

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, 2003

OR

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

Commission File No. 1-8598

Belo Corp.

(Exact name of registrant as specified in its charter)

Delaware

*(State or other jurisdiction of
incorporation or organization)*

75-0135890

*(I.R.S. employer
identification no.)*

P. O. Box 655237

Dallas, Texas

(Address of principal executive offices)

75265-5237

(Zip code)

Registrant's telephone number, including area code: **(214) 977-6606**

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 is an accelerated filer (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.

<u>Class</u>	<u>Outstanding at April 30, 2003</u>
Common Stock, \$1.67 par value	113,059,914*

* Consisting of 96,418,523 shares of Series A Common Stock and 16,641,391 shares of Series B Common Stock.

BELO CORP.
FORM 10-Q
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PART I.

Item 1. Financial Statements

CONSOLIDATED CONDENSED STATEMENTS OF EARNINGS

Belo Corp. and Subsidiaries

Three months ended March 31,

<i>In thousands, except per share amounts (unaudited)</i>	2003	2002
Net Operating Revenues	\$ 322,369	\$ 319,857
Operating Costs and Expenses		
Salaries, wages and employee benefits	128,337	123,105
Other production, distribution and operating costs	90,052	88,919
Newsprint, ink and other supplies	27,047	28,869
Depreciation	23,187	24,319
Amortization		<u>2,087</u>
		<u>1,642</u>
Total operating costs and expenses	<u>270,710</u>	<u>266,854</u>
Earnings from operations	51,659	53,003
Other Income and Expense		
Interest expense	(23,800)	(28,293)
Other income (expense), net	<u>(2,452)</u>	<u>2,202</u>
Total other income and expense	(26,252)	(26,091)
Earnings		
Earnings before income taxes	25,407	26,912
Income taxes	<u>9,785</u>	<u>10,148</u>
Net earnings	<u>\$ 15,622</u>	<u>\$ 16,764</u>
Net Earnings Per Share		
Basic	\$.14	\$.15
Diluted	\$.14	\$.15
Average Shares Outstanding		
Basic	112,829	110,805
Diluted	114,175	112,297
Cash Dividends Declared Per Share	\$.075	\$.075

See accompanying Notes to Consolidated Condensed Financial Statements.

CONSOLIDATED CONDENSED BALANCE SHEETS

Belo Corp. and Subsidiaries

<i>In thousands, except share and per share amounts (Current year unaudited)</i>	March 31, 2003	December 31, 2002	
Assets			
Current assets:			
Cash and temporary cash investments	\$ 35,324	\$ 34,695	
Accounts receivable, net	207,791	235,710	
Other current assets	<u>49,920</u>	<u>50,046</u>	
Total current assets	293,035	320,451	
Property, plant and equipment, net	552,240	565,114	
Intangible assets, net	1,369,529	1,371,231	
Goodwill, net	1,255,262	1,255,262	
Other assets	<u>102,905</u>	<u>102,520</u>	
Total assets	<u>\$ 3,572,971</u>	<u>\$ 3,614,578</u>	
Liabilities and Shareholders' Equity			
Current liabilities:			
Accounts payable	\$ 48,479	\$ 66,173	
Accrued expenses	82,737	100,417	
Other current liabilities	<u>59,708</u>	<u>49,576</u>	
Total current liabilities	190,924	216,166	
Long-term debt	1,412,725	1,441,200	
Deferred income taxes	413,618	407,734	
Other liabilities	131,774	136,248	
Shareholders' equity:			
Preferred stock, \$1.00 par value. Authorized 5,000,000 shares; none issued.			
Common stock, \$1.67 par value. Authorized 450,000,000 shares			
Series A: Issued 96,281,805 shares at March 31, 2003 and 96,076,672 shares at December 31, 2002	160,791	160,448	
Series B: Issued 16,654,727 shares at March 31, 2003 and 16,681,619 shares at December 31, 2002	27,813	27,858	
Additional paid-in capital	880,248	877,007	
Retained earnings		403,640	396,479
Accumulated other comprehensive income	<u>(48,562)</u>	<u>(48,562)</u>	
Total shareholders' equity	<u>1,423,930</u>	<u>1,413,230</u>	
Total liabilities and shareholders' equity	<u>\$ 3,572,971</u>	<u>\$ 3,614,578</u>	

See accompanying Notes to Consolidated Condensed Financial Statements.

CONSOLIDATED CONDENSED STATEMENTS OF CASH FLOWS

Belo Corp. and Subsidiaries

*Three months ended March 31,**In thousands (unaudited)*

	2003	2002
Operations		
Net earnings	\$ 15,622	\$ 16,764
Adjustments to reconcile net earnings to net cash provided by operations:		
Net gain on sale of investments	---	(1,841)
Depreciation and amortization	25,274	25,961
Deferred income taxes	3,379	78
Pension contribution	(8,000)	---
Non-cash expenses	6,814	3,478
Equity loss from partnerships	2,941	454
Other, net	(1,547)	1,621
Net change in current assets and liabilities:		
Accounts receivable	27,545	26,962
Other current assets	350	13,095
Accounts payable	(17,694)	(13,772)
Accrued expenses	(18,935)	2,750
Other current liabilities	<u>13,988</u>	<u>13,893</u>
Net cash provided by operations	49,737	89,443
Investments		
Capital expenditures	(10,692)	(6,958)
Acquisitions	---	(18,000)
Proceeds from sale of investments	---	27,000
Other investments	(2,837)	(9,487)
Other, net	<u>822</u>	<u>(483)</u>
Net cash used for investments	(12,707)	(7,928)
Financing		
Borrowings of debt	191,025	200,575
Repayments of debt	(219,500)	(294,375)
Payment of dividends on stock	(8,461)	(8,285)
Net proceeds from exercise of stock options	981	13,983
Other	<u>(446)</u>	<u>2,990</u>
Net cash used for financing	(36,401)	(85,112)
Net increase (decrease) in cash and temporary cash investments	629	(3,597)
Cash and temporary cash investments at beginning of period	<u>34,695</u>	<u>35,913</u>
Cash and temporary cash investments at end of period	<u>\$ 35,324</u>	<u>\$ 32,316</u>
Supplemental Disclosures		
Interest paid, net of amounts capitalized	\$ 12,212	\$ 12,375
Income taxes paid, net of refunds	<u>\$ 8,033</u>	<u>\$ (1,418)</u>

See accompanying Notes to Consolidated Condensed Financial Statements.

NOTES TO CONSOLIDATED CONDENSED FINANCIAL STATEMENTS

Belo Corp. and Subsidiaries

(in thousands, except per share amounts)

- (1) The accompanying unaudited consolidated condensed financial statements of Belo Corp. and subsidiaries (the "Company" or "Belo") have been prepared in accordance with generally accepted accounting principles for interim financial information and in accordance with the 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 generally accepted accounting principles for complete financial statements. The balance sheet at December 31, 2002 has been derived from the audited consolidated financial statements at that date but does not include all of the information and footnotes required by generally accepted accounting principles for complete financial statements.

In the opinion of management, all adjustments (consisting of normal recurring accruals) considered necessary for a fair presentation have been included. Operating results for the three-month period ended March 31, 2003 are not necessarily indicative of the results that may be expected for the year ending December 31, 2003. For further information, refer to the consolidated financial statements and footnotes thereto included in the Company's Annual Report on Form 10-K for the year ended December 31, 2002.

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

- (2) The following table sets forth the reconciliation between weighted average shares used for calculating basic and diluted earnings per share for the three months ended March 31, 2003 and 2002:

	<u>2003</u>	<u>2002</u>
Weighted average shares for basic earnings per share	112,829	110,805
Effect of employee stock options	<u>1,346</u>	<u>1,492</u>
<u>Weighted average shares for diluted earnings per share</u>	<u>114,175</u>	<u>112,297</u>

- (3) The Company has adopted the disclosure-only provisions of SFAS No. 123, "Accounting for Stock-Based Compensation" and SFAS No. 148, "Accounting for Stock-Based Compensation – Transition and Disclosure – an Amendment of FASB Statement No. 123" and continues to apply APB Opinion No. 25 in accounting for its stock-based compensation plans. Because it is Belo's policy to grant stock options at the market price on the date of grant, the intrinsic value is zero, and therefore no compensation expense is recorded. The Company plans to begin recording compensation expense for stock options once accounting standard-setting bodies have issued final accounting standards.

The following table illustrates the effect on net earnings and net earnings per share if the Company had applied the fair value recognition provisions of SFAS No. 123 for the three months ended March 31, 2003 and 2002:

	<u>2003</u>	<u>2002</u>
Net earnings, as reported	\$ 15,622	\$ 16,764
Less: Stock-based compensation expense determined under fair value-based method, net of tax	<u>3,027</u>	<u>3,413</u>
<u>Net earnings, pro forma</u>	<u>\$ 12,595</u>	<u>\$ 13,351</u>
Per share amounts:		
Basic net earnings per share, as reported	\$ <u>.14</u>	\$ <u>.15</u>
Basic net earnings per share, pro forma	\$ <u>.11</u>	\$ <u>.12</u>
Diluted net earnings per share, as reported	\$ <u>.14</u>	\$ <u>.15</u>

For purposes of pro forma disclosures, the estimated fair value of the options is amortized to expense over the options' vesting periods. The pro forma information presented above is not necessarily indicative of the effects on reported or pro forma net earnings for future years.

- (4) Net operating revenues, operating costs and expenses and earnings from operations by industry segment are shown below.

	Three months ended March 31, 2003		
	Net Operating Revenues	Operating Costs and Expenses	Earnings from Operations
Television Group	\$ 141,560	\$ 103,164	\$ 38,396
Newspaper Group	171,310	142,636	28,674
Interactive Media	5,192	8,312	(3,120)
Other	4,307	5,193	(886)
Corporate	---	11,405	(11,405)
Total	<u>\$ 322,369</u>	<u>\$ 270,710</u>	<u>\$ 51,659</u>

	Three months ended March 31, 2002		
	Net Operating Revenues	Operating Costs and Expenses	Earnings from Operations
Television Group	\$ 140,611	\$ 100,733	\$ 39,878
Newspaper Group	171,459	141,867	29,592
Interactive Media	3,994	7,802	(3,808)
Other	3,793	5,034	(1,241)
Corporate	---	11,418	(11,418)
Total	<u>\$ 319,857</u>	<u>\$ 266,854</u>	<u>\$ 53,003</u>

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

(dollars in thousands, except per share amounts)

The Company is an owner and operator of 19 television stations and publisher of four daily newspapers. The following table sets forth the Company's major media assets by segment as of March 31, 2003:

<i>Television Group</i>						
<i>Market</i>	<i>Market Rank</i> ^(a)	<i>Station</i>	<i>Network Affiliation</i> ^(b)	<i>Status</i>	<i>Acquired</i>	
Dallas/Fort Worth	7	WFAA	ABC	Owned	March 1950	
Houston	11	KHOU	CBS	Owned	February 1984	
Seattle/Tacoma	12	KING	NBC	Owned	February 1997	
Seattle/Tacoma	12	KONG	IND	Owned	March 2000	
Phoenix	16	KTVK	IND	Owned	November 1999	
Phoenix	16	KASW	WB	Owned	March 2000	
St. Louis	22	KMOV	CBS	Owned	June 1997	
Portland	23	KGW	NBC	Owned	February 1997	
Charlotte	28	WCNC	NBC	Owned	February 1997	
San Antonio	37	KENS	CBS	Owned	October 1997	
San Antonio	37	KBEJ	UPN	LMA	(c)	
Hampton/Norfolk	41	WVEC	ABC	Owned	February 1984	
New Orleans	42	WWL	CBS	Owned	June 1994	
Louisville	50	WHAS	ABC	Owned	February 1997	
Austin	54	KVUE	ABC	Owned	June 1999	
Tucson	74	KMSB	FOX	Owned	February 1997	
Tucson	74	KTTU	UPN	Owned	March 2002 ^(d)	
Spokane	79	KREM	CBS	Owned	February 1997	
Spokane	79	KSKN	WB	Owned	October 2001	
Boise ^(e)	124	KTVB	NBC	Owned	February 1997	

<i>Newspaper Group</i>				
<i>Newspaper</i>	<i>Location</i>	<i>Acquired</i>	<i>Daily Circulation</i> ^(g)	<i>Sunday Circulation</i> ^(g)
<i>The Dallas Morning News ("DMN")</i>	Dallas, TX	(f)	533,567	786,594
<i>The Providence Journal ("PJ")</i>	Providence, RI	February 1997	165,628	233,591
<i>The Press-Enterprise ("PE")</i>	Riverside, CA	July 1997	188,091	190,773
<i>Denton Record-Chronicle</i>	Denton, TX	June 1999	13,737	17,310

<i>Interactive Media</i>	
Belo Interactive, Inc.	Includes the Web site operations of Belo's operating companies, interactive alliances and Internet-based products and services. ^(h)

<i>Other</i>	
NorthWest Cable News ("NWCN")	Cable news channel distributed to over 2.0 million homes in the Pacific Northwest.
Texas Cable News ("TXCN")	Cable news channel distributed to over 1.5 million homes in Texas.

- (a) Market rank is based on the relative size of the television market, or Designated Market Area ("DMA"), among the 210 generally recognized DMAs in the United States, based on November 2002 Nielsen estimates.
- (b) Substantially all the revenue of the Company's television stations is derived from advertising. Less than 4 percent of Television Group revenue is provided by compensation paid by networks to the television stations for broadcasting network programming.
- (c) Belo entered into an agreement to operate KBEJ under a local marketing agreement ("LMA") in May 1999; the station's on-air date was August 3, 2000.
- (d) Belo acquired KTTU, previously operated under an LMA, on March 12, 2002.
- (e) The Company also owns KTFT-LP (NBC), a low power television station in Twin Falls, Idaho.
- (f) The first issue of *DMN* was published by Belo on October 1, 1885.
- (g) Average paid circulation data is for the six months ended March 31, 2003, according to the Audit Bureau of Circulation's FAS-FAX report, except for the *Denton Record-Chronicle*, for which circulation data is taken from the Certified Audit of Circulations Report for the twelve-month period ended December 31, 2002.
- (h) The majority of Belo Interactive's Web sites are associated with the Company's television stations and newspapers and primarily provide news and information.

Results of Operations

Consolidated Results of Operations

Total net operating revenue increased \$2,512, or approximately 1 percent, from \$319,857 in the first quarter of 2002 to \$322,369 in the first quarter of 2003. Revenue increases of \$1,198 in Interactive Media, \$949 in the Television Group and \$514 in Other were slightly offset by a \$149 decrease in the Newspaper Group.

Salaries, wages and employee benefits expense increased \$5,232, or 4.3 percent, in the first quarter of 2003 as compared to the prior year period primarily due to increases of \$2,305 in pension expense and \$1,048 in medical insurance expense.

Other production, distribution and operating costs increased \$1,133, or 1.3 percent, in the first quarter of 2003 as compared to the first quarter of 2002 primarily due to increases in outside solicitation (\$596), distribution (\$582) and professional and industry development (\$495) expenses, partially offset by decreases in advertising and promotion (\$637) costs.

Newsprint, ink and other supplies decreased \$1,822, or 6.3 percent, in the first quarter of 2003 as compared to the year earlier period. The average cost per metric ton of newsprint decreased approximately 5 percent in the first quarter of 2003 when compared to the first quarter of 2002. Newsprint consumption increased less than 1 percent in the first quarter of 2003 as compared to the same period of 2002.

Depreciation expense decreased \$1,132, from \$24,319 in the first quarter of 2002 to \$23,187 in the first quarter of 2003.

Amortization expense increased from \$1,642 in the first quarter of 2002 to \$2,087 in first quarter of 2003 due to the acquisition of KTTU-TV in March 2002.

Interest expense for the first quarter of 2003 of \$23,800 was 15.9 percent lower than the first quarter of 2002 expense of \$28,293, due to lower average debt levels and lower weighted average interest rates.

Other income (expense), net decreased from income of \$2,202 in the first quarter of 2002 to expense of \$2,452 in the first quarter of 2003 due primarily to a loss of \$2,700 from Belo's equity ownership in partnerships with Time Warner Cable in the first quarter of 2003 compared with a loss of \$190 in the first quarter of 2002. The Charlotte and Houston cable news channels commenced operations in June 2002 and December 2002, respectively. In addition, the Company recorded a gain of \$2,375 on the sale of Belo's interest in the Dallas Mavericks and the American Airlines Center in the first quarter of 2002.

The effective tax rate for the first quarter of 2003 was 38.5 percent compared with 37.7 percent for the first quarter of 2002.

As a result of the factors discussed above, net earnings for the first quarter of 2003 were \$15,622 (14 cents per share) as compared to \$16,764 (15 cents per share) for the first quarter of 2002.

Segment Results of Operations

Three months ended March 31, 2003					
	Net Operating Revenues	Operating Costs and Expenses	Earnings from Operations ^(a)	Depreciation and Amortization	EBITDA ^(a)
Television Group	\$ 141,560	\$ 103,164	\$ 38,396	\$ 10,813	\$ 49,209
Newspaper Group	171,310	142,636	28,674	11,877	40,551
Interactive Media	5,192	8,312	(3,120)	876	(2,244)
Other	4,307	5,193	(886)	609	(277)
Corporate	---	11,405	(11,405)	1,099	(10,306)
Total	<u>\$ 322,369</u>	<u>\$ 270,710</u>	<u>\$ 51,659</u>	<u>\$ 25,274</u>	<u>\$ 76,933</u>

Three months ended March 31, 2002					
	Net Operating Revenues	Operating Costs and Expenses	Earnings from Operations ^(a)	Depreciation and Amortization	EBITDA ^(a)
Television Group	\$ 140,611	\$ 100,733	\$ 39,878	\$ 11,743	\$ 51,621
Newspaper Group	171,459	141,867	29,592	11,883	41,475
Interactive Media	3,994	7,802	(3,808)	859	(2,949)
Other	3,793	5,034	(1,241)	572	(669)
Corporate	---	11,418	(11,418)	904	(10,514)
Total	<u>\$ 319,857</u>	<u>\$ 266,854</u>	<u>\$ 53,003</u>	<u>\$ 25,961</u>	<u>\$ 78,964</u>

(a) All references in this Form 10-Q to EBITDA and to its component, operating costs and expenses before depreciation and amortization, are references to non-GAAP financial measures. EBITDA is defined as net earnings before interest, income taxes, depreciation, amortization and other income (expense), net. From the Company's Consolidated Statements of Earnings, EBITDA can be computed as earnings from operations plus depreciation and amortization as shown in the table above, and also can be computed as net operating revenues less operating costs and expenses before depreciation and amortization. EBITDA is not a measure of financial performance under accounting principles generally accepted in the United States. Accordingly, it should not be considered as a substitute for net earnings, operating income, cash flow provided by operating activities or other income or cash flow data prepared in accordance with accounting principles generally accepted in the United States. Because EBITDA is not a measurement determined in accordance with GAAP and is thus susceptible to varying calculations, EBITDA as presented may not be comparable to other similarly titled measures of other companies. Management believes that EBITDA is useful as a supplemental measure of evaluating financial performance of the Company and its business segments because of its focus on the Company's results from operations before interest, income taxes, depreciation, amortization and other income (expense), net. EBITDA is a common alternative measure of performance used by investors, financial analysts and rating agencies to evaluate financial performance and estimate the fair value of a company. A reconciliation of EBITDA to earnings from operations, including information on depreciation and amortization, is set forth above.

Television Group

Television Group revenues were \$141,560 for the first quarter of 2003, an increase of \$949, or 0.7 percent, over first quarter 2002 revenue of \$140,611. Local spot revenues increased by \$2,624, or 3.3 percent, and national spot revenues increased by \$1,921, or 4.2 percent, in the first quarter of 2003 as compared to the prior year period. Local spot revenue increases in the Dallas/Fort Worth, St. Louis and Portland markets were partially offset by a decrease in the Seattle market. National spot revenue increases in Phoenix and Dallas/Fort Worth were partially offset by a decrease in the Portland market. Political advertising revenues were \$381 in the first three months of 2003 compared with \$4,194 in the same period of 2002. The first quarter of 2002 also included approximately \$9,000 of advertising revenues generated by the Company's NBC affiliates from the broadcast of the Winter Olympics.

Television Group operating costs and expenses before depreciation and amortization were 3.8 percent higher in the first quarter of 2003 when compared to the first quarter of 2002 primarily due to an increase in salaries, wages and employee benefits expense resulting from increases in pension expense and medical insurance expense. EBITDA for the Television Group decreased 4.7 percent in the first quarter of 2003 as compared to the prior year period. Total operating costs and expenses were 2.4 higher for the Television Group in the first quarter of 2003 than in the year earlier period and earnings from operations decreased 3.7 percent.

Newspaper Group

Newspaper Group total revenues and advertising revenues were flat in the first quarter of 2003 when compared with the first quarter of 2002. General, classified and retail advertising revenue declined 5.1 percent, 3.5 percent and 0.5 percent, respectively, in the first quarter of 2003 as compared to the same period of 2002. All other advertising revenue increased 8.1 percent in the first quarter of 2003 primarily due to an increase in revenue from preprints and Total Market Coverage (“TMC”).

At *DMN*, total revenue decreased 1.5 percent with a decrease of 1.6 percent in advertising revenue in the first three months of 2003 when compared to the same period of 2002. Classified advertising revenue declined 4.8 percent, primarily due to a 24.6 percent decline in classified employment revenues. Excluding classified employment, advertising revenues increased 1.6 percent in the first quarter of 2003. General and retail advertising revenues decreased 8.4 percent and 0.8 percent, respectively, in the first quarter of 2003 as compared to the prior year period while other advertising revenues increased 7.6 percent.

Total revenues at *PJ* increased 1.9 percent in the first quarter of 2003 as compared to the prior year period, with a 3.3 percent increase in advertising revenues. Revenue increases in preprints and TMC and retail advertising were partially offset by a decline in classified employment advertising.

PE reported an increase in total revenues of 3.3 percent and an increase in advertising revenues of 2.6 percent in the first quarter of 2003 when compared to the same period of 2002. Revenue increases in general advertising, classified advertising and preprints and TMC were offset somewhat by lower retail advertising revenues.

Newspaper Group total operating costs and expenses were 0.5 percent higher in the first quarter of 2003 than in the same period of 2002 primarily due to increases in pension expense and medical insurance expense. Earnings from operations for the Newspaper Group decreased 3.1 percent. Total operating costs and expenses before depreciation and amortization increased 0.6 percent in the first quarter of 2003 and EBITDA for the Newspaper Group decreased 2.2 percent.

Interactive Media and Other Segments

The Company continues to invest in its Interactive Media and regional cable news operations. Interactive Media revenues, which are derived primarily from advertising, increased 30 percent, from \$3,994 in the first quarter of 2002 to \$5,192 in the first quarter of 2003. Interactive Media total operating costs and expenses increased 6.5 percent in the first quarter of 2003 as compared with the prior year period due primarily to an increase in salaries, wages and employee benefits expense. As a result, the Interactive Media EBITDA deficit improved from \$2,949 in the first quarter of 2002 to \$2,244 in the first quarter of 2003. The Interactive Media loss from operations improved from \$3,808 in the first quarter of 2002 to \$3,120 in the first quarter of 2003.

Other revenues consist primarily of Belo’s regional cable news operations, NWCN and TXCN. Other revenues increased 13.6 percent, from \$3,793 in the first quarter of 2002 to \$4,307 in the first quarter of 2003, with revenue increases reported by both NWCN and TXCN. Total operating costs and expenses increased 3.2 percent in the first quarter of 2003 as compared to the prior year period. The EBITDA deficit improved from \$669 in the first quarter of 2002 to \$277 in the first quarter of 2003. The Other loss from operations improved 28.6 percent, from \$1,241 in the first quarter of 2002 to \$886 in the first quarter of 2003.

Liquidity and Capital Resources

Net cash provided by operations, bank borrowings and term debt are the Company's primary sources of liquidity. Net cash provided by operations was \$49,737 in the first quarter of 2003 compared with \$89,443 for the same period in 2002. Net cash provided by operations was lower in the first quarter of 2003 due to cash requirements for bonuses and income taxes and a contribution to the Company's defined benefit pension plan. The Company also used net cash provided by operations to fund capital expenditures and dividend payments. Total debt decreased \$28,475 from December 31, 2002 to March 31, 2003.

At March 31, 2003, Belo had \$1,100,000 in fixed-rate debt securities as follows: \$300,000 of 7-1/8 percent Senior Notes due 2007; \$350,000 of 8 percent Senior Notes due 2008; \$200,000 of 7-3/4 percent Senior Debentures due 2027; and \$250,000 of 7-1/4 percent Senior Debentures due 2027. The weighted average effective interest rate for the fixed-rate debt instruments is 7.5 percent. The Company also has \$150,000 of additional debt securities available for issuance under a shelf registration statement filed in April 1997.

At March 31, 2003, the Company had a \$720,000 variable-rate revolving credit facility under which borrowings were \$282,000. Borrowings under the credit facility mature upon expiration of the agreement on November 29, 2006. In addition, the Company had \$24,325 of short-term unsecured notes outstanding at March 31, 2003. These borrowings may be converted at the Company's option to revolving debt. Accordingly, such borrowings are classified as long-term in the Company's financial statements.

The Company is required to maintain certain ratios as of the end of each quarter, as defined in its revolving credit agreement. As of March 31, 2003, the Company was in compliance with all debt covenant requirements.

The Company paid first quarter 2003 dividends of \$8,461, or 7.5 cents per share, on Series A and Series B common stock outstanding, compared with \$8,285, or 7.5 cents per share, in the first quarter of 2002.

First quarter 2003 capital expenditures of \$10,692 were primarily for Television Group and Newspaper Group equipment purchases.

During 2000 and 2001, Belo announced the formation of a series of cable news partnerships with Time Warner Cable ("Time Warner"). The Time Warner agreements call for the creation of 24-hour cable news channels in Houston and San Antonio, Texas and Charlotte, North Carolina. As of December 31, 2002, investments totaling \$26,950 had been made related to the Time Warner partnerships, the majority of which will be used to fund capital expenditures and operating costs. No additional investments in the partnerships were made in the first quarter of 2003. The on-air dates of the news channels in Charlotte, Houston and San Antonio were June 14, 2002, December 12, 2002 and April 7, 2003, respectively.

In the first quarter of 2003, the Company made an \$8,000 contribution to its defined benefit pension plan. This contribution satisfies the Company's required minimum contribution for ERISA funding purposes which was to be made by September 2004. The Company expects to make additional voluntary contributions to the plan during 2003 of up to \$12,000.

Forward-Looking Statements

Statements in this Form 10-Q concerning the Company's business outlook or future economic performance, anticipated profitability, revenues, expenses, capital expenditures, investments, future financings or 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; technological changes; development of Internet commerce; industry cycles; changes in pricing or other actions by competitors and suppliers; regulatory 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 and dispositions; general economic conditions; and significant

armed conflict, as well as other risks detailed in the Company's filings with the Securities and Exchange Commission, including the Annual Report on Form 10-K and in the Company's periodic press releases.

Item 3. Quantitative and Qualitative Disclosures About Market Risk

Other than as disclosed, there have been no material changes in the Company's exposure to market risk from the disclosure included in Belo's report of Form 10-K for the fiscal year ended December 31, 2002.

Item 4. Controls and Procedures

Within the 90 days prior to the filing date of this report, the Company carried out an evaluation, under the supervision and with the participation of the Company's management, including the Company's Chairman of the Board, President and Chief Executive Officer and Executive Vice President/Chief Financial Officer, of the effectiveness of the design and operation of the Company's disclosure controls and procedures pursuant to Exchange Act Rule 13a-14. Based upon that evaluation, the Chairman of the Board, President and Chief Executive Officer and Executive Vice President/Chief Financial Officer concluded that the Company's disclosure controls and procedures are effective in timely alerting them to material information relating to the Company (including its consolidated subsidiaries) required to be included in the Company's periodic SEC filings. There have been no significant changes in the Company's internal controls or in other factors which could significantly affect internal controls subsequent to the date the Company carried out its evaluation.

PART II.

Item 1. Legal Proceedings

A number of legal proceedings are pending against the Company, including several actions for alleged libel. In the opinion of management, liabilities, if any, arising from these actions would not have a material adverse effect on the results of operations, liquidity or financial position of the Company.

Item 2. Changes in Securities and Use of Proceeds

None.

Item 3. Defaults Upon Senior Securities

None.

Item 4. Submission of Matters to a Vote of Security Holders

None.

Item 5. Other Information

None.

Item 6. Exhibits and Reports on Form 8-K

(a) Exhibits

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

<u>Exhibit Number</u>	<u>Description</u>
3.1	* Certificate of Incorporation of the Company (Exhibit 3.1 to the Company's Annual Report on Form 10-K dated March 15, 2000 (the "1999 Form 10-K"))
3.2	* Certificate of Correction to Certificate of Incorporation dated May 13, 1987 (Exhibit 3.2 to the 1999 Form 10-K)
3.3	* Certificate of Designation of Series A Junior Participating Preferred Stock of the Company dated April 16, 1987 (Exhibit 3.3 to the 1999 Form 10-K)
3.4	* Certificate of Amendment of Certificate of Incorporation of the Company dated May 4, 1988 (Exhibit 3.4 to the 1999 Form 10-K)
3.5	* Certificate of Amendment of Certificate of Incorporation of the Company dated May 3, 1995 (Exhibit 3.5 to the 1999 Form 10-K)
3.6	* Certificate of Amendment of Certificate of Incorporation of the Company dated May 13, 1998 (Exhibit 3.6 to the Company's Quarterly Report on Form 10-Q for the quarterly period ended June 30, 1998 (the "2 nd Quarter 1998 Form 10-Q"))
3.7	* Certificate of Ownership and Merger, dated December 20, 2000, but effective as of 11:59 p.m. on December 31, 2000 (Exhibit 99.2 to Belo's Current Report on Form 8-K filed with the Securities and Exchange Commission on December 29, 2000)
3.8	* Amended Certificate of Designation of Series A Junior Participating Preferred Stock of the Company dated May 4, 1988 (Exhibit 3.7 to the 1999 Form 10-K)
3.9	* Certificate of Designation of Series B Common Stock of the Company dated May 4, 1988 (Exhibit 3.8 to the 1999 Form 10-K)
3.10	* Amended and Restated Bylaws of the Company, effective December 31, 2000 (Exhibit 3.10 to the Company's Annual Report on Form 10-K dated March 13, 2001 (the "2000 Form 10-K"))
3.11	* Amendment No. 1 to Amended and Restated Bylaws of the Company, effective February 7, 2003 (Exhibit 3.11 to the Company's Annual Report on Form 10-K dated March 12, 2003 (the "2002 Form 10-K"))
4.1	Certain rights of the holders of the Company's Common Stock are set forth in Exhibits 3.1-3.11 above
4.2	* Specimen Form of Certificate representing shares of the Company's Series A Common Stock (Exhibit 4.2 to the 2000 Form 10-K)
4.3	* Specimen Form of Certificate representing shares of the Company's Series B Common Stock (Exhibit 4.3 to the 2000 Form 10-K)
4.4	* Amended and Restated Form of Rights Agreement as of February 28, 1996 between the Company and Chemical Mellon Shareholder Services, L.L.C., a New York banking corporation (Exhibit 4.4 to the 1999 Form 10-K)
4.5	* Supplement No. 1 to Amended and Restated Rights Agreement between the Company and The First National Bank of Boston dated as of November 11, 1996 (Exhibit 4.5 to the Company's Quarterly Report on Form 10-Q for the quarterly period ended September 30, 1996)
4.6	* Supplement No. 2 to Amended and Restated Rights Agreement between the Company and The First National Bank of Boston dated as of June 5, 1998 (Exhibit 4.6 to the 2000 Form 10-K)
4.7	Instruments defining rights of debt securities: <ul style="list-style-type: none"> (1) * Indenture dated as of June 1, 1997 between the Company and The Chase Manhattan Bank, as Trustee (Exhibit 4.6(1) to the Company's Quarterly Report on Form 10-Q for the quarterly period ended June 30, 1997 (the "2nd Quarter 1997 Form 10-Q"))

<u>Exhibit Number</u>	<u>Description</u>
(2) *	(a) \$200 million 7-1/8% Senior Note due 2007 (Exhibit 4.6(3)(a) to the 2 nd Quarter 1997 Form 10-Q)
	* (b) \$100 million 7-1/8% Senior Note due 2007 (Exhibit 4.6(3)(b) to the 2 nd Quarter 1997 Form 10-Q)
(3) *	\$200 million 7-3/4% Senior Debenture due 2027 (Exhibit 4.6(4) to the 2 nd Quarter 1997 Form 10-Q)
(4) *	Officers' Certificate dated June 13, 1997 establishing terms of debt securities pursuant to Section 3.1 of the Indenture (Exhibit 4.6(5) to the 2 nd Quarter 1997 Form 10-Q)
(5) *	(a) \$200 million 7-1/4% Senior Debenture due 2027 (Exhibit 4.6(6)(a) to the Company's Quarterly Report on Form 10-Q for the quarterly period ended September 30, 1997 (the "3 rd Quarter 1997 Form 10-Q"))
	* (b) \$50 million 7-1/4% Senior Debenture due 2027 (Exhibit 4.6(6)(b) to the 3 rd Quarter 1997 Form 10-Q)
(6) *	Officers' Certificate dated September 26, 1997 establishing terms of debt securities pursuant to Section 3.1 of the Indenture (Exhibit 4.6(7) to the 3 rd Quarter 1997 Form 10-Q)
(7) *	\$350 million 8.00% Senior Note due 2008 (Exhibit 4.6(8) to the Company's Quarterly Report on Form 10-Q for the quarterly period ended September 30, 2001 (the "3 rd Quarter 2001 Form 10-Q"))
(8) *	Officers' Certificate dated November 1, 2001 establishing terms of debt securities pursuant to Section 3.1 of the Indenture (Exhibit 4.6(9) to the 3 rd Quarter 2001 Form 10-Q)
10.1	Financing agreements:
(1) *	Five-year Credit Agreement dated as of November 29, 2001 among the Company, as Borrower; J.P. Morgan Chase Bank, as Administrative Agent and as Competitive Advance Facility Agent; J.P. Morgan Securities Inc. and Banc of America Securities LLC, as Co-Advisors, Co-Arrangers and Joint Bookrunners; Bank of America, N.A., Fleet National Bank and the Bank of New York, as Co-Syndication Agents; BNP Paribas, as Documentation Agent; and the Fuji Bank Limited and SunTrust Bank, as Senior Managing Agents (Exhibit 10.1(1) to the Company's Annual Report on Form 10-K dated March 15, 2002)
10.2	Compensatory plans:
~(1)	Belo Savings Plan:
	* (a) Belo Savings Plan Amended and Restated July 1, 2000 (Exhibit 10.2(1) to the Company's Quarterly Report on Form 10-Q for the quarterly period ended June 30, 2000 (the "2 nd Quarter 2000 Form 10-Q"))
	* (b) First Amendment to the Belo Savings Plan effective December 31, 2000 (Exhibit 10.2(1)(b) to the 2000 Form 10-K)
	* (c) Second Amendment to Belo Savings Plan effective as of January 1, 2002 (Exhibit 4.16(c) to the Company's Registration Statement on Form S-8 (No. 333-88030) filed with the Securities and Exchange Commission on May 10, 2002)
	* (d) Third Amendment to Belo Savings Plan effective as of May 7, 2002 (Exhibit 4.16(d) to the Company's Registration Statement on Form S-8 (No. 333-88030) filed with the Securities and Exchange Commission on May 10, 2002)

**Exhibit
Number Description**

- * (e) Fourth Amendment to Belo Savings Plan effective as of August 23, 2002 (Exhibit 10.2(1)(e) to the Company’s Quarterly Report on Form 10-Q for the quarterly period ended September 30, 2002 (the “3rd Quarter 2002 Form 10-Q”))
 - * (f) Fifth Amendment to Belo Savings Plan effective as of September 27, 2002 (Exhibit 10.2(1)(f) to the 3rd Quarter 2002 Form 10-Q)
 - * (g) Sixth Amendment to the Belo Savings Plan effective as of January 1, 2002 (Exhibit 10.2(1)(g) to the 2002 Form 10-K)
- ~(2) Belo 1986 Long-Term Incentive Plan:
- * (a) Belo Corp. 1986 Long-Term Incentive Plan (Effective May 3, 1989, as amended by Amendments 1, 2, 3, 4 and 5) (Exhibit 10.3(2) to the Company’s Annual Report on Form 10-K dated March 10, 1997 (the “1996 Form 10-K”))
 - * (b) Amendment No. 6 to 1986 Long-Term Incentive Plan (Exhibit 10.3(2)(b) to the Company’s Annual Report on Form 10-K dated March 19, 1998 (the “1997 Form 10-K”))
 - * (c) Amendment No. 7 to 1986 Long-Term Incentive Plan (Exhibit 10.2(2)(c) to the 1999 Form 10-K)
 - * (d) Amendment No. 8 to 1986 Long-Term Incentive Plan (Exhibit 10.3(2)(d) to the 2nd Quarter 1998 Form 10-Q)
- ~(3) * Belo 1995 Executive Compensation Plan, as restated to incorporate amendments through December 4, 1997 (Exhibit 10.3(3) to the 1997 Form 10-K)
- * (a) Amendment to 1995 Executive Compensation Plan, dated July 21, 1998 (Exhibit 10.3(3)(a) to the 2nd Quarter 1998 Form 10-Q)
 - * (b) Amendment to 1995 Executive Compensation Plan, dated December 16, 1999 (Exhibit 10.3(3)(b) to the 1999 Form 10-K)
- ~(4) * Management Security Plan (Exhibit 10.3(1) to the 1996 Form 10-K)
- * (a) Amendment to Management Security Plan of Belo Corp. and Affiliated Companies (as Restated Effective January 1, 1982) (Exhibit 10.2(4)(a) to the 1999 Form 10-K)
- ~(5) Belo Supplemental Executive Retirement Plan
- * (a) Belo Supplemental Executive Retirement Plan As Amended and Restated Effective January 1, 2000 (Exhibit 10.2(5)(a) to the 1999 Form 10-K)
 - * (b) First Amendment to Belo Supplemental Executive Retirement Plan as Amended and Restated Effective January 1, 2000, dated July 27, 2000 (Exhibit 10.2(5) to the 2nd Quarter 2000 Form 10-Q)
- ~(6) * Belo 2000 Executive Compensation Plan (Exhibit 4.15 to the Company’s Registration Statement on Form S-8 (No. 333-43056) filed with the Securities and Exchange Commission on August 4, 2000)
- * (a) First Amendment to Belo 2000 Executive Compensation Plan effective as of December 31, 2000 (Exhibit 10.2(6)(a) to the 2002 Form 10-K)
 - * (b) Second Amendment to Belo 2000 Executive Compensation Plan dated December 5, 2002 (Exhibit 10.2(6)(b) to the 2002 Form 10-K)

12 Ratio of Earnings to Fixed Charges

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

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

(b) Reports on Form 8-K.

During the last quarter covered by this report, there were no reports on 8-K 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.

BELO CORP.

May 12, 2003

By: /s/ Dunia A. Shive
Dunia A. Shive
Executive Vice President/
Chief Financial Officer
(Authorized Officer and Principal
Financial and Accounting Officer)

CERTIFICATIONS

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

1. I have reviewed this quarterly report on Form 10-Q of Belo Corp.;
2. Based on my knowledge, this quarterly 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 quarterly report;
3. Based on my knowledge, the financial statements, and other financial information included in this quarterly 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 quarterly report;
4. The registrant's other certifying officers and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-14 and 15d-14) for the registrant and we have:
 - a) designed such disclosure controls and procedures 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 quarterly report is being prepared;
 - b) evaluated the effectiveness of the registrant's disclosure controls and procedures as of a date within 90 days prior to the filing date of this quarterly report (the "Evaluation Date"); and
 - c) presented in this quarterly report our conclusions about the effectiveness of the disclosure controls and procedures based on our evaluation as of the Evaluation Date;
5. The registrant's other certifying officers and I have disclosed, based on our most recent evaluation, to the registrant's auditors and the audit committee of registrant's board of directors (or persons performing the equivalent function):
 - a) all significant deficiencies in the design or operation of internal controls which could adversely affect the registrant's ability to record, process, summarize and report financial data and have identified for the registrant's auditors any material weaknesses in internal controls; and
 - b) any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal controls; and
6. The registrant's other certifying officers and I have indicated in this quarterly report whether or not there were significant changes in internal controls or in other factors that could significantly affect internal controls subsequent to the date of our most recent evaluation, including any corrective actions with regard to significant deficiencies and material weaknesses.

Date: May 12, 2003

By: /s/ Robert W. Decherd
Robert W. Decherd
Chairman of the Board,
President and Chief Executive Officer

I, Dunia A. Shive, Executive Vice President/Chief Financial Officer of Belo Corp., certify that:

1. I have reviewed this quarterly report on Form 10-Q of Belo Corp.;
2. Based on my knowledge, this quarterly 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 quarterly report;
3. Based on my knowledge, the financial statements, and other financial information included in this quarterly 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 quarterly report;
4. The registrant's other certifying officers and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-14 and 15d-14) for the registrant and we have:
 - a) designed such disclosure controls and procedures 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 quarterly report is being prepared;
 - b) evaluated the effectiveness of the registrant's disclosure controls and procedures as of a date within 90 days prior to the filing date of this quarterly report (the "Evaluation Date"); and
 - c) presented in this quarterly report our conclusions about the effectiveness of the disclosure controls and procedures based on our evaluation as of the Evaluation Date;
5. The registrant's other certifying officers and I have disclosed, based on our most recent evaluation, to the registrant's auditors and the audit committee of registrant's board of directors (or persons performing the equivalent function):
 - a) all significant deficiencies in the design or operation of internal controls which could adversely affect the registrant's ability to record, process, summarize and report financial data and have identified for the registrant's auditors any material weaknesses in internal controls; and
 - b) any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal controls; and
6. The registrant's other certifying officers and I have indicated in this quarterly report whether or not there were significant changes in internal controls or in other factors that could significantly affect internal controls subsequent to the date of our most recent evaluation, including any corrective actions with regard to significant deficiencies and material weaknesses.

Date: May 12, 2003

By: /s/ Dunia A. Shive
Dunia A. Shive
Executive Vice President/
Chief Financial Officer