CORPORATE PARTICIPANTS
Grant S. Moise DallasNews Corporation - President & Publisher of The Dallas Morning News
Mary Kathryn Murray DallasNews Corporation - Executive VP, CFO, Treasurer & Assistant Secretary
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CONFERENCE CALL PARTICIPANTS
Chris Mooney Wedbush Securities, Inc. - Analyst
Joel Marcus - Analyst
William Richard Nasgovitz Heartland Advisors, Inc. - CEO, Portfolio Manager & Director

PRESENTATION
Operator

Ladies and gentlemen, thank you for standing by. Welcome to the DallasNews Corporation Second Quarter 2021 Investor Call.

(Operator Instructions)

I'll now turn the conference call over to your first speaker, Chief Financial Officer of DallasNews Corporation, Katy Murray. Go ahead, please.

Mary Kathryn Murray DallasNews Corporation - Executive VP, CFO, Treasurer & Assistant Secretary

Good morning, everyone, and welcome to our second quarter 2021 investor call. I am joined by Robert Decherd, Chairman, President and Chief Executive Officer of DallasNews Corporation; and Grant Moise, Publisher and President of The Dallas Morning News, who are available for Q&A.

Yesterday afternoon, we issued a press release announcing second quarter 2021 results, and we filed our second quarter 10-Q. We have posted both of these on our new website dallasnewscorporation.com under the Investor Relations section. Unless otherwise specified, comparisons used on today's call measure second quarter 2021 performance against second quarter 2020 performance. Our discussion today will include forward-looking statements.

Forward-looking statements are subject to risks, uncertainties and other factors that could cause actual results to differ materially from those statements. The company assumes no obligation to update the information in this communication, except as otherwise required by law. Additional information about these factors is detailed in the company's press releases and publicly available filings with the SEC.

Today's discussion will include non-GAAP financial measures. We believe that non-GAAP financial measures provide useful supplemental information to assist investors in determining performance comparisons to our peers. A reconciliation of GAAP to non-GAAP financial measures is included with our press release.

As a reminder, the company's Board of Directors approved a 1-for-4 reverse stock split of issued outstanding and treasury shares of the company's common stock par value $0.01 per share, which became effective June 8, 2021. The per share amounts in yesterday's release reflect the reverse stock split. In addition, effective June 29, 2021, the company changed its name the DallasNews Corporation and transferred to NASDAQ under the ticker symbol DALN. Dallas News reported a second quarter 2021 net loss of $1.5 million or $0.28 per share and an operating loss of $3 million. In the second quarter of 2020, the company reported a net loss of $3.4 million or $0.64 per share and an operating loss of $4.4 million. The 2021 net loss we reported in the second quarter includes severance expense of $1.4 million related to the previously announced voluntary severance offer.

Adjusted operating loss, which adjusts GAAP operating loss to exclude severance expense, depreciation, amortization and asset disposals and impairments was $600,000 for the quarter, an improvement of $1.9 million when compared to an adjusted operating loss of $2.5 million reported in the second quarter of last year.

For the second quarter this year, total GAAP revenue was $38.7 million, an improvement of $3.3 million or 9.2% when compared to the
$35.4 million reported for the second quarter of last year. This improvement is primarily due to a $3.4 million increase in print advertising revenue. Digital advertising and marketing services revenue of $6.3 million reflects a decrease of $400,000 when compared to last year. Excluding the decline in sales of Belo and company’s brokering of personal protective equipment associated with the pandemic for its customers, digital advertising increased $1 million or 21.7%.

Total circulation revenue of $16.1 million reflects a 2.4% growth over Q2 of last year. This is the first quarter to show year-over-year growth since Q1 of 2015. The growth in total circulation revenue is a result of a number of initiatives focused on subscription pricing, lowering attrition and print subscribers and growing digital subscriptions. The News currently has approximately 143,000 print and digital subscribers.

Digital circulation revenue was $2.3 million in the second quarter of this year, an increase of $800,000 or 52.3% compared to last year. The News ended the second quarter of 2021 with 52,930 paid digital-only memberships, an increase of 9,340 or 21.4% when compared to the second quarter of 2020. Print circulation revenue for the second quarter was $13.8 million, a decrease of $400,000 or 2.9% compared to the prior year.

The News has experienced relative stability in its print member base as home delivery revenue only declined 2.4%. Single copy sales have been impacted by the pandemic and revenue declined 7.6%. Other revenue reported in the second quarter of this year was $4 million compared to $4.1 million reported in the second quarter of last year. The decline is due to a $100,000 decrease in commercial printing revenue.

Second quarter 2021 total GAAP operating expense was $41.7 million, an increase of $1.9 million or 4.7% compared to the second quarter of last year. This change is due to expense increases of $1.1 million in employee compensation and benefits, primarily driven by the voluntary severance offer, $1.1 million in advertising and promotion, $900,000 in distribution, partially offset by expense decreases of $800,000 in depreciation and $300,000 in outside services. The company recorded tax expense of approximately $100,000 this quarter related to the Texas margin tax.

As of June 30, 2021, the company had 724 employees, a decrease of 45 or 5.9% when compared to the prior year period. Current headcount is 688, reflecting an additional decrease of 36 relating to the voluntary severance offer.

Cash and cash equivalents were $37.8 million, and the company has no debt.

As of July 23, the company had approximately $40 million in cash and cash equivalents.

As a reminder, we do not have any mandatory pension payments in the next 10 years and the pension plans are currently funded at 94%. Effective June 30, 2021, the company signed a second amendment with Charter Holdings, extending to June 30, 2022, the original promissory note of $22.4 million related to Charter’s purchase of the company’s former headquarter campus in downtown Dallas. All other amounts due from Charter were paid in full in the second quarter. The $22.4 million promissory note will continue to bear interest at the rate of 4.5%, generating $1 million of interest income over the next 12 months. The promissory note continues to be secured by a first priority lien on the property.

I will now provide some additional operating updates. In Q2, we completed the voluntary severance offering with 40 back office and production employees electing to take the offer. We expect to realize approximately $3 million in annualized compensation and benefit expense savings. In June, The News won more than 20 Associated Press Managing Editor awards, including 6 first places.

Our Spanish language paper, Al Dia, won 10 Texas Associated Press Managing Editor awards, including 5 first-place finishes. The News also won 11 National Headliner Awards, including 2 first place honors.

Based on research and analysis of The News’ subscribers, the business news department was recently expanded by 2 reporters and we have seen immediate results in terms of content and new subscriptions.
Belo and company continues to see recovery in print and digital advertising. While spending is not completely back to pre-pandemic levels, we have seen increases primarily driven by the grocery, restaurant and telecommunication verticals. Every year, the Dallas Morning News charities run the Kids' Summer Feeding Campaign. We would like to thank everyone who donated to this very important campaign.

This year, we raised more than $150,000 to support 9 regional nonprofit organizations that offer summer feeding programs to provide hungry children with enough food to get through the summer months.

Overall, our financial results and the progress we are making in growing total digital base revenue are very encouraging. I will now turn the call over to Robert.

**Robert W. Decherd**

*DallasNews Corporation - Chairman, President & CEO*

Katy, thank you, and good morning, everyone. When we met as a Board almost 2 years ago in September of 2020 we realized that the transformation of the Dallas Morning News and all of its distribution channels would take time, and we described that to you and our other investors and people who follow the company. Of course, without any idea that 2020 would turn out to be what I call the gap year. So as we reported in our last call, the Board revisited those plans, those long-range plans earlier this year in a regular meeting and concluded that we're going in the right direction, we need to see measurable progress. But as we can, contrasted with so many other newspapers, work through this smartly and patiently, we still think that the possibility of a sustainably profitable digital newspaper is real. The progress that Katy just described is evidence of this, and I want to touch on just 2 or 3 things before we go to Q&A.

First of all, we are extremely excited to welcome Katrice Hardy as the Executive Editor of The Dallas Morning News. Grant has personally conducted a search that went on for almost 8 months. And as he looked at the candidates and the finalists who we interviewed, she stood out in almost every way imaginable in an important sense he and she are connected very strongly as to what needs to happen with our products, both print and digital, the pace at which change needs to occur and the quality standards that are an absolute requirement of being successful over the long term.

He can comment further about Katrice, if you'd like to. I'd like to hear more later in this call. As Katy noted, we've made substantial progress in growing our digital footprint and the revenues associated with it. The circulation revenues and subscriber or member numbers that she reported are encouraging to us and the advertising that will follow that, we believe, is likely to come about based on what we're seeing through the first half of the year and looking forward to the second half.

The 6-month performance, I hope you agree, is impressive given the circumstances of 2020 and the opportunities that presented themselves earlier this year, those opportunities continue to exist.

When I look at Q2 revenue up 9-plus percent that obviously is aberrational in the sense that it's a comparison to the first quarter where the full impact of COVID occurred, but that was an aberrational down quarter. So we are optimistic that we're leveling out here in Q3 and Q4, while still going up against comparatively easy comparisons will give evidence that the trends we've seen and we've reported today can continue and on into 2022.

There are a number of opportunities ahead, as I noted, Grant and Katy can comment on those. They all relate though, to the basic long-range view that the Board has that we have to achieve certain milestones on the digital side, think about the transition to digital, on a day-to-day basis, not occasionally and take actions that are anticipatory rather than reactive.

So there's good news ahead if we can just count on the economy and pre-pandemic spending levels becoming typical again. I'm reluctant to use the word norm in our industry. But if we can get back into that environment, we think there's plenty of upside. I'm sure you've done the math on the net loss for the quarter. We almost broke even, whether you look at net loss or operating -- adjusted operating loss, we're not saying we've turned the corner of profitability.

But again, against the backdrop of what's occurred over the last 15 to 18 months with the pandemic, we're very pleased with that performance. The last thing I'll say before we go to Q&A, Katy mentioned the pension plan.
We are 94% funded with that plan. And as we -- both plans, they roll up together. One is the legacy Dallas Morning News A.H. Belo plan, the other is The Providence Journal plan, but they're very similar in size, and they're managed by the same team at Fidelity.

My point is that we made a decision earlier this year to be even more conservative with that portfolio. And as we've seen the volatility of the markets, both in the U.S. and around the world, we are very confident that's the right place to be. And when we say we don't have any required contributions for a prolonged period of time, part of that is because of the conservative posture of the portfolio. So we're planning just to stick with that approach.

I assure you we're not all cash, but we are heavily weighted to the fixed income side that we can manage through any -- I'll say, typical volatility. Let me pause there, Katy, and let's see if we got Q&A.

QUESTIONS AND ANSWERS

Mary Kathryn Murray DallasNews Corporation - Executive VP, CFO, Treasurer & Assistant Secretary

All right. Alan, we'll open it up for questions.

Operator

(Operator Instructions)

We'll first go to the line of Chris Mooney with Wedbush Securities.

Chris Mooney Wedbush Securities, Inc. - Analyst

So if I look at the employee compensation, $18.116 million to normalize that for the June quarter, I should back out $1.4 million in severance. Is that...

Mary Kathryn Murray DallasNews Corporation - Executive VP, CFO, Treasurer & Assistant Secretary

That is correct. We did accrue for all of the severance, which includes a severance, COBRA and outplacement services for those that elected the VSO.

Chris Mooney Wedbush Securities, Inc. - Analyst

And so you would have had lower employee comp costs by a couple of hundred thousand in the quarter...

Mary Kathryn Murray DallasNews Corporation - Executive VP, CFO, Treasurer & Assistant Secretary

That is correct.

Chris Mooney Wedbush Securities, Inc. - Analyst

Without -- okay...

Mary Kathryn Murray DallasNews Corporation - Executive VP, CFO, Treasurer & Assistant Secretary

Yes.

Chris Mooney Wedbush Securities, Inc. - Analyst

And you said something about $3 million in savings going forward. Can you? (inaudible)...
resources, resources around building our product platform.

So those will continue. But those are a handful compared to, again, 40 people taking the VSO and moving on.

Chris Mooney Wedbush Securities, Inc. - Analyst
Okay. So the -- I heard numbers on employee headcount of 724 with 45 departing and then I heard another 36 subsequent -- So where are (inaudible)?

Mary Kathryn Murray DallasNews Corporation - Executive VP, CFO, Treasurer & Assistant Secretary
That's correct, Chris.

Chris Mooney Wedbush Securities, Inc. - Analyst
So we would be at 650 or so employees at the moment. Is that about?

Mary Kathryn Murray DallasNews Corporation - Executive VP, CFO, Treasurer & Assistant Secretary
No. No, Chris. The 688 includes the impact of the VSO. So that's headcount as of today.

Chris Mooney Wedbush Securities, Inc. - Analyst
Okay. And will there be additional severance expenses in this quarter and subsequent quarters?

Is that planned or expected?

Mary Kathryn Murray DallasNews Corporation - Executive VP, CFO, Treasurer & Assistant Secretary
Chris, I mean, we offered the VSO that was really from an April perspective, our way of looking at offering the opportunity for employees to self make that decision.

Now going forward, there could be, there's nothing planned. But obviously, Grant and I are continuing to look at the organization and as we continue to move forward, making decisions, but right now, there's not anything planned.

Robert W. Decherd DallasNews Corporation - Chairman, President & CEO
Chris, let me tag on to that. We don't want to send alarm signals internally. We have no plans for another voluntary severance offer, people will depart the company in the normal course, and when we're running a transition as we are, resources need to move around.

So from time to time, Katy and Grant will be reallocating resources internally. And as you would expect, incumbents may or may not fit in a different department or with a different assignment. So we'll see some movement up and down in headcount.

But in terms of an initiative like a voluntary severance offer that's just not in the near-term future, meaning the rest of this year. There may be some reductions that look like that in terms of the benefits that people receive if they depart. But even that's going to be almost a case-to-case situation.

Chris Mooney Wedbush Securities, Inc. - Analyst
Okay. That's great. Katy, you gave us a lot of numbers and it may be in the Q, which I haven't looked at yet on digital advertising and subscribers, et cetera. Could you go over those again? I wasn't writing fast enough. I suspect other people weren't even.

Mary Kathryn Murray DallasNews Corporation - Executive VP, CFO, Treasurer & Assistant Secretary
Okay. Not a problem. So I think let's start with subscriber revenue.

One, we've been getting -- we always get questions around our total subscription revenue, membership revenue, as we call it internally, and our total number of subscribers.

So we wanted to give a view of that. And we currently have approximately 143,000 print and digital subscribers. The other thing that was
really important this quarter is that this is the first quarter we have actually seen year-over-year growth in subscriber revenue.

Now it's 2.4%. The last time we had that was in Q1 of 2015. Chris, and what I will say is, obviously, last year, the comps are going to get harder and harder each quarter to continue to beat the prior year revenue because of the initiatives that we've had, but we really wanted to call this out because I think to what Robert was saying, this really does show the progress that the teams have been making around not only digital growth in our digital subscribers, but really focusing on improving the attrition numbers from our print side, and we're seeing both of those coming.

So this was our first time to see growth again. Digital circulation revenue was up $800,000 or 52.3% compared to last year, and our memberships grew 9,340 or 21.4% compared to last year. Print circulation revenue was $13.8 million. This was a 2.9% decrease compared to last year or $400,000. And then single copy, single copy is an area last year that we saw a lot of diminished capacity of where people were able to sell The Dallas Morning News in single copy fashion, we are seeing some of that come back.

But when you compare it to last year, we are down 7.6%. Whether all of single copy comes back or not, we're working on that. And hopefully, we'll see some improved numbers. But right now, single copy sales are still impacted by the pandemic, and that's really related to where we have the opportunity to sell them.

Going into -- go ahead.

**Chris Mooney Wedbush Securities, Inc. - Analyst**

No, no. I understand the single copy phenomena. Anyway, go ahead.

**Mary Kathryn Murray DallasNews Corporation - Executive VP, CFO, Treasurer & Assistant Secretary**

Okay. So on print and digital advertising and marketing services, in our 10-Q, you're going to see these roll up separately. We have print. And then obviously, we have digital advertising and marketing services.

What we wanted to call out is the digital advertising and marketing service performance around our digital advertising. And this would be for our non owned and operated sites. So if you think about other websites and then also dallasnews.com and advertising there.

So last year, as a result of the pandemic, a number of customers came to us because Belo and company has the capacity to actually assist customers with ordering last year, the personal protective equipment through our Distribion platform, and we're able to do that through digital websites and then also infrastructure.

And so when you back that out, I mean, obviously, we're not selling [PPE] like we were at the level of last year, Digital advertising increased $1 million year-over-year or 21.7%. That's what we wanted to call out because you're not going to see that specific line item in the 10-Q because of the way the revenues roll up to print advertising and then digital advertising.

**Chris Mooney Wedbush Securities, Inc. - Analyst**

Okay. But that's good news.

**Mary Kathryn Murray DallasNews Corporation - Executive VP, CFO, Treasurer & Assistant Secretary**

It is good news.

**Chris Mooney Wedbush Securities, Inc. - Analyst**

I've got a number of other questions, but I didn't want to just -- should I just want to put me back in the queue and see if there were other people like we did last time?
Mary Kathryn Murray DallasNews Corporation - Executive VP, CFO, Treasurer & Assistant Secretary

Yes, Chris, that would be great. Let’s do that.

Alan, is there anybody else in the queue for questions?

Operator

Yes, we do have another line in queue. (Operator Instructions)

And we will go to the line of Bill Nasgovitz.

William Richard Nasgovitz Heartland Advisors, Inc. - CEO, Portfolio Manager & Director

Well, nice to see the revenue increase even with the pandemic as a lull, but congratulations on seeing that. First time you said since 2015, is that correct?

Mary Kathryn Murray DallasNews Corporation - Executive VP, CFO, Treasurer & Assistant Secretary

That is correct, Bill. We were again pleased to see that, but I do want to restate that the comps to grow revenue continue -- they will get harder and harder with the increase in the digital subscription revenue that we have seen. Obviously, our goal is to continue to drive growth. But whether we will be able to show year-over-year growth, not able to commit to that right now.

William Richard Nasgovitz Heartland Advisors, Inc. - CEO, Portfolio Manager & Director

Okay. And just as a reference point, one year ago, what was print and digital in terms of -- you said 143,000 total subscribers today? What was it a year ago? And you’re seeing some stabilization?

Mary Kathryn Murray DallasNews Corporation - Executive VP, CFO, Treasurer & Assistant Secretary

We are seeing some stabilization, and I’m going to give you an estimate right now, Bill. And I can actually true that up last year, we had, at the end of the second quarter, 43,590 digital-only subscriptions. And I would say at the time, if I estimated our print subscribers were probably around 100,000, maybe a little higher than 100,000. We were probably pretty close in line with where we are and the shift has been between the decline in print.

William Richard Nasgovitz Heartland Advisors, Inc. - CEO, Portfolio Manager & Director

Bet it’s about a wash?

Mary Kathryn Murray DallasNews Corporation - Executive VP, CFO, Treasurer & Assistant Secretary

About a wash right. And then the increase on the digital.

William Richard Nasgovitz Heartland Advisors, Inc. - CEO, Portfolio Manager & Director

So are you seeing subscriber -- this 2.4% subscriber growth year-over-year. Are you continuing to see that trend? A positive trend?

Mary Kathryn Murray DallasNews Corporation - Executive VP, CFO, Treasurer & Assistant Secretary

I’m going to let Grant answer this, and we can talk about the initiatives that we have.

Grant S. Moise DallasNews Corporation - President & Publisher of The Dallas Morning News

Yes, Bill, a couple of things I would say is we are not only saw a really nice lift, especially in digital subscriptions with the beginning of the pandemic, but we’ve also applied quite a bit of aggressive pricing strategies in support of that.

So even when the volume, which it did begin to taper off, I’d say, probably more in the mid- to late summer last year from the highs, we have the pricing initiatives that help keep the lift. And so the total consumer revenue number in that mid-2% range, we feel like the pricing can keep us maybe not that high, but we do believe that we can continue to see the growth mode for a little while.
But obviously, it just depends on what happens with volumes in the future because, obviously, we need the volumes in order to be able to price them. And so we're just keeping a close eye on that.

William Richard Nasgovitz Heartland Advisors, Inc. - CEO, Portfolio Manager & Director

So going forward, what might the average selling price be for digital? How are you -- just an average number?

Grant S. Moise DallasNews Corporation - President & Publisher of The Dallas Morning News

Bill, I think that our average rate right now of a digital subscriber is in the high $14 range, I'd say probably around $14.80 is about our average for a monthly rate for a digital subscriber. And we're going to just -- we're trying to push that as high as we can.

But at the same time, we begin with introductory prices and we are testing those all the time. We're testing kind of what is the right introductory price versus kind of the ability to price over time.

William Richard Nasgovitz Heartland Advisors, Inc. - CEO, Portfolio Manager & Director

So if memory serves me correct, I think a year ago, it was somewhat less than $14.80. Is that correct?

Grant S. Moise DallasNews Corporation - President & Publisher of The Dallas Morning News

That's correct. We were probably -- I believe about this time, I bet we were about $1 less, I would say, maybe a little bit more on average.

William Richard Nasgovitz Heartland Advisors, Inc. - CEO, Portfolio Manager & Director

Okay.

Well, that's good to see. What might it take to break digital even? How many subs do you need to break that even?

Mary Kathryn Murray DallasNews Corporation - Executive VP, CFO, Treasurer & Assistant Secretary

So Bill, are you talking about on a -- on breaking even against print declines? Or are you talking about a P&L like a bottom line for breaking even.

William Richard Nasgovitz Heartland Advisors, Inc. - CEO, Portfolio Manager & Director

Bottom line.

Mary Kathryn Murray DallasNews Corporation - Executive VP, CFO, Treasurer & Assistant Secretary

So Bill, we don't disclose that right now as far as expense allocation to digital. Obviously, there are a lot of things within the company that we are not allocating including newsroom, back office and the like. So that is not something we currently provide.

William Richard Nasgovitz Heartland Advisors, Inc. - CEO, Portfolio Manager & Director

Okay. And then with a fair amount of cash on the balance sheet, I think in the past, you -- you were buying back stock. Is there still an authorization? And if so, what's our intent with the stock essentially selling price to the business being priced below working capital?

Mary Kathryn Murray DallasNews Corporation - Executive VP, CFO, Treasurer & Assistant Secretary

Bill, you're correct. We were buying stock back in previous years. We currently are not buying any stock back. If we were to do that, that would be a decision from the Board of Directors on the capital allocation. There is not a plan right now to do that, but that's not to say that something couldn't change in the future. But we do not have an active plan right now.

Robert W. Decherd DallasNews Corporation - Chairman, President & CEO

Bill, let me amplify on that. The Board, as you would expect and I've discussed before, discusses capital allocation all the time. From a pacing standpoint, the -- I'll say the second amendment to the Charter Holdings contract is a very positive sign to us. Everything was brought current, which was one of our requirements for agreeing to the extension -- That was $600,000 plus in cash that came our way
to take care of items that -- where had been deferred or not fully paid.

So what we're thinking about at this point, of course, is 2022. I mentioned the economic conditions that affect our operations will they also affect this set of decisions. If everything holds up and the people who essentially fund Charter Holdings are still doing well financially then our confidence about their ability to pay is going to continue to rise.

We're very confident today based on existing economic conditions. But as everyone on this call knows, the variant is a wildcard and there are all sorts of other factors that could change the economic outlook in U.S. markets. So when the Board thinks about it, there are three things in terms of cash, again, that we've discussed previously.

One is distributing some of the cash to shareholders. The second is the pension plan, which is not the highest priority, but it's important always to mention that because we could substantially close out that plan with additional voluntary contributions which, by the way, are tax deductible and there are certain benefits to that, that are just pure financial engineering. And then, of course, there's the possibility of buying back stock. We have not recently talked about stock buybacks. We suspended, as you know.

And one reason we did is in an established plan, it is very hard to get volume. So then you get into the question of blocks being available and the response time to acquire them, things you're very familiar with. It is certainly not off the radar screen because of the volume challenges. But all of these things we will discuss in September at our annual long-range outlook meeting and continue to do so. And then, of course, the last piece really is more the operating question, what kind of a cushion or support pool of cash we want to get us to the end of this 3- to 5-year march.

William Richard Nasgovitz Heartland Advisors, Inc. - CEO, Portfolio Manager & Director
Okay.

So I might have missed it. Any comments here in terms of labor negotiations and compensation costs going forward?

What is the -- what is the status with the union?

Mary Kathryn Murray DallasNews Corporation - Executive VP, CFO, Treasurer & Assistant Secretary
So Bill, the conversations with the union are ongoing. There's nothing really to report on that. We don't have a contract in place at this time. We don't have any estimate of any increased compensation expense. But if that were to come, we would disclose that. But right now, things are just moving forward.

Robert W. Decherd DallasNews Corporation - Chairman, President & CEO
[Dallas] -- again, I want to amplify Katy is on point. She's been a little, I'd say, low key about this. We have spent a tremendous amount of time preparing for and the meetings with the News Guild and articulating to the best of our ability through Katy, what's important about working together to achieve the long-term success for The Dallas Morning News and all of our related products. That conversation has been very constructive. I want to complement the bargaining unit, the bargain committee of the guild.

I'm not saying that our situation is completely different from other newspapers, but our belief is that there is an understanding on the part of our newsroom leaders, meaning guild leaders that this really is a situation where we have to look at each other's priorities with an open mind and come to conclusions that benefit the newspaper first and then whatever impact there is in terms of financial or operating protocols we'll handle together.

And I'm very encouraged about that is what I'm saying. This has not been contentious and it is moving along, albeit to the pace that reflects their and our needs to run the business and report the news.
Operator

(Operator Instructions)

We'll go next to the line of Joel Marcus with Network One.

Joel Marcus - Analyst

Yes, I follow this closely. I've got a small position in it for my personal account and my customers question with large. You currently counting the note, which one would assume, since it’s securitized by a property worth a lot more than the note is going to be paid and you can retrieve that, you currently have over $60 million in cash, cash equivalents, et cetera. And which comes to about $12 a share. You're currently trading sporadically at under $7, which would sort of indicate that you have a huge negative enterprise value.

And basically, anybody could make a move on this and acquire it. And basically, that acquisition would be at a price that would be highly detrimental to shareholder interest. Don't you need to on a much more expedited basis need to focus on the price of your stock, which is trading at about half of cash. And don't you think that you really need to focus on doing something vis-à-vis the price of the stock to protect your shareholders.

Robert W. Decherd DallasNews Corporation - Chairman, President & CEO

Joel, this is Robert Decherd. The answer to the last point is absolutely yes. And we have -- as we've managed through the, I'll say, dramatic decline in the fortunes of the newspaper industry, the Board has kept that top of mind. Without going back too far, historically, when we split the company in 2008, we intentionally spun off the newspaper with no debt.

And because of the circumstances that were then and ever since, affecting the industry as a whole and us, and during those first few years, we, through dispositions of assets and other activities took the pension plan from being funded at around 68% to this level. And we view that as our -- as the equivalent of debt, frankly. We're going to make good on our pension obligations. Not every newspaper company did or has. That's not an option around here.

We will come through on the pension plan, and we're, I think, in very good shape to realize that over time. Because of the volatility of the industry and the local markets, we, the Board, again, have been very cash conscious. You're correct. I mean your mathematics are exactly right. We do that math all the time. The timing of the pace, as I said to Bill in response to his question is probably predicated somewhat on being sure we do indeed get the final $22-plus million from Charter Holdings. And in-so-far as stock price, we are not pleased with the way the market has regarded our efforts.

Our enterprise value is real. Our whole theme here is to build it into a sustainable business that can achieve even greater value over time. And then we think now that we're seeing the kind of trends that we described earlier in this call, which really is the first time we have seen them in combination, that there is a better opportunity to describe the stock's attractiveness and our future then there has been quite a long time.

So if economic conditions hold where they are, Katy and I and Grant will be undertaking that beginning this fall. We're obviously not going to be the darling of NASDAQ, but we can certainly get more attention and begin to work on the enterprise value part of the equation.

As to timing and the potential of someone getting interested in our cash, two thoughts: one is we're beginning to see investors now who are interested more in our enterprise value plus cash as opposed to just cash. That first 5 or 6 or 7 years after we split the company, these calls were all about the value of our real estate and what we're going to dispose of next and it was frankly, pretty challenging for the management team at the time to keep focused with all that going on.

So now it's a lot easier story to first appreciate and understand and frankly, managing the company as a -- as I call it, the small company mindset, we feel like we're making really substantial progress. But the interest in the cash is certainly a possibility, it's important to keep in mind that I have 51% of the votes as a result of our differential voting stock structure. And two years ago, this fall, I believe, it's coming
up on two years, I purchased the shares of another family member, my predecessor as CEO, to get us in that position where we can work this very smartly with the right pace.

Joel Marcus - Analyst

As a follow-up to that, you realize you are on or were on, this published maybe about two or three months ago by Mario Gabelli, and you were #6 in his list of the top 10 dividend stocks in the United States.

Certainly, your yield right now, taking the dividend on an annualized basis is 10%, which is somewhat ridiculous in this interest rate environment. Have you considered increasing the dividend further basically to just make value so compelling without launching a stock buyback, but just increasing the dividend to a point where this would go to a reasonable value at this point in time, which is probably around $15 to $20 a share, which is 250% to 300% above where the stock is trading?

So I mean, obviously, there’s other ways to achieve an equitable valuation to protect your holdings and your shareholders interest in this without necessarily doing the stock buyback. So have you considered the dividend side of this, as a way to increase the valuation of this to get this to where it’s at a rational valuation because listen, you both sound like you’re tremendously bright, tremendously confident.

But certainly, one could almost say that with the price of the stock at current levels, you’re certainly not -- and I don’t think this is deliberate, but just the facts would lead one to the conclusion that you’re really not, I guess, fulfilling one of your fundamental duties to your shareholders, which is basically managing this company in a way that assures that your shareholders can have access to fair value for their holdings.

So I mean, that is a fiduciary responsibility that with the stock at current levels, is not being fulfilled by management of this company.

Robert W. Decherd DallasNews Corporation - Chairman, President & CEO

Joel, I appreciate the -- your comment and that perspective. I would just say two or three things. One is the Board views its fiduciary responsibility in all regards, obviously, as our primary duty. The reason we did not even consider changing the dividend rate when we did the reverse stock split is basically the point you’re making, and the Board’s view of the dividend at the higher levels relative to price previously and now is a de facto distribution of capital. Obviously, no one just looking at this from a purely financial standpoint, would be paying a dividend at that rate.

And yet your point about putting cash into the accounts of shareholders, is one of the themes we discussed when we talk about dividend rate, whether it’s 7%, 8%, 10% payout depending on current share price.

We have, for several years now, described this as a distribution of capital in the absence of a much larger special dividend, which we have done twice and is always a consideration tying back to Bill’s question.

All of those things will be discussed in depth again in September. Your comments are appreciated. Your suggestion about higher dividend is not something, frankly, we have looked at specifically because of the gap year and other factors, but it is a point well made, and we’ll take that into consideration as well.

Joel Marcus - Analyst

Okay. I mean I do look forward, I mean, as this obviously I bought this and basically recommended this to my clients as a long-term investment. I look forward to management, the Board of Directors of this company taking the necessary steps to achieve a fundamentally fair valuation for this company in the marketplace.

And I think I have every reason to expect that the company is going to be cognizant of that. I mean, certainly, perhaps engaging an IR firm to introduce this to other institutional investors, et cetera, has the company considered given the tremendous undervaluation of the stock in the marketplace, has the company consider engaging a really white shoe investor relations firm to take this story and bring this to the investment community.
I mean, if you look at the stock even today with the earnings being released and with this call going on, I mean volume is pretty much next to nothing. I mean, the last time I looked, it was under 3,000 shares on the day, which would indicate that there is nobody out there with this on their radar screen, and there is nobody out there with an active interest in investing in this company.

Robert W. Decherd DallasNews Corporation - Chairman, President & CEO

Joel, again, we are in the -- of the same mind, let me put it that way, we have not been actively out in front of investors for reasons that I think in retrospect, fairly apparent, not just the volatility of markets and COVID. But even before that, the transition or transformation we've been talking about on the call today, was very early stage and at least from many years of experience. I'm sure this is true for you and Bill and others on the call, you don't want to get out in front of the prospect of delivering results, but we feel much better about the outlook. When I referenced earlier that this is something that Katy and Grant and I are going to be much more attentive to in terms of allocation of our own time and effort.

And that's the point I really was touching upon. And should we organize an Investor Day or try to get in front of folks in terms of mostly New York community still. We know that a third party can give us a bigger lift. We've used third parties on and off over the gazillion years I've been in this role, and we've always benefited from that. So your point in this respect as well, is very well taken.

Joel Marcus - Analyst

Okay. I look forward to development next quarter and look forward to being on the next conference call. And obviously, I will if nothing changes, I will bring this up again, but an IR firm, an increase in dividend, the share buyback. I mean currently, your investors are not being very well served with being able to access liquidity and their investment at 60% of cash with this having zero enterprise value in, you've got a story to tell in the here and now.

And I mean, I think this company does need to make a greater effort to get that story in front of the investment community.

Robert W. Decherd DallasNews Corporation - Chairman, President & CEO

All well said. Thank you.

Operator

(Operator Instructions)

We'll go back to the line of Chris Mooney for a follow-up question.

Chris Mooney Wedbush Securities, Inc. - Analyst

Okay. Just to note, looking at the undervalue under funding of the pension plan, you own real estate aside from the note on the downtown building that Collin County thinks is worth considerably more than your pension plan liability.

And I know you're not going to sell the building anytime soon. But your pension plan doesn't require any payments for 10 years either. On more serious note, can you give us a quick update on the status of Belo Company and Google and Facebook potential payments? And then just for interest, how have you handled the return to office phenomena?

Grant S. Moise DallasNews Corporation - President & Publisher of The Dallas Morning News

Chris, it's Grant. I'll handle that. First of all, overall, with Belo and company, I've been very pleased. I think the type of that 38% print advertising growth we saw in this quarter, as we know, is largely just a matter of the comps from the depth of the pandemic last year.

But I'm seeing some of the fundamentals of that business that I look at, and I'm always looking at, which is what are the number of clients that we have. We have grown our client base year-over-year 13% which means, look, if we can get our existing clients to increase spending, it's great. But at the same time, just as I was talking about with our membership earlier with Bill, we need to be growing the foundation of our advertising and marketing services clients to Belo and company.

I'm very pleased that they're doing that. We're seeing a lot of our kind of key growth in the areas that provide us the most margin, which
is most important to me and to you all as well, I know.

So let me shift over to Google and Facebook because -- they are -- I am personally involved in those conversations I have been involved in those directly. I have known folks from both of those companies for well over a decade. And what I could say at this point is we are in active conversation with Google. We have an existing deal in place with Facebook in terms of when we’re talking about content and being paid for content, which is the primary question I know that you’re asking.

We have had deals in place with those companies in smaller ways in the past. But obviously, the JCPA which is the biggest Journalism Content Preservation Act that you all read about in Washington, D.C. is really kind of part or associated with this payment for content. Nothing is imminent at this point, Chris, but I am very pleased with the progress of the conversations and the fact that they remain active and engaged with us. And then last, you had talked about our return to office planning, Chris. We’re in a voluntary phase right now.

Obviously, our 300-plus employees up at our North plant have never been able to take an evening off. That’s just kind of part of the way our business works being a 24/7 news operation. But in terms of here in our corporate offices, the voluntary phase is we probably have, I’d say, about 10% to 15% of our staff is in on a voluntary basis. And right now, we are looking at the week after Labor Day of trying to bring back our full staff back to the offices.

But obviously, we’re keeping a very close eye on COVID levels. As Robert had alluded to earlier, this delta variant is real. We are reporting on that daily. And so we’re going to be very mindful and be prioritizing the health of our employees because frankly, the team is doing a great job being productive remotely right now. And so we’re going to bring them back as quickly as we can when health -- when basically the pandemic allows us to do so safely.

Robert W. Decherd DallasNews Corporation - Chairman, President & CEO

Chris, a quick point of clarification. The Facebook agreement goes back a couple of years. This is not something that was recently put in place. So the negotiations or discussions Grant referred to are on this larger scale, opportunity side that I think your question got at.

Grant S. Moise DallasNews Corporation - President & Publisher of The Dallas Morning News

Yes. Just so everyone is clear, we’re talking about Google News showcase is what the current negotiation is that's happening, I believe, I know throughout the country with domestic publishers.

Chris Mooney Wedbush Securities, Inc. - Analyst

Okay. Let's see, I'll note -- the prior questioner was I looked to see -- and the last time I can see that there was any insider activity in the shares was in June of last year. And if you really think you have the capital that you do and the progress being made and a dividend level of just under 10%, it seems a bit surprising that others inside the company wouldn't have interest.

Robert, I know you paid a lot higher price from stock some time ago. You don't need to respond to that. And I do want to complement Cheryl Hall on a very good write-up this weekend on Jacobs. That was very well done, company think so as well.

Robert W. Decherd DallasNews Corporation - Chairman, President & CEO

Thanks, Chris. I've been e-mailing back and forth with Cheryl just how pleased I was. I thought that was extremely well written. So I appreciate you saying that.

Chris Mooney Wedbush Securities, Inc. - Analyst

I know the company reasonably well, and she did a very good job, and I've communicated with the company about it as well.

Operator

We have no further questions in queue at this time.
Mary Kathryn Murray DallasNews Corporation - Executive VP, CFO, Treasurer & Assistant Secretary

All right. Alan, thank you for moderating. And everyone, thank you for joining our second quarter call, and we look forward to talking with everybody on our third quarter call. Enjoy the rest of your summer.

Thank you.

Operator

Ladies and gentlemen, that will conclude your conference call for today. Thank you for your participation and for using AT&T Event Teleconferencing. You may now disconnect.

[PIJ1]