



The Washington Post Company Reports Third Quarter Earnings

October 21, 1997 at 12:00 AM EDT

WASHINGTON -- The Washington Post Company today reported net income of \$71.6 million for the third quarter of 1997, an increase of 29 percent from net income of \$55.4 million in the third quarter of 1996. Earnings per share increased 33 percent to \$6.64, from \$5.00 for the same period last year.

Third-quarter results in 1997 included a one-time after-tax gain of \$16.0 million (\$1.49 per share) relating to the sale of the assets of its PASS Sports subsidiary and the termination of its regional sports network. Excluding this one-time item, net income was \$55.6 million and earnings per share were \$5.15.

Revenue for the third quarter of 1997 was \$478.4 million, up 4 percent from revenue of \$460.3 million in the third quarter of 1996. Operating income in the third quarter increased 5 percent to \$91.2 million, from \$87.2 million in the same period last year. The increase resulted from strength at the company's print businesses, partially offset by increased spending at the company's other businesses.

For the first nine months of 1997, the company's net income was \$190.6 million (\$17.57 per share), compared with net income of \$155.6 million (\$14.09 per share) in the same period of 1996. The company's 1997 net income included \$16.0 million (\$1.49 per share) from the sale of certain cable telecast rights mentioned previously. Excluding the effect of this one-time item, 1997 net income increased 12 percent and earnings per share increased 14 percent in the nine-month period.

Revenue for the first nine months of 1997 rose 6 percent to \$1,433.9 million, compared with \$1,349.8 million in the first three quarters of 1996. Operating income was \$279.1 million in the first three quarters of 1997, an increase of 20 percent over operating income of \$232.9 million in the same period of 1996.

Newspaper division revenue rose 4 percent in the third quarter and 6 percent in the first nine months of 1997. Advertising volume at The Washington Post increased slightly to 746,300 inches in the third quarter of 1997, from 742,200 inches in the third quarter of 1996. Post advertising inches increased 4 percent in the first nine months of 1997 to 2,328,000 inches, from 2,237,300 inches for the comparable period of 1996. For the first nine months of 1997, both daily and Sunday circulation declined 1 percent for The Post versus the same period last year.

Revenue at the broadcast division declined 1 percent in the third quarter of 1997. The comparable quarter last year included significant amounts of Olympics-related and political advertising, which did not recur in 1997. In the first nine months of 1997, broadcast revenue rose 2 percent.

Cable division revenue increased 13 percent in the third quarter and first nine months of 1997. About one-third and one-half of the respective increases resulted from the effects of cable system acquisitions in 1996 and 1997. At the end of the third quarter there were approximately 635,000 basic subscribers.

Newsweek revenue increased 2 percent in the third quarter of 1997 and 3 percent in the first nine months of the year due mainly to increased advertising volume.

Revenue from other businesses, principally Kaplan Educational Centers, Legi-Slate, MLJ (Moffet, Larson & Johnson, Inc.) and TechNews, rose 3 percent in the third quarter and 12 percent in the first nine months of 1997. Most of the increases were due to growth at Kaplan Educational Centers and the addition of TechNews beginning in September 1996.

The company's equity in earnings of affiliates in the third quarter of 1997 was \$4.7 million, compared with \$2.5 million in the third quarter last year. For the first nine months of the year, the company recorded equity in earnings of affiliates of \$8.2 million, compared with \$17.7 million in the comparable period of 1996. The decrease in the nine-month results was due to declining results at the company's affiliated newsprint mills.

The calculation of earnings per share for the third quarter and first nine months of 1997 was based on 10,743,000 and 10,794,000 weighted average shares outstanding, respectively, compared to 10,975,000 and 10,990,000 shares in 1996. During the first nine months of 1997, the company repurchased 245,390 shares of its Class B common stock at a cost of approximately \$87.3 million.

THE WASHINGTON POST COMPANY CONSOLIDATED STATEMENTS OF INCOME (Unaudited)

	Third Quarter			Thirty-nine Weeks		
	1997	1996	% Change	1997	1996	% Change
Operating revenues	\$478,375	\$460,326	+4	\$1,433,851	\$1,349,797	+6
Costs and expenses	(387,140)	(373,106)	+4	(1,154,711)	(1,116,893)	+3

Income from operations	91,235	87,220	+5	279,140	232,904	+20
Equity in income of affiliates, net	4,712	2,537		8,168	17,697	
Interest income	725	1,358		2,917	3,757	
Interest expense	(182)	(168)		(505)	(1,390)	
Other income (expense), net	23,471	(53)		24,292	2,126	
	<u>119,961</u>	<u>90,894</u>	+32	<u>314,012</u>	<u>255,094</u>	+23
Provision for income taxes	(48,410)	(35,503)		(123,410)	(99,543)	
Net income	71,551	55,391	+29	190,602	155,551	+23
Redeemable preferred stock dividends	(239)	(478)		(956)	(680)	
Net income available for common stock	<u>\$71,312</u>	<u>\$54,913</u>	+30	<u>\$189,646</u>	<u>\$154,871</u>	+22
Earnings per common share	<u>\$6.64</u>	<u>\$5.00</u>	+33	<u>\$17.57</u>	<u>\$14.09</u>	+25
Average shares outstanding	10,743	10,975	-2	10,794	10,990	-2

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