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

Form 10-Q

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

**For the quarterly period ended: March 31, 2012**

**OR**

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

**Commission File No. 1-33741**

**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)*

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

Former name, former address and former fiscal year, if changed since last report.

**None**

Indicate by check mark whether registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days.

**Yes ☒ No ☐**

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate website, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (§ 232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files).

**Yes ☒ No ☐**

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer or a smaller reporting company. See the definitions of "large accelerated filer," "accelerated filer" and "smaller reporting company" in Rule 12b-2 of the Exchange Act. (Check one):

Large accelerated filer ☐      Accelerated filer ☒      Non-accelerated filer ☐      Smaller reporting company ☐  
(Do not check if a smaller reporting company)

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act).

**Yes ☐ No ☒**

Indicate the number of shares outstanding of each of the issuer's classes of common stock, as of the latest practicable date.

Class	Outstanding at April 26, 2012
Common Stock, \$.01 par value	21,842,529*

\* Consisting of 19,440,808 shares of Series A Common Stock and 2,401,721 shares of Series B Common Stock.

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**A. H. BELO CORPORATION**

**FORM 10-Q**

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## PART I — FINANCIAL INFORMATION

### Item 1. Financial Statements

#### A. H. Belo Corporation and Subsidiaries Condensed Consolidated Statements of Operations

<i>In thousands, except per share amounts (unaudited)</i>	<i>Three Months Ended March 31,</i>	
	<i>2012</i>	<i>2011</i>
<b>Net Operating Revenues</b>		
Advertising	\$ 60,077	\$ 67,936
Circulation	34,655	35,052
Printing and distribution	10,102	9,187
Total net operating revenues	104,834	112,175
<b>Operating Costs and Expenses</b>		
Salaries, wages and employee benefits	46,005	50,495
Other production, distribution and operating costs	40,696	45,652
Newsprint, ink and other supplies	13,972	14,502
Depreciation	7,113	7,583
Amortization	1,310	1,310
Total operating costs and expenses	109,096	119,542
Loss from operations	(4,262)	(7,367)
<b>Other (Expense) Income, Net</b>		
Interest expense	(136)	(207)
Other (expense) income, net	907	1,267
Total other (expense) income, net	771	1,060
Loss before income taxes	(3,491)	(6,307)
Income tax expense	402	420
Net loss	<u>\$ (3,893)</u>	<u>\$ (6,727)</u>
<b>Net loss per share:</b>		
Basic and diluted	\$ (0.18)	\$ (0.31)
<b>Weighted average shares outstanding:</b>		
Basic and diluted	21,688	21,383

*See accompanying Notes to Condensed Consolidated Financial Statements.*

**A. H. Belo Corporation and Subsidiaries**  
**Condensed Consolidated Statements of Comprehensive Loss**

<i>In thousands (unaudited)</i>	<i>Three Months Ended March 31,</i>	
	<i>2012</i>	<i>2011</i>
Net loss	\$ (3,893)	\$ (6,727)
Other comprehensive loss, net of tax		
Amortization of actuarial gains/losses of defined benefit pension plans	175	-
Amortization of curtailment and other gains/losses of other post-retirement benefit plans	(165)	(154)
Other comprehensive income (loss)	10	(154)
Total comprehensive loss	<u>\$ (3,883)</u>	<u>\$ (6,881)</u>

*See accompanying Notes to Condensed Consolidated Financial Statements.*

**A. H. Belo Corporation and Subsidiaries**  
**Condensed Consolidated Balance Sheets**

<i>In thousands, except share amounts (unaudited)</i>	<i>March 31, 2012</i>	<i>December 31, 2011</i>
<b>Assets</b>		
Current assets:		
Cash and cash equivalents	\$ 55,701	\$ 57,440
Accounts receivable (net of allowance of \$2,799 and \$2,921 at March 31, 2012 and December 31, 2011, respectively)	37,377	50,533
Inventories	11,267	9,918
Deferred income taxes, net	1,379	1,380
Assets held for sale	2,396	2,396
Prepays and other current assets	9,253	6,531
Total current assets	117,373	128,198
Property, plant and equipment at cost:		
Land	36,588	36,602
Buildings and improvements	192,814	192,810
Publishing equipment	277,154	276,792
Other	132,438	131,874
Construction in process	2,405	2,005
Total property, plant and equipment	641,399	640,083
Less accumulated depreciation	(483,362)	(476,665)
Property, plant and equipment, net	158,037	163,418
Intangible assets, net	15,640	16,950
Goodwill	24,582	24,582
Investments	6,463	6,112
Deferred income taxes, net	1,417	1,452
Other assets	3,406	4,376
Total assets	\$ 326,918	\$ 345,088

*See accompanying Notes to Condensed Consolidated Financial Statements.*

**A. H. Belo Corporation and Subsidiaries**  
**Condensed Consolidated Balance Sheets (continued)**

*In thousands, except share amounts (unaudited)*

	<i>March 31, 2012</i>	<i>December 31, 2011</i>
<b>Liabilities and Shareholders' Equity</b>		
Current liabilities:		
Accounts payable	\$ 13,687	\$ 18,062
Accrued compensation and benefits	15,264	18,007
Other accrued expenses	10,369	12,160
Advance subscription payments	24,181	22,491
Total current liabilities	63,501	70,720
Long-term pension liabilities	140,270	145,980
Other post-employment benefits	3,104	3,115
Other liabilities	2,935	3,794
Commitments and contingent liabilities		
Shareholders' equity:		
Preferred stock, \$.01 par value; Authorized 2,000,000 shares; none issued	-	-
Common stock, \$.01 par value; Authorized 125,000,000 shares		
Series A: issued 19,440,608 and 19,182,236 shares at		
March 31, 2012 and December 31, 2011, respectively	194	192
Series B: issued 2,401,921 and 2,398,017 shares at		
March 31, 2012 and December 31, 2011, respectively	24	24
Additional paid-in capital	494,640	493,773
Accumulated other comprehensive loss	(63,059)	(63,069)
Accumulated deficit	(314,691)	(309,441)
Total shareholders' equity	117,108	121,479
Total liabilities and shareholders' equity	\$ 326,918	\$ 345,088

*See accompanying Notes to Condensed Consolidated Financial Statements.*

**A. H. Belo Corporation and Subsidiaries**  
**Condensed Consolidated Statements of Shareholders' Equity**

*In thousands, except share amounts (unaudited)*

	Common Stock			Additional Paid-in Capital	Accumulated Other Comprehensive Income/(Loss)	Accumulated Deficit	Total
	Shares Series A	Shares Series B	Amount				
<b>Balance at December 31, 2010</b>	18,896,876	2,392,074	\$ 212	\$ 491,542	\$ 2,569	\$ (294,450)	\$199,873
Net loss	-	-	-	-	-	(6,727)	(6,727)
Other comprehensive loss	-	-	-	-	(154)	-	(154)
Issuance of shares for restricted stock units	220,661	-	3	(3)	-	-	-
Income tax on stock option activity	-	-	-	(1)	-	-	(1)
Share-based compensation	-	-	-	1,055	-	-	1,055
Conversion of Series B to Series A shares	539	(539)	-	-	-	-	-
<b>Balance at March 31, 2011</b>	19,118,076	2,391,535	\$ 215	\$ 492,593	\$ 2,415	\$ (301,177)	\$194,046
<b>Balance at December 31, 2011</b>	19,182,236	2,398,017	\$ 216	\$ 493,773	\$ (63,069)	\$ (309,441)	\$121,479
Net loss	-	-	-	-	-	(3,893)	(3,893)
Other comprehensive income	-	-	-	-	10	-	10
Issuance of shares for restricted stock units	199,850	-	2	(2)	-	-	-
Issuance of shares from stock option exercises	57,926	4,500	-	104	-	-	104
Income tax on stock option activity	-	-	-	17	-	-	17
Share-based compensation	-	-	-	748	-	-	748
Conversion of Series B to Series A shares	596	(596)	-	-	-	-	-
Dividends	-	-	-	-	-	(1,357)	(1,357)
<b>Balance at March 31, 2012</b>	19,440,608	2,401,921	\$ 218	\$ 494,640	\$ (63,059)	\$ (314,691)	\$117,108

*See accompanying Notes to Condensed Consolidated Financial Statements.*

**A. H. Belo Corporation and Subsidiaries**  
**Condensed Consolidated Statements of Cash Flows**

<i>In thousands (unaudited)</i>	<i>Three Months Ended March 31,</i>	
	<i>2012</i>	<i>2011</i>
<b>Operating Activities</b>		
Net loss	\$ (3,893)	\$ (6,727)
Adjustments to reconcile net loss to net cash provided by (used in) operations:		
Depreciation and amortization	8,423	8,893
Provision for uncertain tax positions	13	-
Gain on disposal of fixed assets	(492)	-
Earnings on equity method investments	(351)	(279)
Gain on recovery of investment	-	(729)
Deferred income taxes	53	15
Other comprehensive income (loss)	10	(154)
Share-based compensation	748	1,055
Other non-cash items	-	18
Assets acquired and held for sale	-	(2,696)
Net changes in operating assets and liabilities:		
Accounts receivable	13,156	14,761
Funds held by Belo Corp. for future pension contributions	-	3,410
Inventories	(1,349)	(2,392)
Prepays and other current assets	(2,722)	(2,924)
Other, net	970	741
Accounts payable	(4,375)	(11,163)
Accrued compensation and benefits	(3,615)	1,297
Pension liabilities	(5,710)	(38,233)
Other accrued expenses	(1,791)	(220)
Advance subscription payments	1,690	1,711
Other post-employment benefits	(11)	(297)
Net cash provided by (used in) operations	754	(33,913)
<b>Investing Activities</b>		
Capital expenditures, net	(1,777)	(1,528)
Proceeds on the recovery of an impaired investment	-	729
Proceeds from sale of fixed assets	537	-
Other, net	-	(13)
Net cash used in investing activities	(1,240)	(812)
<b>Financing Activities</b>		
Dividends paid	(1,357)	-
Proceeds from exercise of stock options	104	-
Net cash used in financing activities	(1,253)	-
Net decrease in cash and cash equivalents	(1,739)	(34,725)
Cash and cash equivalents at beginning of period	57,440	86,291
Cash and cash equivalents at end of period	<u>\$ 55,701</u>	<u>\$ 51,566</u>
<b>Supplemental Disclosures:</b>		
Interest paid	\$ 54	\$ 72
Income tax paid, net of refunds	<u>\$ 64</u>	<u>\$ 4,165</u>

*See accompanying Notes to Condensed Consolidated Financial Statements.*



**A. H. Belo Corporation and Subsidiaries**  
**Notes to Condensed Consolidated Financial Statements**

**Note 1: Summary of Significant Accounting Policies**

**Description of Business.** A. H. Belo Corporation (“A. H. Belo” or the “Company”), headquartered in Dallas, Texas, is a distinguished newspaper publishing and local news and information company that owns and operates four metropolitan daily newspapers and several associated websites, with publishing roots that trace to *The Galveston Daily News*, which began publication in 1842. A. H. Belo publishes *The Dallas Morning News* ([www.dallasnews.com](http://www.dallasnews.com)), Texas’ leading newspaper and winner of nine Pulitzer Prizes; *The Providence Journal* ([www.providencejournal.com](http://www.providencejournal.com)), the oldest continuously-published daily newspaper in the United States and winner of four Pulitzer Prizes; *The Press-Enterprise* ([www.pe.com](http://www.pe.com)) (Riverside, California), serving the Inland Southern California region and winner of one Pulitzer Prize; and *The Denton Record-Chronicle* ([www.dentonrc.com](http://www.dentonrc.com)), a daily newspaper operating in Denton, Texas, approximately 40 miles north of Dallas. The Company publishes various niche publications targeting specific audiences, and its investments and/or partnerships include Classified Ventures, LLC, owner of [cars.com](http://cars.com), and the Yahoo! Inc. (“Yahoo!”) Newspaper Consortium. A. H. Belo also owns and operates commercial printing, distribution and direct mail service businesses. In February 2008, the Company’s former parent, Belo Corp. (“Belo”), separated its publishing operations in a spin-off transaction (the “Distribution”) and A. H. Belo became an independent registrant listed on the New York Stock Exchange (trading symbol: AHC). Unless the context requires otherwise, all dollar amounts in this Quarterly Report on Form 10-Q are in thousands, except per share amounts.

**Basis of Presentation.** The accompanying unaudited condensed consolidated financial statements of A. H. Belo and its subsidiaries have been prepared in accordance with United States Generally Accepted Accounting Principles (“GAAP”) for interim financial information and in accordance with the Securities and Exchange Commission’s (“SEC”) instructions to Form 10-Q and Article 10 of Regulation S-X. Accordingly, they do not include all of the information and footnotes required by GAAP for complete financial statements. The preparation of consolidated financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the amounts reported in the consolidated financial statements and accompanying notes. Actual results could differ from those estimates. In the opinion of management, all adjustments considered necessary for a fair presentation have been included. Transactions between the companies comprising A. H. Belo have been eliminated in the condensed consolidated financial statements. These condensed consolidated financial statements should be read in conjunction with the audited financial statements and footnotes thereto included in the Company’s Annual Report on Form 10-K for the year ended December 31, 2011. Operating results for the three months ended March 31, 2012 are not necessarily indicative of the results that may be expected for the year ending December 31, 2012. The Company’s operating segments are defined as its newspapers within a given market. The Company has determined that according to the applicable accounting guidance all of its operating segments meet the criteria to be aggregated into one reporting segment.

In the first quarter of 2011, the Company implemented Accounting Standards Update (“ASU”) No. 2011-05 – *Comprehensive Income (Topic 220): Presentation of Comprehensive Income*, which requires greater prominence in presenting comprehensive income in the consolidated financial statements. Accordingly, the condensed consolidated financial statements now include condensed consolidated statements of comprehensive loss for all periods presented and the condensed consolidated statements of shareholders’ equity no longer present the components of this balance.

In September 2011, the Financial Accounting Standards Board issued ASU No. 2011-08 – *Intangibles – Goodwill and Other (Topic 350): Testing Goodwill for Impairment*. The purpose of this amendment is to simplify how entities, both public and nonpublic, test goodwill for impairment. ASU No. 2011-08 permits an entity to first assess qualitative factors to determine whether it is more likely than not that the fair value of a reporting unit is less than its carrying amount as a basis for determining whether it is necessary to perform the two-step goodwill impairment test described in Topic 350. The more-likely-than-not threshold is defined as having a likelihood of more than 50 percent. The amendments are effective for annual and interim goodwill impairment tests performed for fiscal years beginning after December 15, 2011. Unless conditions warrant an interim evaluation of goodwill, the Company performs its annual impairment test each December 31. The adoption of this amendment is not anticipated to have a material impact on the Company’s financial condition, results of operations or its liquidity.

## Note 2: Goodwill and Intangible Assets

The Company has recorded intangible assets consisting of goodwill and subscriber lists from its previous acquisitions. The carrying value of goodwill was \$24,582, net of cumulative impairment losses of \$439,509, as of March 31, 2012 and December 31, 2011. The remaining goodwill is recorded at *The Dallas Morning News* reporting unit. The table below sets forth the Company's identifiable intangible assets, consisting of subscriber lists which are amortized over an 18 year period:

	<b>Total Subscriber Lists</b>	<b><i>The Dallas Morning News</i></b>	<b><i>The Providence Journal</i></b>	<b><i>The Press- Enterprise</i></b>
Gross balance at December 31, 2011	\$ 114,824	\$ 22,896	\$ 78,698	\$ 13,230
Accumulated amortization	(97,874)	(22,896)	(64,853)	(10,125)
Net balance at December 31, 2011	<u>\$ 16,950</u>	<u>\$ -</u>	<u>\$ 13,845</u>	<u>\$ 3,105</u>
Gross balance at March 31, 2012	\$ 114,824	\$ 22,896	\$ 78,698	\$ 13,230
Accumulated amortization	(99,184)	(22,896)	(65,946)	(10,342)
Net balance at March 31, 2012	<u>\$ 15,640</u>	<u>\$ -</u>	<u>\$ 12,752</u>	<u>\$ 2,888</u>

## Note 3: Investments

The Company owns investment interests in various entities and records these interests under the equity method or cost method of accounting. Under the equity method, the Company records its share of the investee's earnings or losses each period in other (expense) income, net, in the condensed consolidated statements of operations, and under the cost method, the Company records earnings or losses when the amounts are realized. During the three months ended March 31, 2012 and 2011, the Company recorded \$351 and \$279, respectively, of earnings from equity investments. The table below sets forth the Company's investments as of March 31, 2012 and December 31, 2011:

	<b><i>March 31, 2012</i></b>	<b><i>December 31, 2011</i></b>
Equity method investments	\$ 5,381	\$ 5,030
Cost method investments	1,082	1,082
Total investments	<u>\$ 6,463</u>	<u>\$ 6,112</u>

Investments accounted for under the equity method include the following:

- Classified Ventures, LLC ("Classified Ventures") - A. H. Belo Corporation and Belo jointly own 6.6 percent of Classified Ventures. The other owners include Gannett Co., Inc., The McClatchy Company, Tribune Company, and The Washington Post Company. The two principal online businesses Classified Ventures operates are [cars.com](http://cars.com) and [apartments.com](http://apartments.com).
- ShopCo Holdings, LLC ("ShopCo") - The Company owns a 12.5 percent interest in ShopCo. ShopCo owns [FindnSave.com](http://FindnSave.com), a digital shopping platform where consumers can find national and local retail goods and services for sale. This platform uses the power of local media participation with advanced search and database technology to allow a consumer to view online sales circulars and local advertised offers or search for an item and receive a list of local advertisers and the price and terms offered for the searched item.

## Note 4: Share-Based Compensation

On February 8, 2008, A. H. Belo established a long-term incentive plan under which eight million common shares were authorized for equity awards. On the Distribution date, awards under the plan were issued to holders of Belo stock options and restricted stock units ("RSUs") in connection with the Distribution. Subsequent awards are granted to A. H. Belo employees and outside directors in the form of non-qualified stock options, incentive stock options, restricted shares, RSUs, performance shares, performance units or stock appreciation rights. The Company considers these awards in the calculation of its basic and diluted earnings per share. Anti-dilutive share-based awards excluded from the calculation of earnings per share consisted of 2,187,957 and 3,199,765 stock options and RSUs for the three months ended March 31, 2012 and 2011, respectively.

### A. H. Belo Stock Option Activity

The table below sets forth a summary of stock option activity under the A. H. Belo long-term incentive plan for the three months ended March 31, 2012:

	Number of Options	Weighted- Average Exercise Price
Outstanding at December 31, 2011	1,696,690	\$ 16.99
Exercised	(62,426)	\$ 1.72
Canceled	(13,570)	\$ 21.74
Outstanding at March 31, 2012	1,620,694	\$ 17.54
Vested and exercisable at March 31, 2012	1,620,694	\$ 17.54
Vested and exercisable weighted average remaining contractual terms (in years)	3.5	

### A. H. Belo RSU Activity

Under A. H. Belo's long-term incentive plan, the Board of Directors has awarded RSUs that vest over a period of one to three years. Upon vesting, the RSUs will be redeemed 60 percent in A. H. Belo Series A common stock and 40 percent in cash. A liability is recorded for the portion of the RSUs to be redeemed in cash and as of March 31, 2012, the liability for the cash portion of the redemption was \$1,636. During the vesting period, holders of RSUs participate in A. H. Belo dividends declared by receiving payments for dividend equivalents. The RSUs do not have voting rights. The table below sets forth a summary of RSU activity under the A. H. Belo long-term incentive plan for the three months ended March 31, 2012:

	Total RSUs	Issuance of Common Stock	RSUs Redeemed in Cash	Cash Payments at Closing Price of Stock	Weighted- Average Price on Date of Grant
Non-vested at December 31, 2011	1,002,230				\$ 6.01
Granted	278,750				\$ 5.00
Vested	(333,113)	199,850	133,263	\$ 664	\$ 6.86
Canceled	(2,424)				\$ 6.19
Non-vested at March 31, 2012	945,443				\$ 5.41

The table below sets forth compensation expense related to stock awards, which is recorded on a straight-line basis over the vesting period of the award, for the three months ended March 31, 2012 and 2011:

	A. H. Belo					
	Equity Awards			Cash Awards for RSUs	Belo Equity Awards	Total Expense
	Options	RSUs	Total			
2012	\$ -	\$ 748	\$ 748	\$ 742	\$ -	\$ 1,490
2011	\$ 58	\$ 997	\$ 1,055	\$ 455	\$ 72	\$ 1,582

In the first quarter of 2011, all pre-Distribution options and RSUs issued by Belo Corp. to Company employees were fully vested and the Company no longer recognizes expense for these awards.

### Note 5: Pension and Other Retirement Plans

The Company sponsors two defined benefit pension plans, A. H. Belo Pension Plans I and II (collectively the “A. H. Belo Pension Plans”). A. H. Belo Pension Plan I provides benefits to certain employees primarily employed with *The Dallas Morning News* or the A. H. Belo corporate offices and A. H. Belo Pension Plan II provides benefits to certain employees at *The Providence Journal*. These plans were established as a result of the Company’s withdrawal from The G. B. Dealey Retirement Pension Plan (the “GBD Pension Plan”), which was sponsored by Belo, on January 1, 2011. No additional benefits are accruing under the A. H. Belo Pension Plans, as future benefits were frozen prior to the plans’ establishment.

In the first quarter of 2011, the Company made a required contribution of \$8,733 to the GBD Pension Plan, of which \$3,410 was offset by amounts held by Belo for future pension plan contributions. Additionally, the Company made a voluntary contribution of \$30,000 to the A. H. Belo Pension Plans. Required contributions of \$5,435 were made to the A. H. Belo Pension Plans in the first quarter of 2012. In an effort to reduce the pension liability and related funding costs, the Company made a \$10,000 voluntary contribution to the A. H. Belo Pension Plans during April 2012 along with required contributions of \$8,037. The Company anticipates that required contributions for the remainder of 2012 will approximate \$9,200.

The Company estimates net periodic pension expense based on the expected return on plan assets, the interest on projected pension obligations and the amortization of actuarial gains and losses in accumulated other comprehensive loss. The table below sets forth components of net periodic pension expense for the three months ended March 31, 2012 and 2011:

	<b><i>Three Months Ended March 31,</i></b>	
	<b><i>2012</i></b>	<b><i>2011</i></b>
Interest cost	\$ 4,325	\$ 4,675
Estimated return on plan assets	(4,600)	(4,175)
Amortization of actuarial losses	175	-
Net periodic expense (benefit)	<u>\$ (100)</u>	<u>\$ 500</u>

*Other Defined Contribution Plans.* In 2011, the Company resumed matching employee 401(k) contributions during the first and second quarters at 1.5 percent of eligible base salary. Effective January 1, 2012, the Company provides an ongoing dollar-for-dollar match up to 1.5 percent of each eligible participant's contribution on a per-pay-period basis. During the three months ended March 31, 2012 and 2011, the Company recorded expense of \$357 and \$421, respectively, for its matching contributions under this 401(k) plan.

The Company provides transition benefits to A. H. Belo employees affected by the curtailment of the GBD Pension Plan in 2007, consisting of supplemental contributions for a period of up to five years to the A. H. Belo Transition Supplement Plan, a defined contribution plan established by the Company. The Company anticipates contributions to this plan based on eligible earnings of participants through the first quarter of 2013. Contributions of \$4,508 and \$5,318 were made in the first quarters of 2012 and 2011, respectively, for the prior year’s eligible earnings of participants. Expense associated with the A. H. Belo Transition Supplement Plan was \$1,136 and \$1,185 for the three months ended March 31, 2012 and 2011, respectively.

### Note 6: Long-term Debt

The Company operates with a credit agreement (“Credit Agreement”) that has a total commitment of \$25,000. The Credit Agreement is subject to a borrowing base comprised of eligible accounts receivable and inventory, which determines the available borrowing capacity. If borrowing availability falls below \$7,500, a fixed charge coverage ratio covenant of 1:1 will apply.

At March 31, 2012 and December 31, 2011, the Company had eligible collateral to secure borrowings under the Credit Agreement of \$28,667 and \$38,680 respectively, resulting in a borrowing base of \$25,000 for both dates. When letters of credit and other required reserves are deducted from the borrowing base, the Company had \$21,207 and \$19,970 of borrowing capacity available under the Credit Agreement as of March 31, 2012 and December 31, 2011, respectively. The Company had no borrowings under the Credit Agreement during 2011 or 2012.

### Note 7: Contingencies

On October 24, 2006, 18 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 mainly consists of claims of unlawful discrimination and ERISA violations. On March 28, 2011, the Court granted defendants summary judgment and dismissed all claims. Plaintiffs moved for reconsideration, which motion was denied by the United States Magistrate. On July 15, 2011, the plaintiffs appealed the decision to the United States Court of Appeals for the Fifth Circuit. The Company believes the lawsuit is without merit and is vigorously defending against it.

In addition to the proceeding described above, a number of other legal proceedings are pending against the Company. In the opinion of management, liabilities, if any, arising from these other legal proceedings would not have a material adverse effect on the Company's results of operations, liquidity, or financial condition.

### Note 8: Fair Value Measurements

On March 3, 2011, the Company completed the purchase of the personal residence of a Company officer pursuant to a retention and relocation arrangement. The residence was initially recorded at an estimated fair value of \$2,696, based on a purchase price of \$3,096 and net of anticipated holding and selling costs of \$400. The table below sets forth the assets and liabilities by major categories that are measured at fair value on a nonrecurring basis as required by Accounting Standards Codification No. 820, *Fair Value Measurements*.

	Three Months Ended March 31, 2011	Fair Value Measurements Using			Total Gains (Losses)
		Quoted Price in Active Markets for Identical Assets (Level I)	Significant Other Observable Inputs (Level II)	Significant Unobservable Inputs (Level III)	
Assets held for sale	\$ 2,696	\$ -	\$ -	\$ 2,696	\$ (400)

Subsequent to the first quarter of 2011, the Company reassessed the holding and selling costs of the residence and recorded an additional \$300 of expense, resulting in a carrying value of \$2,396 at March 31, 2012.

The three levels of inputs to valuation techniques in the hierarchy used to measure fair value are:

Level I – Unadjusted quoted prices in active markets accessible at the reporting date for identical assets and liabilities.

Level II – Quoted prices for similar assets or liabilities in active markets. Quoted prices for identical or similar assets and liabilities in markets that are not considered active or financial instruments for which all significant inputs are observable, either directly or indirectly.

Level III – Prices or valuations that require inputs which are significant to the valuation and are unobservable.

### Note 9: Dividends

On March 2, 2012, the Company paid a dividend of \$0.06 per share, or \$1,357, to its shareholders of record and to holders of outstanding RSU awards at the close of business on February 10, 2012. On March 8, 2012, the Company declared a dividend of \$0.06 per share payable June 1, 2012 to shareholders of record and to holders of outstanding RSU awards at the close of business on May 11, 2012. The Company did not declare or pay any dividends during the three months ended March 31, 2011.

### Note 10: Accumulated Other Comprehensive Loss

Accumulated other comprehensive loss contains actuarial gains and losses associated with the A. H. Belo Pension Plans and gains and losses resulting from negative plan amendments and other actuarial experience related to other post-employment benefit plans. The Company records amortization of accumulated other comprehensive loss in salaries, wages and employee benefits in the consolidated statements of operations. Gains and losses associated with the A. H. Belo Pension Plans are amortized over the weighted average remaining life expectancy of the participants, currently estimated to be 24 years. Gains and losses associated with the Company's other post-employment benefit plans are amortized over periods ranging between from four to 12 years.

The table below sets forth the changes in accumulated other comprehensive loss as presented in the Company's condensed consolidated financial statements:

<i>Three Months Ended March 31,</i>						
	<b>2012</b>			<b>2011</b>		
	Total	Defined Benefit Pension Plans	Other Post-Employment Benefit Plans	Total	Defined Benefit Pension Plans	Other Post-Employment Benefit Plans
Balance, beginning of period	\$ 63,069	\$ 65,019	\$ (1,950)	\$ (2,569)	\$ -	\$ (2,569)
Amortization	(10)	(175)	165	154	-	154
Balance, end of period	<u>\$ 63,059</u>	<u>\$ 64,844</u>	<u>\$ (1,785)</u>	<u>\$ (2,415)</u>	<u>\$ -</u>	<u>\$ (2,415)</u>

#### **Note 11: Income Taxes**

Income taxes are recorded using the liability method in accordance with applicable accounting guidance. The provision for income taxes reflects the Company's estimate of the effective rate expected to be applicable for the full fiscal year, adjusted by any discrete events, which are reported in the period in which they occur. This estimate is re-evaluated each quarter based on the Company's estimated tax expense for the year.

The Company recognized income tax expense of approximately \$402 and \$420 for the three months ended March 31, 2012 and 2011, respectively, representing effective income tax rates of (11.5) percent and (6.7) percent, respectively. The tax expense for 2012 and 2011 is primarily attributable to the Texas margin tax and changes in the valuation allowance on deferred taxes.

The Company evaluates uncertain tax positions and recognizes a liability for the tax benefit associated with an uncertain position only if it is more likely than not the position will not be sustained on examination by taxing authorities, based on the technical merits of the position. As of March 31, 2012 and December 31, 2011, the Company recorded \$331 and \$333 in reserves and \$70 and \$55 in interest and penalties, respectively, for uncertain tax positions. The Company recognizes interest and penalties related to these reserves in interest expense.

The Company currently projects taxable losses for the year 2012 for federal income tax purposes and in certain state income tax jurisdictions. Net operating losses can be carried forward to offset future taxable income. The Company's net operating loss carryforwards begin to expire in the year 2016 if not utilized.

## Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations

(Unless the context requires otherwise, all dollar amounts in the Quarterly Report on Form 10-Q are in thousands, except per share amounts.)

*The following information should be read in conjunction with the Company's Condensed Consolidated Financial Statements and related Notes filed as part of this report.*

### Overview

A. H. Belo, headquartered in Dallas, Texas, is a distinguished newspaper publishing and local news and information company that owns and operates four metropolitan daily newspapers and several associated websites, with publishing roots that trace to *The Galveston Daily News*, which began publication in 1842. A. H. Belo publishes *The Dallas Morning News* ([www.dallasnews.com](http://www.dallasnews.com)), Texas' leading newspaper and winner of nine Pulitzer Prizes; *The Providence Journal* ([www.providencejournal.com](http://www.providencejournal.com)), the oldest continuously-published daily newspaper in the United States and winner of four Pulitzer Prizes; *The Press-Enterprise* ([www.pe.com](http://www.pe.com)) (Riverside, California), serving the Inland Southern California region and winner of one Pulitzer Prize; and *The Denton Record-Chronicle* ([www.dentonrc.com](http://www.dentonrc.com)), a daily newspaper operating in Denton, Texas, approximately 40 miles north of Dallas. The Company publishes various niche publications targeting specific audiences, and its investments and/or partnerships include Classified Ventures, LLC, owner of [cars.com](http://cars.com), and the Yahoo! Newspaper Consortium. A. H. Belo also owns and operates commercial printing, distribution and direct mail service businesses.

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. Certain prior year amounts have been reclassified to conform to current year presentation.

### Overview of Significant Activity in the First Quarter of 2012

- The Company's revenues related to its core newspapers declined due to weaker advertising revenues, which decreased 11.6 percent for the three months ended March 31, 2012 when compared to the three months ended March 31, 2011. Operating expenses decreased 8.7 percent, reflecting lower expenses in all reported categories, except amortization.
- On March 2, 2012, the Company paid a dividend of \$0.06 per share, or \$1,357, to its shareholders of record and to holders of outstanding RSU awards as of the close of business on February 10, 2012. On March 8, 2012, the Company declared a dividend of \$0.06 per share payable June 1, 2012 to shareholders of record and to holders of outstanding RSU awards at the close of business on May 11, 2012.
- *The Dallas Morning News* and its marketing solutions group, *DMNmedia*, reached an agreement with LocalEdge, Hearst Corporation's full service Internet marketing business, to resell LocalEdge's digital solutions to small and medium businesses under the name *508 Digital* in the Dallas/Fort Worth area. These solutions include website development and maintenance, video, search engine marketing, search engine optimization, mobile advertising and email marketing. *The Dallas Morning News* will also offer advertising analytics and online reputation management services.
- During January 2012, the Company made a required contribution of \$5,435 to the A. H. Belo Pension Plans.



## Results of Operations

	<i>Three Months Ended March 31,</i>		
	<i>2012</i>	<i>Percentage Change</i>	<i>2011</i>
Net operating revenues	\$ 104,834	(6.5)%	\$ 112,175
Operating costs and expenses	109,096	(8.7)%	119,542
Other (expense) income, net	771	(27.3)%	1,060
Loss before income taxes	(3,491)	(44.7)%	(6,307)
Income tax expense	402	(4.3)%	420
Net loss	<u>\$ (3,893)</u>	(42.1)%	<u>\$ (6,727)</u>

### *Newspaper Revenues*

#### *The Dallas Morning News*

The table below sets forth the components of *The Dallas Morning News*' net operating revenues for the three months ended March 31, 2012 and 2011:

	<i>Three Months Ended March 31,</i>				
	<i>2012</i>	<i>Percent of Total Revenues</i>	<i>Percentage Change</i>	<i>2011</i>	<i>Percent of Total Revenues</i>
<b>Advertising</b>	\$ 39,203	58.4%	(12.2)%	\$ 44,673	60.6%
<i>Display</i>	14,497		(18.8)%	17,860	
<i>Classified</i>	6,729		(9.3)%	7,419	
<i>Preprints</i>	13,112		(4.4)%	13,719	
<i>Digital</i>	4,865		(14.3)%	5,675	
<b>Circulation</b>	22,648	33.7%	(3.6)%	23,502	31.8%
<b>Printing and distribution</b>	5,329	7.9%	(5.5)%	5,642	7.6%
	<u>\$ 67,180</u>	<u>100.0%</u>	(9.0)%	<u>\$ 73,817</u>	<u>100.0%</u>

Display advertising revenues decreased as a result of declines in retail and general advertising. Approximately \$1,076 of this decline is attributable to non-recurring advertisements associated with the Super Bowl game which was held in the Dallas area in 2011.

Classified advertising revenues decreased due to declines in automotive, employment, real estate and other categories.

Preprint advertising revenues decreased due to declines in newspaper inserts and were partially offset by increased preprint home delivery advertisements. The decline in preprint advertisements is consistent with the declines in circulation volumes for inserts.

Digital advertising revenues decreased and display advertising revenues increased by \$563 in 2012 as the Company discontinued allocating revenue to a digital advertising platform. Digital advertising revenues also decreased by \$420 as a result of non-recurring revenues associated with the Super Bowl game which was held in the Dallas area in 2011. These declines were offset by higher auto, real estate and employment classified advertising.

Advertising revenues from *The Dallas Morning News* niche publications were \$5,098 and \$5,320, for the three months ended March 31, 2012 and 2011, respectively. The decrease in 2012 is primarily due to *Quick* not being published after August 4, 2011. These revenues are a component of total display, classified, preprint and digital revenues of *The Dallas Morning News* discussed above.



Circulation revenues decreased due to declines in print home delivery and single copy sales. These declines were partially offset by a price increase related to digital online delivery. *The Dallas Morning News* continues to assess and adjust its digital consumer content strategy. As of March 2012, approximately 91,000 unique digital accounts have been activated. Retention rates among customers who have activated their digital accounts are at least 50 percent higher than non-activated accounts. During 2012, *The Dallas Mornings News* will continue to focus on building high-quality print and digital audiences by improving and expanding its digital product portfolio and completing new subscriber price elasticity studies.

Printing and distribution revenues decreased due to a decline in commercial printing volumes, as the Company focused on larger and more profitable customers.

#### *The Providence Journal*

The table below sets forth the components of *The Providence Journal* net operating revenues for the three months ended March 31, 2012 and 2011:

	<b>Three Months Ended March 31,</b>				
	<b>2012</b>	<b>Percent of Total Revenues</b>	<b>Percentage Change</b>	<b>2011</b>	<b>Percent of Total Revenues</b>
<b>Advertising</b>	\$ 11,226	49.5%	(9.6)%	\$ 12,413	56.4%
<i>Display</i>	2,594		(12.8)%	2,973	
<i>Classified</i>	4,320		(8.8)%	4,739	
<i>Preprints</i>	2,808		(8.7)%	3,077	
<i>Digital</i>	1,504		(7.4)%	1,624	
<b>Circulation</b>	8,602	38.0%	5.7%	8,136	36.9%
<b>Printing and distribution</b>	2,843	12.5%	92.9%	1,474	6.7%
	<u>\$ 22,671</u>	<u>100.0%</u>	<u>2.9%</u>	<u>\$ 22,023</u>	<u>100.0%</u>

Display advertising revenues decreased as a result of declines in retail and general advertising.

Classified advertising revenues decreased due to declines in automotive partially offset by increases in other categories.

Preprint advertising revenues decreased due to declines in newspaper insert volumes and were partially offset by increased preprint home delivery revenue.

Digital advertising revenues decreased due to lower volumes in retail display advertising, partially offset by higher classified advertising.

Circulation revenues increased due to a change from a buy-sell arrangement with home delivery carriers to a fee-for-delivery arrangement. Under this new arrangement, higher revenues are recognized which are offset by higher distribution expenses.

Printing and distribution revenues increased due to *The Providence Journal's* continued expansion of single copy distribution services for national and local newspapers. *The Providence Journal* has also increased its commercial printing services to existing customers and added a regional newspaper customer, contributing to the growth.

*The Press-Enterprise*

The table below sets forth the components of *The Press-Enterprise* net operating revenues for the three months ended March 31, 2012 and 2011:

	<i>Three Months Ended March 31,</i>				
	<i>2012</i>	<i>Percent of Total Revenues</i>	<i>Percentage Change</i>	<i>2011</i>	<i>Percent of Total Revenues</i>
<b>Advertising</b>	\$ 9,648	64.4%	(11.1)%	\$ 10,850	66.4%
<i>Display</i>	2,326		(16.4)%	2,783	
<i>Classified</i>	2,876		(12.2)%	3,275	
<i>Preprints</i>	3,009		(8.6)%	3,293	
<i>Digital</i>	1,437		(4.1)%	1,499	
<b>Circulation</b>	3,405	22.7%	(0.3)%	3,414	20.9%
<b>Printing and distribution</b>	1,930	12.9%	(6.8)%	2,071	12.7%
	<u>\$ 14,983</u>	<u>100.0%</u>	(8.3)%	<u>\$ 16,335</u>	<u>100.0%</u>

Display advertising revenues decreased as a result of declines in retail and general advertising due to reduced volumes in national accounts.

Classified advertising revenues decreased due to declines in legal, automotive, employment and other categories.

Preprint advertising revenues decreased due to declines in newspaper insert and delivery advertisements.

Digital advertising revenues decreased primarily due to lower banner advertising and real estate classified advertisements, partially offset by higher automotive and employment classified advertisements.

Circulation revenues were flat compared to the same quarter last year.

Printing and distribution revenues decreased due to a discontinued contract from a significant commercial printing customer.

### ***Operating Costs and Expenses***

The table below sets forth the components of the Company's operating costs and expenses for the three months ended March 31, 2012 and 2011:

	<b><i>Three Months Ended March 31,</i></b>		
	<b><i>2012</i></b>	<b><i>Percentage Change</i></b>	<b><i>2011</i></b>
Salaries, wages and employee benefits	\$ 46,005	(8.9)%	\$ 50,495
Other production, distribution and operating costs	40,696	(10.9)%	45,652
Newsprint, ink and other supplies	13,972	(3.7)%	14,502
Depreciation	7,113	(6.2)%	7,583
Amortization	1,310	-	1,310
Total operating costs and expenses	<u>\$ 109,096</u>	(8.7)%	<u>\$ 119,542</u>

Salaries, wages and employee benefits decreased due to lower salaries, share-based compensation, and employee medical expense primarily resulting from lower employee headcount, and also due to reduced pension expense.

Other production, distribution and operating costs decreased due to continued cost control measures. These decreases include declines in outside services, including legal and consulting costs, lower promotional costs and lower information systems expense.

The change in newsprint, ink and other supplies is a function of prices paid and volumes consumed, primarily of newsprint. Newsprint consumption has decreased due to lower printed pages resulting in consumption of approximately 15,041 and 16,800 and metric tons in 2012 and 2011, respectively. Average cost per metric ton of newsprint in 2012 and 2011 was \$634 and \$641, respectively.

Depreciation expense decreased due to lower levels of depreciable assets.

Interest expense decreased due to lower fees on the Company's credit facility.

Other (expense) income, net, decreased due to the receipt of \$729 in the first quarter of 2011 related to the sale of an investment that had been previously written off. This decrease was partially offset by an increase in the revenue recorded from equity investments and gains on the disposal of assets.

### ***Adjusted Earnings before Interest, Taxes, Depreciation and Amortization***

In addition to the Company's analysis of net income, the Company also evaluates earnings after adjusting for depreciation, amortization, interest and taxes ("EBITDA") after adding back pension expense, non-cash impairment expense and net investment-related losses ("Adjusted EBITDA"). Adjusted EBITDA increased by 36.3 percent in 2012 as a result of lower operating expenses. The table below sets forth the Company's EBITDA and Adjusted EBITDA:

	<b><i>Three Months Ended March 31,</i></b>	
	<b><i>2012</i></b>	<b><i>2011</i></b>
Net loss	\$ (3,893)	\$ (6,727)
Depreciation and amortization	8,423	8,893
Interest expense	136	207
Income tax expense	402	420
EBITDA	5,068	2,793
Addback:		
Pension expense	1,036	1,685
Adjusted EBITDA	<u>\$ 6,104</u>	<u>\$ 4,478</u>

Neither EBITDA nor Adjusted EBITDA is a measure of financial performance under GAAP. Management uses EBITDA, Adjusted EBITDA and similar measures in internal analyses as supplemental measures of the Company's financial performance and to assist with performance comparisons against its peer group of companies and other decisions. EBITDA or similar measures are also common alternative measures of performance used by investors, financial analysts and rating agencies to evaluate financial performance. Neither EBITDA nor Adjusted EBITDA should be considered in isolation or as a substitute for cash flows provided by operating activities or other income or cash flow data prepared in accordance with GAAP, and these non-GAAP measures may not be comparable to similarly-titled measures of other companies.

### **Liquidity and Capital Resources**

The Company believes it has sufficient access to liquidity from several sources, such as operations, existing liquid assets and from unused borrowing capacity under its Credit Agreement, to meet its foreseeable liquidity needs. The table below sets forth the Company's sources of liquidity:

<b><u>Sources of Liquidity</u></b>	<b><u>March 31, 2012</u></b>
Cash and cash equivalents	\$ 55,701
Accounts receivable, net	37,377
	<u>\$ 93,078</u>
Unused borrowing capacity	<u>\$ 21,207</u>

The Company operates with a \$25,000 Credit Agreement, which expires in September 2014. The Credit Agreement serves as a working capital facility and is subject to a borrowing base and other covenants and restrictions, including maintenance of defined financial ratios, restrictions on capital expenditures and dividends, and limitations on indebtedness, liens, and asset sales. The borrowing base is calculated using eligible accounts receivable and inventory, as defined in the Credit Agreement. A decrease in the borrowing base could limit the Company's borrowing capacity. At March 31, 2012 and December 31, 2011, the Company had eligible collateral to secure the Credit Agreement of \$28,667 and \$38,680, respectively, resulting in a borrowing base of \$25,000 at both dates. When letters of credit and other required reserves are deducted from the borrowing base, the Company had \$21,207 and \$19,970 of borrowing capacity available under the Credit Agreement as of March 31, 2012 and December 31, 2011, respectively. There were no borrowings outstanding under the Credit Agreement at any time during 2012 or 2011.

On March 2, 2012, the Company paid the dividend declared in the fourth quarter of 2011, and on March 8, 2012, the Company declared a dividend of \$0.06 per share on outstanding Series A and Series B common stock and to holders of outstanding RSUs, to be paid on June 1, 2012 to shareholders of record on May 11, 2012.

### ***Operating Cash Flows and Liquidity***

Net cash flows from operations were \$754 and \$(33,913) in 2012, and 2011, respectively. The increase in cash flows from operations is due to the Company making a one-time \$30,000 voluntary contribution to the A. H. Belo Pension Plans in 2011. Additionally, a final contribution of \$8,711 was made to the GBD Pension Plan in 2011 to settle the Company's obligations resulting from its withdrawal from this plan on January 1, 2011. Funding of this contribution was offset by \$3,410 of amounts due from Belo for future pension payments. Required contributions to the A. H. Belo Pension Plans increased by \$5,435 in the first quarter of 2012 as no contribution was required to the plans in the first quarter of 2011. Pension Transition Supplement Plan contributions decreased by \$810 in the first quarter of 2012 as a result of lower eligible wages in the 2011 plan year due to headcount reductions.

### ***Investing Cash Flows***

Net cash flows from investing activities were \$(1,240) and \$(812) in 2012 and 2011, respectively. In 2012, the Company received proceeds of \$537 primarily from the sale of fixed assets, and in 2011, the Company received \$729 from the recovery of a previous impaired investment.

### ***Financing Cash Flows***

Net cash flows from financing activities were \$(1,253) and \$0 in 2012 and 2011, respectively. The decrease in cash flows from 2011 to 2012 is primarily due to dividend payments of \$1,357 in 2012.

### ***Contractual Obligations***

During January 2012, the Company made a required contribution of \$5,435 to the A. H. Belo Pension Plans. In an effort to reduce the pension liability and related funding costs, the Company made a \$10,000 voluntary contribution to the A. H. Belo Pension Plans during April 2012 along with required contributions of \$8,037. The Company anticipates that required contributions for the remainder of 2012 will approximate \$9,200.

Additional information related to the Company's contractual obligations is available in Company's Annual Report on Form 10-K for the year ended December 31, 2011, filed on March 12, 2012, with the Securities and Exchange Commission.

### ***Critical Accounting and Policies and Estimates***

No material changes have been made to our critical accounting policies as set forth in Item 7, Management's Discussion and Analysis of Financial Condition and Results of Operations, included in our Annual Report on Form 10-K filed with the SEC for the year ended December 31, 2011.

### ***Forward-Looking Statements***

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

Such risks, uncertainties and factors include, but are not limited to, changes in capital market conditions and prospects, and other factors such as changes in advertising demand, interest rates and newsprint prices; newspaper circulation trends and other circulation matters, including changes in readership patterns and demography, and audits and related actions by the Audit Bureau of Circulations; challenges in achieving expense reduction goals in a timely manner, and the resulting potential effect on operations; technological changes; development of Internet commerce; industry cycles; changes in pricing or other actions by competitors and suppliers; consumer acceptance of new products and business initiatives; regulatory, tax and legal changes; adoption of new accounting

standards or changes in existing accounting standards by the Financial Accounting Standards Board or other accounting standard-setting bodies or authorities; the effects of Company acquisitions, dispositions and co-owned ventures and investments; returns and discount rates on pension plan assets; general economic conditions; significant armed conflict; and other factors beyond our control, as well as other risks described elsewhere in the Company's Annual Report on Form 10-K for the year ended December 31, 2011, and in the Company's other public disclosures, and filings with the Securities and Exchange Commission.

### **Item 3. Quantitative and Qualitative Disclosures About Market Risk**

Other than as disclosed, there have been no material changes in A. H. Belo Corporation's exposure to market risk from the disclosure included in the Annual Report on Form 10-K for the year ended December 31, 2011.

### **Item 4. Controls and Procedures**

*(a) Evaluation of disclosure controls and procedures.* Based on the evaluation of the Company's disclosure controls and procedures (as defined in Securities Exchange Act of 1934 Rules 13a-15(e) and 15d-15(e)) required by Securities Exchange Act Rules 13a-15(b) or 15d-15(b), the Company's Chief Executive Officer and the Company's Chief Financial Officer have concluded that as of the end of the period covered by this report, the Company's disclosure controls and procedures were effective.

*(b) Changes in internal controls.* There were no changes in the Company's internal control over financial reporting that occurred during the period covered by this report that have materially affected, or are reasonably likely to materially affect, its internal control over financial reporting.

## **PART II — OTHER INFORMATION**

### **Item 1. Legal Proceedings**

On October 24, 2006, 18 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 mainly consists of claims of unlawful discrimination and ERISA violations. On March 28, 2011, the Court granted defendants summary judgment and dismissed all claims. Plaintiffs moved for reconsideration, which motion was denied by the United States Magistrate. On July 15, 2011, the plaintiffs appealed the decision to the United States Court of Appeals for the Fifth Circuit. The Company believes the lawsuit is without merit and is vigorously defending against it.

In addition to the proceeding described above, a number of other legal proceedings are pending against A. H. Belo. 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 Corporation's results of operations, liquidity, or financial condition.

### **Item 1A. Risk Factors**

There have been no material changes from the risk factors disclosed under the heading "Risk Factors" in Item 1A of the Company's 2011 Annual Report on Form 10-K.

### **Item 2. Unregistered Sales of Equity Securities and Use of Proceeds**

There have been no unregistered sales of the Company's equity securities during the period covered by this report. In addition, there have been no Company purchases of securities during the period covered by this report.

### **Item 3. Defaults Upon Senior Securities**

None.

### **Item 4. Mine Safety Disclosures**

None.

### **Item 5. Other Information**

None.

## Item 6. Exhibits

Exhibits marked with an asterisk (\*) are incorporated by reference to documents previously filed by A. H. Belo Corporation with the Securities and Exchange Commission, as indicated. All other documents are filed with this report. Exhibits marked with a tilde (~) are management contracts, compensatory plan contracts or arrangements filed pursuant to Item 601(b)(10)(iii)(A) of Regulation S-K.

Exhibit Number	Description
2.1	* Separation and Distribution Agreement by and between Belo Corp. and A. H. Belo Corporation dated as of February 8, 2008 (Exhibit 2.1 to A. H. Belo Corporation's Current Report on Form 8-K filed with the Securities and Exchange Commission on February 12, 2008 (Securities and Exchange Commission File No. 001-33741) (the "February 12, 2008 Form 8-K"))
3.1	* Amended and Restated Certificate of Incorporation of A. H. Belo Corporation (Exhibit 3.1 to Amendment No. 3 to A. H. Belo Corporation's Form 10 dated January 18, 2008 (Securities and Exchange Commission File No. 001-33741) (the "Third Amendment to Form 10"))
3.2	* Certificate of Designations of Series A Junior Participating Preferred Stock of A. H. Belo Corporation dated January 11, 2008 (Exhibit 3.2 to Post-Effective Amendment No. 1 to Form 10 dated January 31, 2008 (Securities and Exchange Commission File No. 001-33741))
3.3	* Amended and Restated Bylaws of A. H. Belo Corporation, effective January 11, 2008 (Exhibit 3.3 to the Third Amendment to Form 10)
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	* Specimen Form of Certificate representing shares of A. H. Belo Corporation's Series A Common Stock (Exhibit 4.2 to the Third Amendment to Form 10)
4.3	* Specimen Form of Certificate representing shares of A. H. Belo Corporation's Series B Common Stock (Exhibit 4.3 to the Third Amendment to Form 10)
4.4	* Rights Agreement dated as of January 11, 2008 between A. H. Belo Corporation and Mellon Investor Services LLC (Exhibit 4.4 to the Third Amendment to Form 10)
10.1	Financing agreements: <ul style="list-style-type: none"><li>(1) * Amended and Restated Credit Agreement dated as of January 30, 2009 (Exhibit 10.1 to A. H. Belo Corporation's Current Report on Form 8-K filed with the Securities and Exchange Commission on February 2, 2009 (Securities and Exchange Commission File No. 001-33741) (the "February 2, 2009 Form 8-K"))</li><li>(2) * Amended and Restated Pledge and Security Agreement dated as of January 30, 2009 (Exhibit 10.2 to the February 2, 2009 Form 8-K)</li><li>(a) * First Amendment to Amended and Restated Security Agreement dated as of May 2, 2011 (Exhibit 10.1(9) to A. H. Belo Corporation's Company's Quarterly Report on Form 10-Q filed with the Securities and Exchange Commission on May 4, 2011 (Securities and Exchange Commission File No. 001-33741))</li><li>(3) * First Amendment to the Amended and Restated Credit Agreement dated as of August 18, 2009 (Exhibit 10.1(5) to A. H. Belo Corporation's Quarterly Report on Form 10-Q filed with the Securities and Exchange Commission on November 13, 2009 (Securities and Exchange Commission File No. 001-33741))</li><li>(4) * Second Amendment to the Amended and Restated Credit Agreement dated as of December 3, 2009 (Exhibit 10.1 to A. H. Belo Corporation's Current Report on Form 8-K filed with the Securities and Exchange Commission on December 4, 2009 (Securities and Exchange Commission File No. 001-33741))</li><li>(5) * Fourth Amendment to the Amended and Restated Credit Agreement dated as of March 10, 2011 (Exhibit 10.1(8) to A. H. Belo Corporation's Annual Report on Form 10-K filed with the Securities and Exchange Commission on March 11, 2011 (Securities and Exchange Commission File No. 001-33741))</li><li>(6) * Fifth Amendment to the Amended and Restated Credit Agreement and First Amendment to Amended and Restated Security Agreement dated as of May 2, 2011 (Exhibit 10.1(9) to A. H. Belo Corporation's Quarterly Report on Form 10-Q filed with the Securities and Exchange Commission on May 4, 2011 (Securities and Exchange Commission File No. 001-33741))</li></ul>



- (7) \* Third Amendment to the Amended and Restated Credit Agreement dated as of August 18, 2010 (Exhibit 10.1(7) to A. H. Belo Corporation's Company's Quarterly Report on Form 10-Q filed with the Securities and Exchange Commission on November 3, 2010 (Securities and Exchange Commission File No. 001-33741))

## 10.2

### Compensatory plans and arrangements:

- ~(1) \* A.H. Belo Savings Plan (Exhibit 10.4 to the February 12, 2008 Form 8-K)
  - \* (a) First Amendment to the A. H. Belo Savings Plan dated September 23, 2008 (Exhibit 10(2)(1)(a) to A. H. Belo Corporation's Quarterly Report on Form 10-Q filed with the Securities and Exchange Commission on November 14, 2008 (Securities and Exchange Commission File No. 001-33741))
  - \* (b) Second Amendment to the A. H. Belo Savings Plan effective March 27, 2009 (Exhibit 10.1 to A. H. Belo Corporation's Company's Current Report on Form 8-K filed with the Securities and Exchange Commission on April 2, 2009 (Securities and Exchange Commission File No. 001-33741) (the "April 2, 2009 Form 8-K"))
  - \* (c) Third Amendment to the A. H. Belo Savings Plan effective March 31, 2009 (Exhibit 10.2 to the April 2, 2009 Form 8-K)
  - \* (d) Fourth Amendment to the A. H. Belo Savings Plan dated September 10, 2009, (Exhibit 10.1 to A. H. Belo Corporation's Current Report on Form 8-K filed with the Securities and Exchange Commission on September 10, 2009 (Securities and Exchange Commission File No. 001-33741))
- ~(2) \* A. H. Belo 2008 Incentive Compensation Plan (Exhibit 10.5 to the February 12, 2008 Form 8-K)
  - \* (a) First Amendment to A. H. Belo 2008 Incentive Compensation Plan effective July 23, 2008 (Exhibit 10 (2)(a) to A. H. Belo Corporation's Quarterly Report on Form 10-Q filed with the Securities and Exchange Commission on August 14, 2008 (Securities and Exchange Commission File No. 001-33741))
  - \* (b) Form of A. H. Belo 2008 Incentive Compensation Plan Non-Employee Director Evidence of Grant (for Non-Employee Director Awards) (Exhibit 10.2.(2)(b) to A. H. Belo Corporation's Quarterly Report on Form 10-Q filed with the Securities and Exchange Commission on May 13, 2010 (Securities and Exchange Commission File No. 001-33741) (the "1st Quarter 2010 Form 10-Q"))
  - \* (c) Form of A. H. Belo 2008 Incentive Compensation Plan Evidence of Grant (for Employee Awards) (Exhibit 10.2.(2)(C) to the 1st Quarter 2010 Form 10-Q)
  - \* (d) Form of A. H. Belo 2008 Incentive Compensation Plan Evidence of Grant (Exhibit 10.1 to A. H. Belo Corporation's Current Report on Form 8-K filed with the Securities and Exchange Commission on March 12, 2012 (Securities and Exchange Commission File No. 001-33741))
  - \* (e) Form of A. H. Belo Cash Long-Term Incentive Evidence of Grant (Exhibit 10.2 to A. H. Belo Corporation's Current Report on Form 8-K filed with the Securities and Exchange Commission on March 12, 2012 (Securities and Exchange Commission File No. 001-33741))
- ~(3) \* A. H. Belo Pension Transition Supplement Restoration Plan effective January 1, 2008 (Exhibit 10.6 to the February 12, 2008 Form 8-K)
  - \* (a) First Amendment to the A. H. Belo Corporation Pension Transition Supplement Restoration Plan dated March 31, 2009 (Exhibit 10.4 to the April 2, 2009 Form 8-K)
- ~(4) \* A. H. Belo Corporation Change In Control Severance Plan (Exhibit 10.7 to the February 12, 2008 Form 8-K)
  - \* (a) Amendment to the A. H. Belo Corporation Change in Control Severance Plan dated March 31, 2009 (Exhibit 10.3 to the April 2, 2009 Form 8-K)
- ~(5) \* John C. McKeon Retention and Relocation Agreement effective September 22, 2010 (Exhibit 10.2(5) to A. H. Belo Corporation's Annual Report on Form 10-K filed with the Securities and Exchange Commission on March 11, 2011 (Securities and Exchange Commission File No. 001-33741))
- ~(6) \* John C. McKeon Severance Agreement and General Release effective January 3, 2012 (Exhibit 10.1 to A. H. Belo Corporation's Current Report on Form 8-K filed with the Securities and Exchange Commission on January 19, 2012 (Securities and Exchange Commission File No. 001-33741))

## 10.3

### Agreements relating to the Distribution of A. H. Belo Corporation:

- (1) \* Tax Matters Agreement by and between Belo Corp. and A. H. Belo Corporation dated as of February 8, 2008 (Exhibit 10.1 to the February 12, 2008 Form 8-K)
  - \* (a) First Amendment to Tax Matters Agreement by and between Belo Corp. and A. H. Belo Corporation dated September 14, 2009 (Exhibit 10.1 to A. H. Belo Corporation's Current Report on Form 8-K filed with the Securities and Exchange Commission on September 15, 2009 (Securities and Exchange Commission file No. 001-33741))

- (2) \* Employee Matters Agreement by and between Belo Corp. and A. H. Belo Corporation dated as of February 8, 2008 (Exhibit 10.2 to the February 12, 2008 Form 8-K)
  - \* (a) Amendment to Employee Matters Agreement as set forth in the Pension Plan Transfer Agreement dated as of October 6, 2010 (Exhibit 10.1 to the October 8, 2010 Form 8-K) (the “October 8, 2010 Form 8-K”))
- (3) \* Services Agreement by and between Belo Corp. and A. H. Belo Corporation dated as of February 8, 2008 (Exhibit 10.3 to the February 12, 2008 Form 8-K)
- (4) \* Separation and Distribution Agreement by and between Belo Corp. and A. H. Belo Corporation dated as of February 8, 2008 (See Exhibit 2.1 to the February 12, 2008 Form 8-K)
- (5) \* Pension Plan Transfer Agreement by and between Belo Corp. and A. H. Belo Corporation dated as of October 6, 2010 (Exhibit 10.1 to A. H. Belo Corporation’s Report on Form 8-K filed with the Securities and Exchange Commission on October 8, 2010 (Securities and Exchange Commission File No. 001-33741) )
- (6) \* Agreement among A. H. Belo Corporation, Belo Corp., and The Pension Benefit Guaranty Corporation, effective March 9, 2011 (Exhibit 10.3(6) to A. H. Belo Corporation’s Annual Report on Form 10-K filed with the Securities and Exchange Commission on March 11, 2011 (Securities and Exchange Commission File No. 001-33741))

31.1 Certification of Chief Executive Officer pursuant to Section 302 of the Sarbanes-Oxley Act of 2002

31.2 Certification of Chief Financial Officer pursuant to Section 302 of the Sarbanes-Oxley Act of 2002

32 Certification of Chief Executive Officer and Chief Financial Officer pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002

101.INS\*\* XBRL Instance Document

101.SCH\*\* XBRL Taxonomy Extension Schema Document

101.CAL\*\* XBRL Taxonomy Extension Calculation Linkbase Document

101.LAB\*\* XBRL Taxonomy Extension Label Linkbase Document

101.PRE\*\* XBRL Taxonomy Extension Presentation Linkbase Document

101.DEF\*\* XBRL Taxonomy Extension Definition Linkbase Document

\*\*In accordance with Regulation S-T, the XBRL-related information in Exhibit No. 101 to this Quarterly Report on Form 10-Q shall be deemed “furnished” and not “filed.”

## **SIGNATURES**

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

### **A. H. BELO CORPORATION**

April 30, 2012

By: /s/ Alison K. Engel  
Alison K. Engel  
Senior Vice President/Chief Financial Officer and  
Treasurer (Principal Financial Officer)

April 30, 2012

By: /s/ Michael N. Lavey  
Michael N. Lavey  
Vice President/Controller  
(Principal Accounting Officer)

## **EXHIBIT INDEX**

<b><u>Exhibit Number</u></b>	<b><u>Description</u></b>
31.1	Certification of Chief Executive Officer pursuant to Section 302 of the Sarbanes-Oxley Act of 2002
31.2	Certification of Chief Financial Officer pursuant to Section 302 of the Sarbanes-Oxley Act of 2002
32	Certification of Chief Executive Officer and Chief Financial Officer pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002
101.INS**	XBRL Instance Document
101.SCH**	XBRL Taxonomy Extension Schema Document
101.CAL**	XBRL Taxonomy Extension Calculation Linkbase Document
101.LAB**	XBRL Taxonomy Extension Label Linkbase Document
101.PRE**	XBRL Taxonomy Extension Presentation Linkbase Document
101.DEF**	XBRL Taxonomy Extension Definition Linkbase Document

## SECTION 302 CERTIFICATION

I, Robert W. Decherd, Chairman of the Board, President and Chief Executive Officer of A. H. Belo Corporation, certify that:

1. I have reviewed this quarterly report on Form 10-Q of A. H. Belo Corporation;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
  - a) designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
  - b) designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
  - c) evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
  - d) disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
  - a) all significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
  - b) any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: April 30, 2012

/s/ Robert W. Decherd

Robert W. Decherd  
Chairman of the Board, President and  
Chief Executive Officer

## SECTION 302 CERTIFICATION

I, Alison K. Engel, Senior Vice President/Chief Financial Officer of A. H. Belo Corporation, certify that:

1. I have reviewed this quarterly report on Form 10-Q of A. H. Belo Corporation;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
  - a) designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
  - b) designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
  - c) evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
  - d) disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
  - a) all significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
  - b) any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: April 30, 2012

/s/ Alison K. Engel

Alison K. Engel

Senior Vice President/Chief Financial Officer

CERTIFICATION PURSUANT TO  
18 U.S.C. SECTION 1350,  
AS ADOPTED PURSUANT TO  
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

In connection with the Quarterly Report of A. H. Belo Corporation (the “Company”) on Form 10-Q for the period ending March 31, 2012, as filed with the Securities and Exchange Commission on the date hereof (the “Report”), the undersigned, Robert W. Decherd, Chairman of the Board, President and Chief Executive Officer of the Company, and Alison K. Engel, Senior Vice President/Chief Financial Officer of the Company, each hereby certifies, pursuant to 18 U.S.C. § 1350, as adopted pursuant to § 906 of the Sarbanes-Oxley Act of 2002, that:

- (1) The Report fully complies with the requirements of section 13(a) or 15(d) of the Securities Exchange Act of 1934; and
- (2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

/s/ Robert W. Decherd

Robert W. Decherd  
Chairman of the Board, President and  
Chief Executive Officer  
April 30, 2012

/s/ Alison K. Engel

Alison K. Engel  
Senior Vice President/Chief Financial Officer  
April 30, 2012