

A. H. BELO CORPORATION

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

October 24, 2008

Dear Fellow Shareholders:

In April, I wrote to you about our new company and anticipated A. H. Belo Corporation's first year as a separate publicly-traded entity. I noted that it is important for me to communicate regularly about AHC's progress and followed up with a letter in July outlining our decision to restructure the Company's newspaper operations. A copy of my July letter can be accessed at www.ahbelo.com/investletter. It's hard to imagine that much more could have changed since then, both for our industry and the marketplace. This letter is meant to give you some insight into how AHC's Board and Management Committee have been working to respond to these external conditions, and how we currently see the next 18 months playing out – assuming market conditions remain fairly similar to today.

Let's begin with the positives. A. H. Belo owns great assets in local markets that will be strong over the long term, and the Company's brands, built on superior journalism over decades, enjoy a powerful presence in these markets. We have talented leaders who are totally dedicated to the Company's success and understand how critical it is that we do everything possible to achieve profitability at the soonest time possible – while maintaining AHC's ability to produce high-quality, proprietary content on a consistent basis. And, we have a balance sheet that will enable us to accomplish these goals.

The complexity of the task ahead is apparent to all of A. H. Belo's constituencies – shareholders, directors, senior leaders, employees at every level of the Company, and our readers and advertisers. Events of the past 10 weeks have bound together these constituencies to a greater extent than at any time in memory, as cyclical economic forces have amplified the newspaper industry's secular challenges. We can and will succeed by acting in a coordinated fashion that serves the Company's best interests.

Here's what we're doing. The Board and Management Committee have undertaken numerous initiatives on parallel paths to construct a new business model for A. H. Belo that recognizes the secular changes underway in our industry and takes full advantage of our existing assets. This process is well underway and will likely take several more months to complete. Both internal and external resources are being used in support of these initiatives.

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More immediately, there is an intense focus on preserving core revenues and growing new revenue streams – both in print and online – that are incremental and sustainable. The launch of *Briefing* by *The Dallas Morning News* in August and the Company's recently-announced investment and operating agreement with ResponseLogix are examples of these efforts. We have also implemented broad-based expense controls resulting in savings in excess of \$50 million on an annualized basis, or 7 percent of last year's total expenses.

The Management Committee is giving daily attention to the balance sheet with particular emphasis on capital expenditures, real estate monetization and the evolution of dividend policy as directed by the Board. We are actively and constructively discussing AHC's future working capital needs with our bank group to ensure that the Company has the flexibility necessary to implement its evolving business plan. And, we continue to make selective investments in new business opportunities that build off of AHC's core assets and competencies, and that may have applicability in markets beyond ours.

Specifically, some of the key actions taken or initiated since July include:

- Executive vice presidents Jim Moroney and Skip Cass are jointly heading a Company-wide effort to improve our sales force effectiveness and go-to-market capabilities in meaningful ways. With core advertising revenue continuing to decline, this effort is the single most important factor in stabilizing core revenue over the intermediate term and developing new revenue streams both in print and online.
- AHC's digital and online efforts are focused on complementing the Company's impression-based products in ways that deliver demonstrable return on investment for advertisers. As mentioned above, we are in the process of rolling out ResponseLogix, a lead-based management solution that allows auto dealers to follow up and track Internet and telephone sales leads from the first point of customer contact through purchase. AHC's participation in the Yahoo! Newspaper Consortium is also beginning to yield results as we implement Yahoo!'s behavioral targeting capabilities. This advertising platform allows AHC to offer targeting on our own sites in addition to selling targeted online advertising to local audiences on Yahoo!'s sites. Already in 2008, DallasNews.com has driven nearly \$1 million in incremental revenue in early-phase selling using Yahoo!'s behavioral targeting tools; full installation of these Yahoo! tools is expected to occur in all AHC markets by year end.
- We are optimistic that the dramatic run-up in newsprint prices spurred by the merger of Abitibi and Bowater in late 2007 has run its course, and that total newsprint expense in 2009 should be lower as a result of better pricing and a wide range of newsprint reduction initiatives at AHC newspapers.

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- The voluntary severance offer made at AHC's newspapers in July resulted in the departure of 412 employees and annual expense savings of approximately \$24 million. The subsequent reduction in force will be completed soon, and will result in approximately 90 fewer employees and savings of approximately \$5 million annually. All employment expense reductions in 2008, taken as a whole, have reduced the size of our workforce by 13 percent and cut employment expense by approximately \$30 million on an annualized basis. Additional savings will be realized as a result of adjustments to the Company's various benefits plans, effective January 1, 2009.
- Going forward, the Board has agreed on a compensation philosophy that freezes salaries at current levels for most employees effective November 1, 2008. There may be modest salary increases for selected personnel, as approved by a member of the Management Committee. Bonus opportunities for 2009 will be focused almost exclusively on revenue goals at every level of the Company.
- For 2008, bonuses calculated under the Incentive Plan and the Performance Plan will mostly reflect the achievement of expense reduction targets. These bonus opportunities affect key management personnel who did not receive guaranteed bonuses as part of the spin-off from Belo Corp. in February. I will decline my bonus calculated under the Incentive Plan. The bonus pools established for each AHC operating company in place of the across-the-board bonus plan under Belo Corp. will be used sparingly and very judiciously.
- The 2 percent profit-related contribution to employees' individual 401(k) accounts will be suspended effective January 1, 2009 and will be reconsidered when AHC returns to profitability. The Company's 401(k) match of up to 6 percent of employees' base salaries will remain in place for 2009.
- The Board of Directors proposes to reduce director fees by 20 percent effective at the 2009 Annual Meeting, which is the time such compensation is set for the ensuing year.
- The Management Committee is reviewing again projected capital spending plans and we believe that capital expenditures can be brought to \$18 million or less in 2009 and 2010.
- In its review of dividend policy at its regular September meeting, the Board of Directors discussed the likelihood that the dividend will need to be suspended to preserve cash, while reaffirming its commitment to AHC being a dividend-paying company over the intermediate to long term. An amendment to AHC's bank credit agreement announced today precludes the declaration of a dividend for the near term; more detail about this amendment is contained in our press release posted on www.ahbelo.com.

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- We've selected CB Richard Ellis, a prominent national real estate firm, to recommend options for monetizing AHC real estate in Dallas and Providence that is unrelated to daily operations or can be included in a strategic plan to modify where daily operations take place. This will be a longer process than other initiatives we've undertaken, but should result in some property sales in 2009.

The Board and Management Committee are steering carefully between changing long-standing operating protocols and ensuring AHC's continued ability to achieve and maintain competitive advantage in its markets. Accomplishing this balance is the best course to profitability, the restoration of shareholder value, and the perpetuation of distinctive journalism at A. H. Belo's newspapers and Web sites that serve our fellow citizens. As always, we appreciate your support of these important joint objectives. I'll stay in touch over the weeks and months ahead.



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

Such risks, uncertainties and factors include, but are not limited to, changes in capital market conditions and prospects, and other factors such as changes in advertising demand, interest rates, and newsprint prices; newspaper circulation 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, and on schedule, and resulting potential effects on operations; technological changes; development of Internet commerce; industry cycles; changes in pricing or other actions by competitors and suppliers; regulatory, tax and legal changes; adoption of new accounting standards or changes in existing accounting standards by the Financial Accounting Standards Board or other accounting standard-setting bodies or authorities; the effects of Company acquisitions, dispositions, co-owned ventures, and investments; general economic conditions; significant armed conflict; and other factors beyond our control, as well as other risks described on Form 10-K and other public disclosures and filings with the Securities and Exchange Commission.

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Dear Colleagues:

I've sent a letter to the Company's shareholders today describing how the Board of Directors and Management Committee are responding to the ongoing challenges in the newspaper industry and recent shocks to the U. S. economy, and their impacts on A. H. Belo. You can access this letter at www.ahbelo.com. Please take time to read the letter carefully since it is vitally important that all of us are united behind what A. H. Belo needs to do as a Company to maintain its strong businesses, practice outstanding journalism both in print and online, and flourish over the intermediate to long term. As I reported to the Board at its September meeting, we have a good plan for managing through this complex challenge; we have the right teams in place throughout the Company; and, while we cannot control external factors affecting the newspaper business generally, we can discern competitive conditions in our local markets and respond accordingly.

All of you know that none of this is easy and that many of our fellow employees have left A. H. Belo recently, either through the voluntary severance offer last month or the reductions in force that will be completed soon. I thank each and every one of them for their service to our great newspapers and to our communities, and join you in wishing them the best in their future endeavors. We have worked hard to complete these difficult changes to our workforce in as sensitive a manner as possible.

The members of the Management Committee are deeply involved in balancing the imperative of cost reductions with the long term needs of A. H. Belo's newspapers and related businesses. We recognize that the current economic environment is one that inevitably creates anxiety for each of our colleagues and for our communities. So, it is important to look out for one another and to believe, as I do, that by working together we can navigate this period in a way that reflects our Company's values, engages us in the pursuit of important community goals, and returns A. H. Belo to profitability at the soonest time possible.

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This balancing means that every part of the Company's cost structure has to be modified, and there are several decisions mentioned in my shareholder letter that affect all of us as employees and deserve further description. These include:

- Effective November 1, salaries will be frozen at current levels in most instances until the Company returns to profitability. Appropriate steps will be taken to review pay protocols in specific locations. As to the freeze, most of A. H. Belo's peer companies have taken similar action, or have reported they are considering doing so. Many other industries have frozen or reduced wages in response to our country's economic turmoil. When we are able to resume making salary increases, there will be a process which ensures that everyone is treated fairly relative to your employment anniversary date and the timing of your most recent salary review.
- As noted in my shareholder letter, modest wage increases may be made in special circumstances approved by a member of the Management Committee.
- You will recall that A. H. Belo instituted new bonus plans when the Company was spun off from Belo Corp. in February. We will calculate any bonus attainment for 2008 plan participants in accordance with those plans' guidelines which were communicated earlier this year, and bonus pools will be established at each newspaper to recognize outstanding individual performance in this year's difficult operating environment. For 2009, the same bonus plans will be in effect but will reflect current market conditions and focus almost entirely on revenue generation.
- The Company's 401(k) Plan will continue to match your contributions to your individual retirement account up to 6 percent of your base salary. This Company match is at the high end of similar retirement plans. Until A. H. Belo returns to profitability, the additional 2 percent contribution to your 401(k) account will be suspended since this additional contribution is related to the Company's financial success. The Board of Directors will determine the timing and amount of any additional contribution above 6 percent when we are profitable again.
- Earlier this week, you received a summary of changes to A. H. Belo's health benefit plans as part of the annual open enrollment process. We will incur a 3 percent rise in monthly premium deductions for the Blue Cross Blue Shield plan, which is lower than estimated increases in healthcare costs nationally next year of 6-7 percent. Modifications to the plan design include an increase in deductibles but also feature the elimination of the premium prescription buy-up option in favor of changes to the basic prescription plan, which is now included in your total healthcare premium.

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- Overall, our Human Resources team has done a great job of controlling costs while enhancing certain aspects of the plan. You can access a detailed description of plan design changes at www.belobenefits.com.
- I have encouraged the Management Committee and their direct reports to emphasize “return on effort” as we think about organizational activities in relation to planning for 2009. The result is that we are deferring or eliminating many tasks. One important initiative that was announced earlier this year, and will now be deferred, is the creation of a common review cycle for performance appraisals. We continue to believe that this is a very positive concept, but accomplishing this change will require a great deal of effort that can be better applied in other areas at present. We’ll be back to you sometime next year with a new schedule for implementing a common review cycle. Until then, appraisals should be continued on a timely basis in accordance with past practice.
- Reductions in employment levels at A. H. Belo’s core businesses will be somewhat offset by employment increases associated with investments that can generate sustainable, incremental revenue for our Company. The pursuit of such opportunities lead to the recent announcement of the Employee Referral Program that engages all of us in recruiting the talent needed to populate A. H. Belo’s new businesses.

Despite the pressures A. H. Belo is feeling, many aspects of being a part of our team are very positive, and it is important to keep these in mind as we address the challenges presented by the U. S. economy over the next 18-24 months. We have the attributes as a Company to work through these challenges and be in a position to flourish thereafter. The most encouraging news is that our local audience reach continues to grow and we continue to expand our local audience base through existing newspaper circulation and the added reach of online and niche products – a fact that receives little or no attention from industry pundits and financial analysts. While we realize that print circulation has declined, the more serious dilemma our industry faces is that advertising models have not completely kept up with our proven ability to grow new audiences, especially as advertisers are now afforded many more options in terms of how and where to spend their marketing dollars. This is particularly true in the classified advertising categories, where robust online options now effectively compete for dollars that were once almost exclusively the domain of local newspapers.

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While we can't ignore these shifts in our business models and the serious impact they exert on our operations, I want to assure you the Management Committee is intensely focused on pursuing key growth strategies that, in many cases, represent opportunities that are unique to a company like A. H. Belo Corporation.

In upcoming months, you'll begin to see an even greater focus on products and business models that allow us to attract advertiser revenues that more closely align with and recognize our ability to reach new audiences. The roll-out of *Briefing* in Dallas allows us to reach audiences whose schedules do not afford them the time to read and subscribe to the much more complete version of *The Dallas Morning News*. Initial results from both audiences and advertisers are promising.

We're also in the process of rolling out new digital and online products for current advertisers. Spending patterns among local businesses show that they are now allocating some portion of their advertising and marketing dollars to products other than display and classified advertising. Consequently, we're in the process of offering our customers the chance to complement their existing ad buys with new offerings such as behavioral targeting and more targeted e-mail and direct mail opportunities coupled with marketing solutions that focus on generating customer leads. This enables advertisers to follow up with interested customers and help those customers more easily make a purchase.

At the same time, you're going to see us push to expand the number of local advertisers with whom we do business. As our newspapers grew print circulation over the years, and ad rates increased to reflect those circulation increases, many local businesses could no longer afford to purchase ads in our papers regularly – nor could we afford to have sales people call on these businesses given their expenditure levels. Fortunately, the growth in the number of online and digital products we now offer, coupled with advances in technology, allows us to reconnect with those small and medium-sized businesses through a variety of self-serve, telemarketing and targeted in-person sales call options – a combination no other local or national competitor can easily match. In the very near future, advertisers of all sizes will have the ability to electronically place in-paper and online ads with us, which is a convenience we do not offer today.

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A. H. Belo can pursue new advertisers and new products strategies as aggressively and successfully as we've shown we can deliver new audiences through distribution channels such as the Internet, and now mobile applications. Most companies would like to possess many of our attributes, including the ability to expand audience reach and the underlying brand equity and relationships that make that growth possible. On top of this, we continue to possess the greatest number of local content and sales resources in the markets we serve. In certain instances, the resources we devote to local content creation are greater than those of all of our local competitors combined. Even as we work to streamline and focus to best reflect audience shifts and the economic realities that accompany those changing patterns, no other local organization comes close to matching the combined quality, size and depth of our newsgathering, sales and marketing organizations. And for A. H. Belo, that represents long-term opportunities if pursued with the appropriate discipline, prioritization and foresight.

I want to thank each and every one of you for staying the course in very uncertain times. What we are trying to accomplish as a company is truly worthy. I'm proud to be in the fight with you.

Robei Deckerd