solomon, a member of Belo's Board of Directors, was at that time Chairman of Austin Industries, Inc., the parent company of Austin Commercial, L.P.

Note 15: Subsequent Event

The Company is currently in the process of performing its annual goodwill impairment testing. In connection with this process, on December 3, 2007, management's preliminary estimates of the implied fair values of two of the Company's reporting units (*The Providence Journal* in Providence, Rhode Island and *The Press-Enterprise* in Riverside, California) are less than their respective carrying values. The aggregate goodwill balance of these reporting units is approximately \$440 million. As a result, the Company will be required to calculate the implied fair value of the goodwill of these reporting units by deducting the fair value of all of the individual assets and liabilities of the reporting units from the respective fair values of the reporting units. To the extent the calculated implied fair value of the goodwill is less than the recorded goodwill, an impairment charge will be recorded for the difference. The Company expects to complete the annual goodwill impairment testing in connection with the issuance of its financial statements for the year ending December 31, 2007. As the Company has not yet completed this process, it is currently unable to provide an estimate of the amount of any impairment charge that will be included in the Company's results of operations for the year ending December 31, 2007, but based on the preliminary estimates of the fair values of the reporting units, the amount of such charge is expected to be significant from a reported U.S. generally accepted accounting principles earnings perspective. However, any such charge would not affect the Company's liquidity, cash flows from operating activities, or debt covenants, or have any effect on future operations.

[Table of Contents](#)**Note 16: Quarterly Results of Operations (unaudited)**

Following is a summary of the unaudited quarterly results of operations for the years ended December 31, 2005 and 2006.

	<u>1st Quarter</u>	<u>2nd Quarter</u>	<u>3rd Quarter</u>	<u>4th Quarter</u>
2005				
Net operating revenues				
Advertising	\$ 156,466	\$ 175,642	\$ 170,985	\$ 184,047
Circulation	23,738	24,842	27,423	28,787
Other	7,801	7,637	7,511	7,465
Total operating revenues	<u>188,005</u>	<u>208,121</u>	<u>205,919</u>	<u>220,299</u>
Operating costs and expenses				
Salaries, wages and employee benefits	76,644	77,381	77,363	75,302
Other production, distribution and operating costs	46,226	50,884	60,619	68,709
Newsprint, ink and other supplies	31,849	34,579	36,923	38,550
Depreciation	10,112	10,173	9,643	9,680
Amortization	1,678	1,645	1,646	1,645
Total operating costs and expenses	<u>166,509</u>	<u>174,662</u>	<u>186,194</u>	<u>193,886</u>
Other income (expense), net	(4,760)	(5,450)	(6,115)	(6,588)
Income taxes	(6,499)	(10,878)	(5,285)	(7,699)
Net earnings	<u>\$ 10,237</u>	<u>\$ 17,131</u>	<u>\$ 8,325</u>	<u>\$ 12,126</u>
2006				
Net operating revenues				
Advertising	\$ 160,761	\$ 174,415	\$ 161,562	\$ 177,402
Circulation	29,184	28,737	29,229	29,115
Other	7,086	7,079	6,467	6,696
Total operating revenues	<u>197,031</u>	<u>210,231</u>	<u>197,258</u>	<u>213,213</u>
Operating costs and expenses				
Salaries, wages and employee benefits	83,458	78,043	82,709	78,737
Other production, distribution and operating costs	60,317	66,309	62,515	68,935
Newsprint, ink and other supplies	36,463	33,933	30,484	31,895
Depreciation	9,871	10,028	9,868	10,229
Amortization	1,645	1,646	1,645	1,646
Total operating costs and expenses	<u>191,754</u>	<u>189,959</u>	<u>187,221</u>	<u>191,442</u>
Other income (expense), net	(6,748)	(7,439)	(8,578)	(7,545)
Income taxes	595	(4,760)	(1,906)	(5,797)
Net earnings	<u>\$ (876)</u>	<u>\$ 8,073</u>	<u>\$ (447)</u>	<u>\$ 8,429</u>