



## The Washington Post Company Reports Second Quarter Earnings

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WASHINGTON -- The Washington Post Company today reported net income of \$71.4 million for the second quarter of 1997, an increase of 13 percent over net income of \$63.2 million in the second quarter last year. Earnings per share increased 15 percent to \$6.60, from \$5.76 for the same period of last year.

Revenue for the second quarter of 1997 was \$501.4 million, up 6 percent over revenue of \$472.9 million in the second quarter of 1996. Operating income for the quarter rose 15 percent to \$109.9 million, from \$95.5 million in 1996. The increase resulted from strength in the company's print businesses.

For the first six months of 1997, the company's net income was \$119.1 million, compared with net income of \$100.2 million in the first half of 1996. Earnings per share for the first half of 1997 were \$10.94, an increase of 20 percent over the same period last year.

Revenue for the first half of 1997 was \$955.5 million, up 7 percent over revenue of \$889.5 million in the first six months of 1996. Operating income for the same period was \$187.9 million, up 29 percent over operating income of \$145.7 million in 1996.

Newspaper division revenue increased 8 percent in both the second quarter and first half of 1997. Advertising volume at The Washington Post totaled 818,500 inches in the second quarter of 1997, up 5 percent from 778,700 inches in the second quarter of 1996. In the first six months of 1997, Post advertising volume increased 6 percent to 1,581,700 inches, from 1,495,100 inches in the first half of 1996. For the first six months of 1997, daily and Sunday circulation at The Post declined 2 percent and 1 percent, respectively, compared to the same period last year. Newsprint expense at the newspaper division declined 20 percent in both the second quarter and first six months of 1997 over the comparable periods in 1996.

Revenue at the broadcast division increased 3 percent in both the second quarter and first six months of 1997 compared to the same periods last year.

Revenue at the cable division increased 13 percent in both the second quarter and first six months over the same periods last year. Higher subscriber levels, resulting mainly from recent acquisitions, as well as slightly higher rates accounted for the increase. At the end of the second quarter there were approximately 633,000 basic subscribers.

Newsweek revenue declined 2 percent in the second quarter, but increased 3 percent in the first half of the year. Increased advertising page volume, combined with higher net advertising revenue per page, accounted for most of the increase for the first half of the year.

Revenues from other businesses -- principally Kaplan Educational Centers, PASS Sports, Legi-Slate, Digital Ink, MLJ (Moffet, Larson & Johnson), and TechNews -- increased 19 percent and 18 percent, respectively, over the second quarter and first six months of last year. The increases are due to strong revenue growth at Kaplan Educational Centers.

The company's equity in earnings of affiliates in the second quarter was \$3.3 million, compared with \$7.8 million in the second quarter of 1996. For the first half of the year, the company recorded equity in earnings of affiliates of \$3.5 million, compared with \$15.2 million in the comparable period of 1996. The decreases were due to declining results at the company's affiliated newsprint mills.

The calculation of earnings per share for the second quarter and first half of 1997 was based on 10,772,000 and 10,819,000 weighted average shares outstanding, respectively, compared to 10,970,000 and 10,998,000 shares in 1996. During the first half of 1997 the company repurchased 217,590 shares of its Class B common stock at a cost of approximately \$75.5 million.

### THE WASHINGTON POST COMPANY CONSOLIDATED STATEMENTS OF INCOME (Unaudited)

	Second Quarter			Twenty-six Weeks		
	1997	1996	% Change	1997	1996	% Change
Operating revenues	\$501,375	\$472,852	+6.0	\$955,476	\$889,471	+7.4
Costs and expenses	(391,438)	(377,367)	+3.7	(767,571)	(743,786)	+3.2
Income from operations	109,937	95,485	+15.1	187,905	145,685	+29.0
Interest income	1,079	1,175	&nbsp;	2,192	2,399	&nbsp;
Interest expense	(158)	(139)	&nbsp;	(323)	(1,222)	&nbsp;
Equity in earnings of affiliates	3,331	7,807	&nbsp;	3,456	15,160	&nbsp;
Other income (expense), net	1,668	(689)	&nbsp;	821	2,178	&nbsp;

Income before income taxes	115,857	103,639	+11.8	194,051	164,200	+18.2
Provision for income taxes	<u>(44,500)</u>	<u>(40,421)</u>	&nbsp;	<u>(75,000)</u>	<u>(64,040)</u>	&nbsp;
Net income	71,357	63,218	+12.9	119,051	100,160	+18.9
Redeemable preferred stock dividends	<u>(239)</u>	<u>--</u>	&nbsp;	<u>(717)</u>	<u>(202)</u>	&nbsp;
Net income available for common stock	<u>\$71,118</u>	<u>\$63,218</u>	+12.5	<u>\$118,334</u>	<u>\$99,958</u>	+18.4
Earnings per share	<u>\$6.60</u>	<u>\$5.76</u>	+14.6	<u>\$10.94</u>	<u>\$9.09</u>	+20.4
Average shares outstanding	10,772	10,970	-1.8	10,819	10,998	-1.6

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