

BELO

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

October 16, 2006

Dear Fellow Employee:

2006 has been a year of many successes and a seemingly endless number of challenges. Yet as I told a group of Belo leaders recently, I am very confident that with your help, we are taking the right steps to ensure Belo's future prosperity. We all know that working through this transformation is arduous and exciting at the same time. I thank every one of you, at every level of the Company, for your steady efforts and good spirit in these unpredictable times.

Strong signs of progress are evident across Belo. We are making real headway in focusing our businesses to compete effectively in an increasingly Internet-centric marketplace. We are aggressively reshaping our operations and pursuing new revenue growth while prudently managing expenses. The goal is to assure that Belo will continue to be the leading local media source in the communities we serve.

Belo Technologies is working hard to address the various transition issues associated with our comprehensive technology optimization initiative, which went live on October 1. I appreciate everyone's patience, your constructive suggestions and your support for this centrally-managed technology structure and expanded systems capabilities, which will allow us to maintain a competitive technology platform that supports the needs of all Belo operating units. Further improvements are forthcoming, including the standardization of e-mail systems across the Company which will expand our internal communication and information-sharing capabilities.

Belo's interactive media sites have continued to achieve impressive revenue growth, posting a 50 percent gain year-to-date. Our upward trend in site users has been equally impressive. Major Web site redesigns have been launched at several Belo television stations with the full launch at all television and newspaper operations expected by early November. These revamped sites are bringing users even more immediate personalized and interactive content online, while offering advertisers a broader mix of advertising options. Site users can "Choose My News" to see the latest news features, video clips and other content that's of most interest to them. Design and functional changes also expand access to Belo sites from cell phones, PDAs and other wireless devices.

Continued.....

October 16, 2006

Page Two

Our television operations have experienced significant political advertising revenue as we approach the height of election season. Paid advertising by candidates across the nation is projected to be strong. For the sixth consecutive election cycle, Belo's news-producing stations are airing "It's Your Time," an initiative that gives free air time to qualifying gubernatorial and congressional candidates and commits to broadcast at least one hour each week of political coverage for six weeks before the general election. Overall, Belo's Television Group has performed very well both operationally and financially so far this year, with revenues advancing seven percent -- one of the best performances in the television industry.

New newspaper facilities in Dallas and Riverside that will improve competitive leverage and operational efficiency are progressing on schedule. *The Dallas Morning News'* state-of-the-art packaging facility is almost 60 percent complete and will be fully operational by mid-2007. The Howard H "Tim" Hays Media Center at *The Press-Enterprise* is approximately 40 percent complete with occupancy scheduled for the second quarter of 2007.

Across the Company, our newspapers are focused on acquiring and retaining quality circulation and readership that provide our advertisers with the strongest possible return on their investment. In April, we ceased including third-party barter circulation in reported circulation figures and limited other third-party circulation to support this focus. In addition, we stopped distributing *The Dallas Morning News* to areas approximately 200 miles or more outside the Dallas/Fort Worth area. These initiatives will result in Belo newspapers providing advertisers with the core audiences they value, while achieving ongoing annualized savings of more than \$8 million.

This summer, *The Morning News* successfully completed implementation of the circulation initiatives that were recommended by the Circulation Review Team that I established in September 2004. As promised, the newspaper's circulation distribution processes have been completely re-engineered, and we are confident that *The Morning News* now has one of the best distribution systems in the industry.

We're investing approximately \$4 million in Customer Value Management, an audience-focused initiative launched this month at *The Morning News* that will subsequently be implemented at other Belo operating companies, with the goal of growing audiences. CVM will enable us to accumulate market intelligence that gives Belo's operating companies a complete view of each of our customers so that we can serve advertisers' needs better.

With so much movement going on, Belo's workforce is changing. All of us are learning new skills and adapting to current opportunities by allocating our time differently. Some of our colleagues have left the Company, and we wish them the best in their future endeavors. At *The Morning News*, the voluntary severance program in the news

Continued.....

October 16, 2006
Page Three

department was completed last month. Today, we have a talented team of 450 professionals in *The Morning News*' newsroom, one of the largest and most capable in the nation. Across Belo, our commitment is to delivering the highest quality news for the local communities we serve. Staffing adjustments enable us to respond to the increasing number of people who turn to the Internet and other sources for news and information, while maintaining Belo's superior legacy news operations.

Early returns at *The Press-Enterprise* from its May launch of a multimedia strategy and accompanying organizational restructuring are outstanding. Its Internet-first approach is resulting in greater innovation and creativity while enhancing the quality of *The Press-Enterprise*'s printed product. *The Press-Enterprise* has launched nearly all of its planned 40 micro-local community Web sites. These sites deliver high-impact local news and information -- city council, schools, elections, crime, events -- and are already attracting a significant amount of traffic, including more than 500 postings each week from users. Some of this user-posted content is being reverse published into the local sections of the newspaper. High School Insider ("HSI"), a multimedia (print, Web and SMS wireless messaging) high school football product, was launched in September (<http://hsi.pe.com>). Advertising for the 10-week period of HSI was sold out in advance, and HSI generated 555,000 page views, more than 800 user-submitted photos, and 20,000 views of 70-plus videos shot by *Press-Enterprise* staffers in its first five weeks.

On the corporate front, the Company paid its third quarter dividend at the increased quarterly rate of \$0.125 per share, and our balance sheet ratios held steady. Standard & Poor's, one of the nation's three credit ratings agencies, put Belo on its "credit watch" list in September as the firm assesses trends affecting all of the traditional media companies that it rates. But given Belo's successful bond offering in May 2006, this will not have a significant impact on us.

Our evaluation of potential responses to recent federal legislation concerning pension plans continues. As noted in my previous "Dear Fellow Employee" letter, many companies across the nation are considering revisions to retirement benefits due to the bills approved by the U.S. House and Senate, and signed by the President, related to defined benefit retirement plans like Belo's G. B. Dealey Retirement Pension Plan. We are considering revisions that fairly address both the interests of the Company and all employees with respect to Belo's specific retirement benefit plans, and intend to communicate these to you in early November.

Again, I thank you for your continued hard work and dedication to achieving outstanding results -- and for embracing change in a rapidly evolving marketplace. This is both an exhilarating and challenging time for our businesses. By working together, we are well on our way to achieving our 2006 goals and preparing for 2007.

Robei Decker