

# BELO

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

September 9, 2004

Dear Belo colleagues:

The Management Committee has spent much of the summer refocusing Belo's strategy in light of the business climate of the past few years and anticipated future trends. All indications are that Belo's businesses will remain strong. But we also face the intriguing challenge of adapting our news and information products to changes in technology and audience preferences. I'll be keeping you apprised of specific implications as our business plan evolves.

As for 2004, many Belo companies have been performing exceptionally well and are on track to receive bonuses. We all applaud their successes. In some parts of the country, though, the economic recovery has not been as robust as many expected. This includes Dallas/Fort Worth, where two key drivers of Belo's financial performance are located. *The Dallas Morning News* and WFAA-TV have each experienced uneven revenue patterns this year which may continue into 2005.

As maturing businesses, all of Belo's legacy companies can and should continue to grow in revenues. Yet many experts project that revenue growth will be at a somewhat lower rate for our industries than in the past. We must take these views into account when planning for 2005 and beyond, and we must consider what Belo's revenue picture and related expense base can reasonably be expected to look like. The Management Committee is actively evaluating how best to position Belo's operations to match up with this outlook.

The circulation overstatement at *The Dallas Morning News* is a very serious matter amidst these various strategy initiatives. When I last wrote to you, I assured you we would do everything possible to address this situation promptly and fairly. These efforts continue, and I want to inform you of the progress we're making.

First, let me say how proud I am of our teams at *The Dallas Morning News* and throughout Belo who have rallied to address the circulation overstatement. These teams are focusing on our advertisers and strengthening customers' confidence in us. They're

Continued . . .

Belo colleagues  
September 9, 2004  
Page Two

working diligently to improve circulation processes at *The Dallas Morning News*. The Board of Directors and I greatly appreciate the efforts of these employees; moreover, the support of all our Belo colleagues has been a source of encouragement as we work through this challenge together.

In a press release on August 16, the Company announced an advertiser compensation plan that includes a combination of cash payments and future advertising credits for advertisers who placed ads in *The Dallas Morning News* between August 1, 2003 and July 31, 2004. Over 19,000 checks reflecting individual payments have been mailed or personally delivered to advertisers. The advertiser compensation plan recognizes the trust our advertisers have placed in *The Morning News*, and all of us should consider these payments to be an investment in Belo's future.

The independent investigation into certain circulation practices at *The Morning News* is being completed in a thorough manner by a national law firm under the auspices of the Audit Committee of the Belo Board of Directors. The result of the investigation will be reported to the Belo Board of Directors. You may also have seen that class action shareholder lawsuits have been filed by litigation firms in California and elsewhere. Such lawsuits are not unusual in this type of situation, and Belo will defend them vigorously.

Looking toward the future, I appointed Howard Sutton, publisher, president and CEO of *The Providence Journal*, to lead an internal task force made up of executives from Belo's three largest newspapers to identify interim process changes and long-term solutions to circulation concerns at *The Morning News*. This team will present its preliminary recommendations in about two weeks. The responsibility for counting circulation at *The Morning News* has already been reassigned to the finance department of the newspaper. In addition, I am recommending to the Compensation Committee of the Board of Directors that executives in the chain of command accountable for circulation at *The Morning News* and certain members of our Management Committee, including myself, receive no 2004 bonuses and no base salary increases for 2005.

Across the Company, we are reinforcing Belo's Code of Business Conduct and Ethics by redistributing it to all employees. It is imperative that every one of us understands that Belo's values of excellence and integrity apply to *all* of the Company's journalistic

Continued . . .

Belo colleagues  
September 9, 2004  
Page Three

endeavors and business operations. As I wrote to you recently, anyone who has knowledge of any situation in any Belo operation that permits or encourages problematic behavior has a duty to report it immediately to a senior executive, the head of the department, Human Resources, or if you prefer, to the confidential Belo Compliance Hotline.

As important as it is to deal with *The Dallas Morning News*' circulation issue, we can't let it distract us from Belo's day-to-day business requirements. The primary task for all of us is to go about our individual and collective responsibilities diligently, and to do so honoring Belo's values of excellence and integrity. Our audiences and advertisers count on us for this. We, in turn, must do whatever is necessary to assure Belo's reputation and economic vitality.

Thanks as always to each of you for your steadfast efforts.

Sincerely,

A handwritten signature in black ink that reads "Robert Deckard". The signature is written in a cursive, slightly slanted style.