The Washington Post Company Reports 1997 Earnings

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WASHINGTON -- The Washington Post Company today reported net income for 1997 of $281.6 million, compared with net income of $220.8 million in 1996. Basic earnings per share for 1997 were $26.23, compared to $20.08 in 1996. Diluted earnings per share for 1997 and 1996 were $26.15 and $20.05, respectively.

The company's 1997 net income included $28.5 million from the sale of the company's investment in Bear Island Paper Company, L.P., a newsprint mill, and Bear Island Timberlands Company, L.P., as well as $16.0 million relating to the sale of the assets of its PASS Sports subsidiary. Excluding these non-recurring gains, the company's basic and diluted earnings per share for 1997 were $22.07 and $22.00, respectively.

Revenue for 1997 totaled $1.956 billion, an increase of 6 percent from $1.853 billion in 1996. Operating income for 1997 rose 13 percent to $381.4 million, from $337.2 million in 1996.

For the fourth quarter of 1997, the company's net income rose 39 percent to $91.0 million, from $65.3 million in 1996. Basic earnings per share increased 45 percent to $8.66 in 1997 versus $5.97 in 1996. Diluted earnings per share increased 45 percent to $8.63 in 1997 versus $5.96 in 1996. Fourth-quarter 1997 earnings per share include the effect of the sale of the Bear Island partnership interests in the amount of $2.71 (basic) and $2.70 (diluted).

Revenue for the fourth quarter totaled $522.4 million, an increase of 4 percent over $503.6 million in the comparable period last year. Fourth- quarter operating income in 1997 decreased 2 percent to $102.2 million, from $104.3 million in 1996.

Broadcast division operating income in 1997 was $159.6 million, up 3 percent from $155.0 million in 1996. Division revenue for the year increased 1 percent to $338.4 million, from $335.2 million in 1996. In the fourth quarter of 1997, broadcast division revenue fell 1 percent over the same period in 1996 due primarily to political advertising in the fourth quarter of 1996.

Newspaper division operating income in 1997 increased 39 percent to $162.7 million, from $116.8 million in 1996. In 1997 division revenue totaled $812.9 million, an increase of 6 percent over revenue of $763.9 million in 1996.

Total advertising volume at The Washington Post rose 4 percent to 3,191,900 inches, from 3,070,200 inches in 1996. Post advertising revenue increased 8 percent to $604.1 million, from $558.9 million in 1996. Both daily and Sunday circulation at The Post declined 1 percent during 1997.

For the fourth quarter of 1997, newspaper division revenue rose 6 percent from the comparable period in 1996. Washington Post advertising inches increased 4 percent to 864,000 inches from the fourth quarter 1996.

Cash flow for the cable division in 1997 was $105.4 million, up 4 percent from $100.9 million the previous year. Cable division operating income of $51.5 million in 1997 was 8 percent lower than operating income of $56.0 million in 1996 primarily as a result of increased depreciation and amortization attributable to acquisitions and capital improvements. Revenue for 1997 of $257.7 million represents a 12 percent increase over 1996. At the end of 1997, there were 623,500 basic subscribers, an increase of 10 percent over 1996. Approximately two- thirds of the basic subscriber increase resulted from acquisitions and trades. In the fourth quarter of 1997, cable division revenue increased 11 percent over the same period in 1996.

Revenue of the magazine division, which beginning in 1997 also includes the company's business information unit, rose 3 percent to $389.9 million, from $377.1 million in 1996. Operating income totaled $38.0 million in 1997, an increase of 67 percent over $22.8 million in 1996. The increase is primarily attributable to the operating results of Newsweek, including higher sales of domestic ad pages, realized savings from prior year outsourcing initiatives, and other favorable cost experience. In the fourth quarter of 1997, magazine division revenue remained unchanged compared to the same period in 1996.

Other businesses, including Kaplan Educational Centers, PASS Sports (nine months of 1997), Legi-Slate, MLJ (Moffet, Larson & Johnson, Inc.), and Digital Ink, recorded a combined operating loss in 1997 of $30.5 million, compared with a loss of $13.5 million in 1996. The increase in operating loss is primarily attributable to the company's investing activities in electronic media and to costs arising from Kaplan's significant expansion of its Score elementary education business, which were partially offset by increased operating results in Kaplan's core test preparation business. For the 1997 fourth quarter, revenue from other businesses increased 3 percent over the comparable period of 1996.

The company's equity in earnings of affiliates for 1997 declined to $10.0 million, from $19.7 million in 1996, reflecting the effect of lower earnings at the company's affiliated newsprint mills for the majority of 1997 as compared to 1996. For the 1997 fourth quarter, equity in earnings of affiliates was $1.8 million versus $2.0 million in the comparable period of 1996.

During 1997 the company repurchased 846,290 shares of its Class B common stock at a cost of $368.6 million.

THE WASHINGTON POST COMPANY
CONSOLIDATED STATEMENTS OF INCOME
(Unaudited)

	Fourth Quarter			Fiscal Year		
	1997	1996	% Change	1997	1996	% Change
Operating revenues	$522,402	$503,648	+4	$1,956,253	$1,853,445	+6
Costs and expenses	(420,191)	(399,383)	+5	(1,574,902)	(1,516,276)	+4
Income from operations	102,211	104,265	-2	381,351	337,169	+13
Interest income	554	1,602		3,471	5,359	
Interest expense	(747)	(124)		(1,252)	(1,514)	
Equity in earnings of affiliates	1,787	2,005		9,955	19,702	
Other income (expense), net	45,257	(2,625)		69,549	(499)	
Income before income taxes	149,062	105,123	+42	463,074	360,217	+29
Provision for income taxes	(58,090)	(39,857)		(181,500)	(139,400)	
Net income	90,972	65,266	+39	281,574	220,817	+28
Redeemable preferred stock dividends	--	--		(956)	(680)	
Net income available for common stockholders	$90,972	$65,266	+39	$280,618	$220,137	+27
Basic earnings per share	$8.66	$5.97	+45	$26.23	$20.08	+31
Diluted earnings per share	$8.63	$5.96	+45	$26.15	$20.05	+30
Basic average shares outstanding	10,502	10,931	-4	10,700	10,964	-2
Diluted average shares outstanding	10,544	10,953	-4	10,733	10,980	-2

THE WASHINGTON POST COMPANY
QUARTERLY PER SHARE AMOUNTS
(In Thousands, except per share amounts)

	First Quarter	Second Quarter	Third Quarter	Fourth Quarter
1997				
Net income available for common stockholders	$47,216	$71,118	$71,312	$90,972
Basic earnings per share	$4.35	$6.62	$6.66	$8.66