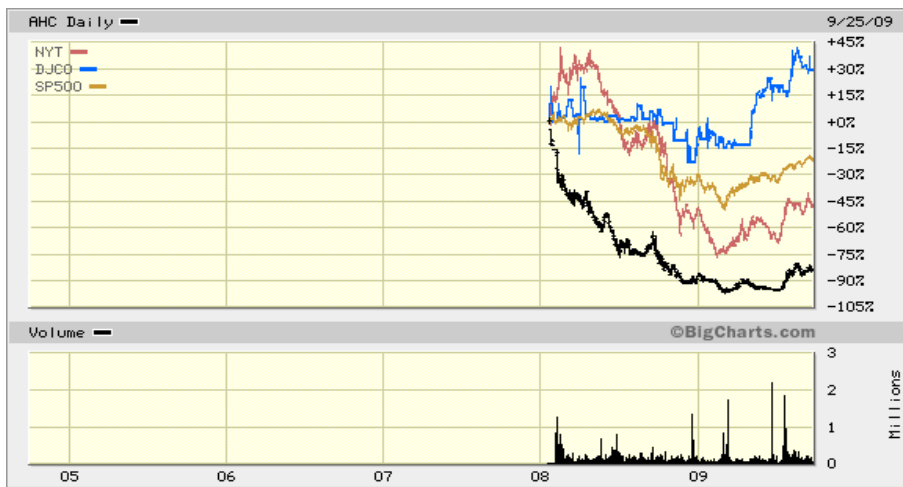


A. H. Belo Corporation (AHC) 9/26/09

AHC operates as a news and communications company in the US. The company owns several newspapers including; The Dallas Morning News, The Providence Journal, and The Press Enterprise. The company also engages in direct mail, printing businesses, and operates several websites including; cars.com, apartments.com, and homeagain.com. AHC was founded in 1842 and is headquartered in Dallas, Texas.

Current Price	\$3.12
52 Week High	\$6.99
52 Week Low	\$0.59
One Yr Target	\$3.50
Market Cap (in billions)	\$0.64
P/E (Trailing)	n/a
P/E(1 Yr Forward)	n/a
P/E/G	n/a
ROA	-31.22%
ROE	-41.96%
EPS	-\$7.83
Beta	1.87
Annualized Dividend	\$0.50
Dividend Yield	16.03%
Analyst Consensus	2.00
Debt to Equity	n/a



Annual EPS

2005	\$2.72	
2006	\$0.74	-72.79%
2007	-\$16.97	-2393.24%
2008	-\$3.04	82.09%
2009E	-\$7.83	-157.57%

Annual Revenue (in millions)

2005	\$822.34	
2006	\$817.73	-0.56%
2007	\$738.67	-9.67%
2008	\$637.31	-13.72%

Annual Net Income (in millions)

2005	\$47.82	
2006	\$15.18	-68.26%
2007	-\$347.01	-2385.97%
2008	-\$62.30	82.05%

Free Cash Flows (in millions)

2005	\$38.35	
2006	-\$18.86	-149.18%
2007	\$21.03	211.51%
2008	\$10.84	-48.45%

Required Rate of Return

15.56%

Dividend Growth Model

Present Value of 2014 Price	\$6.90
Holding Period Return (5 years)	46.74%

Expected Annualized Return Model

Present Value of 2014 Price	n/a
Holding Period Return (5 years)	n/a

Residual Income Model

Intrinsic Stock Price	\$7.92
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Analysis

Positives

Very good dividend yield

Undervalued according to the DG and RI valuation models

Negatives

Most financial ratios are very poor, with the exception of dividend yield

Revenue streams for the past several years have been on the decline

Financial Statements

Balance Sheet is actually pretty strong and equity increased in the most recent year

Income Statement is poor with EPS, Revenue, and Net Income all declining for several years

Cash Flows are volatile but are positive in the most recent year

Industry Analysis

Company is the smallest in the industry

Company has poor financial ratios, but are in line with rest of the industry

Summary

AHC has been beaten down in recent years, no doubt associated with the economic recession. This can be seen in its recent poor financial ratios and declining Income Statement numbers. Even with these troubles though AHC has done a nice job of paying off some debts and keeping its equity up. The two applicable valuation models both say that the current stock price is undervalued and easily clears the required rate of return. It's good that AHC has some other revenue streams besides newspapers, but the real question on AHC's stock is whether newspaper revenues will return with the economy. While that very well may be so, it could also be possible that their customers have become acclimated to living without a paper and getting their information from other sources. So while AHC should see increased revenues when the economy turns, its long term growth may not look so great. For this concern AHC earns a **hold** rating.