



The Washington Post Company Reports 1999 and Fourth Quarter Earnings

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WASHINGTON--The Washington Post Company (NYSE:WPO) today reported net income of \$225.8 million for its fiscal year ended January 2, 2000, compared with net income of \$417.3 million for the fiscal year ended January 3, 1999. Diluted earnings per share totaled \$22.30 in 1999, compared to \$41.10 in 1998.

The company's 1998 net income included \$194.4 million (\$19.20 per share) from the disposition of the company's 28 percent interest in Cowles Media Company, the sale of 14 small cable systems and the disposition of the company's interest in Jungle, a facilitator of internet commerce. Excluding the effect of these one-time items from 1998 net income, the company's 1999 net income of \$225.8 million increased 1 percent, from net income of \$222.9 million in 1998. On the same basis of presentation, diluted earnings per share for 1999 of \$22.30 increased 2 percent compared to \$21.90 in 1998, with fewer average shares outstanding.

Revenue for 1999 totaled \$2,215.6 million, an increase of 5 percent from \$2,110.4 million in 1998. Operating income for 1999 increased 3 percent to \$388.5 million, from \$378.9 million in 1998. The 1999 operating results were affected positively by an increase in advertising revenues at The Washington Post newspaper and Newsweek, growth in subscriber revenues at the cable division, a 19 percent decline in newsprint expense, and an increase in the company's pension credit. These improvements were offset in part by increased spending for internet-related operations (approximately \$34 million increase), higher depreciation and amortization expense, and reduced national advertising revenues at the broadcast division.

For the fourth quarter of 1999, the company's net income decreased 4 percent to \$61.0 million, from \$63.8 million in 1998; diluted earnings per share decreased 3 percent to \$6.09 in 1999 versus \$6.30 in 1998. Revenue for the fourth quarter of 1999 was \$598.4 million, up 1 percent over revenue of \$591.4 million in the fourth quarter of 1998. Operating income for the quarter increased 8 percent to \$118.1 million, from \$109.5 million. The increase in fourth quarter operating income is primarily attributable to the factors causing the increase in operating income for the 1999 fiscal year as described above. Offsetting this improvement in fourth quarter operating income, and causing the decline in fourth quarter net income, were losses arising from the company's equity investment in BrassRing, Inc. (formed at the end of September 1999), and higher interest expense.

The company's operating income for 1999 and the fourth quarter of 1999 includes \$83.0 million and \$20.0 million of pension credits, respectively, compared to \$62.0 million and \$15.0 million for the same periods of 1998.

Divisional Results(1)

Newspaper Publishing

At the newspaper division, 1999 included 52 weeks compared to 53 weeks in 1998. Newspaper division revenues in 1999 increased 3 percent to \$875.1 million, from \$848.9 million in 1998. In 1999, division operating income totaled \$156.7 million, an increase of 13 percent over operating income of \$139.0 million in 1998.

The 1999 improvement in operating income resulted mostly from an improvement in the operating results of The Washington Post newspaper, offset in part by increased electronic media spending primarily for the continued development of washingtonpost.com (approximately \$8 million increase). At The Washington Post, revenue grew by 2 percent in 1999 and operating expenses decreased by 2 percent. The Post's 1999 operating expenses benefited from a decline in newsprint expense and larger pension credits (\$28.0 million in 1999 versus \$19.0 million in 1998). These expense reductions were offset in part by higher depreciation expense (arising from the recently completed expansion of The Post's printing facilities) and other general expense increases including increased promotion and marketing expenses.

Advertising volume at The Washington Post totaled 3,282,000 inches in 1999, an increase of 3 percent from 3,191,000 inches in 1998. Post advertising revenue increased 3 percent to \$650.7 million, from \$630.1 million in 1998. Post daily circulation for 1999 remained essentially even with 1998; Sunday circulation declined by 1 percent.

For the fourth quarter of 1999, newspaper division revenues totaled \$233.9 million, an increase of 2 percent over the same period in 1998; division operating income improved 19 percent to \$42.0 million for the fourth quarter of 1999. Washington Post advertising inches increased 3 percent to 915,700 inches, from 886,500 inches in the fourth quarter of 1998. The fourth quarter of 1999 included 13 weeks, compared to 14 weeks in the fourth quarter of 1998.

Television Broadcasting

Broadcasting division revenues for 1999 totaled \$341.8 million, a 4 percent decline from 1998; 1999 operating income declined 2 percent to \$167.6 million. The decline in 1999 operating income is primarily attributable to softness in national advertising revenues and the absence of Winter Olympic advertising revenues (first quarter of 1998) and political advertising revenues (third and fourth quarter of 1998), offset in part by growth in local advertising and reduced expenses.

For the fourth quarter of 1999, revenue at the broadcasting division decreased 9 percent to \$93.8 million and operating income declined 1 percent to

\$53.1 million compared to the fourth quarter of 1998. Softness in national advertising and the absence of political revenues in 1999 versus 1998, offset in part by reduced expenses, accounted for the 1999 fourth quarter operating income decline.

Magazine Publishing

Revenue for the magazine publishing division was \$401.1 million for 1999, up slightly over 1998 revenue of \$399.5 million. Operating income totaled \$62.1 million in 1999, an increase of 39 percent over operating income of \$44.5 million in 1998. The 39 percent increase in operating income is primarily attributable to the operating results of Newsweek. At Newsweek, operating income improved as a result of an increase in the number of advertising pages at the domestic edition, higher pension credits (\$48.4 million in 1999 versus \$36.6 million in 1998) and reductions in other operating expenses. Offsetting these gains were the effects of a decline in advertising revenues at the company's trade periodicals unit.

In the fourth quarter of 1999, magazine division revenues increased 5 percent compared to the fourth quarter of 1998; operating income increased 55 percent to \$20.2 million. The increase in fourth quarter 1999 operating income is primarily attributable to one additional issue at Newsweek, increased pension credits, and lower expenses.

Cable

Cable division revenues of \$336.3 million for 1999 represent a 13 percent increase over 1998 revenues of \$298.0 million. Cable division operating income before amortization expense rose to \$97.2 million in 1999, an increase of 9 percent over 1998. Operating income after amortization expense increased 3 percent. The 1999 operating results reflect higher subscriber levels (principally from acquisitions) and higher rates, offset partially by increased amortization and depreciation expense arising from acquisitions and capital improvements. At the end of 1999, there were 739,730 basic subscribers, an increase of 1 percent over 1998.

In the fourth quarter of 1999, cable division revenue increased 8 percent over the same period in 1998. Operating income before amortization expense declined 6 percent; operating income after amortization expense declined 11 percent. The decline in the fourth quarter operating results is primarily attributable to higher depreciation expense resulting from capital expenditures for system rebuilds and upgrades.

Education and Career Services

The company provides education and career services through its subsidiary Kaplan, Inc. Kaplan provides test preparation programs in the U.S. and abroad for individuals taking admissions and professional licensing exams. Kaplan also provides on-site educational programs to students and teachers at elementary, secondary and post-secondary institutions, and offers a growing number of distance learning programs. In addition, Kaplan publishes books, software and other educational materials.

Kaplan also owns SCORE! Learning Corporation, a provider of after-school learning opportunities for students in kindergarten through the ninth grade. SCORE! presently operates 100 SCORE! Educational Centers (most opened within the last two years) and plans to open an additional 45 centers in 2000. In September 1999, SCORE! announced the launch of a new e-commerce site, eSCORE.com, to provide customized online educational resources and services for parents and children.

For the first nine months of 1999 and all of 1998, Kaplan, through its career services division, was the leading provider of career fairs in North America, bringing together technical, sales and diversity candidates with corporate recruiters. Kaplan, through its subsidiary HireSystems, also provided corporate clients with web-based tools to streamline the recruitment and hiring process. On September 29, 1999, Kaplan contributed its ownership of these two businesses to a newly formed company named BrassRing. Partnering with Kaplan in the formation of this new business are The Tribune Company and Accel Partners, which each contributed cash and/or other assets to BrassRing. From September 30, 1999, the operating results of the career fair businesses and HireSystems have been included in BrassRing, of which the company records its 54 percent interest in accordance with the equity method of accounting.

Excluding the operating results of the career fair and HireSystems businesses, the 1999 revenues for the education and career services division totaled \$240.1 million, a 40 percent increase from 1998 revenues of \$171.4 million. Revenues increased 21 percent to \$65.3 million for the fourth quarter of 1999, compared to \$53.9 million for the same period in 1998; operating losses for 1999 totaled \$17.4 million compared to \$6.0 million in 1998. Operating losses totaled \$10.0 million for the fourth quarter of 1999 versus \$0.3 million for the fourth quarter of 1998. Approximately two-thirds of the 1999 revenue increase is attributable to businesses acquired in 1999 and 1998. The remaining increase in revenue is due to growth in the test preparation and SCORE! businesses. The decline in 1999 operating results is primarily attributable to the opening of new SCORE! centers, start-up costs associated with eSCORE.com and the development of various distance learning initiatives, offset in part by operating income improvements in the traditional test preparation business.

Including the results of the career fair businesses and HireSystems, the education and career services division's 1999 revenues totaled \$257.5 million, a 32 percent increase over the same period in the prior year; revenues increased 9 percent to \$65.3 million for the fourth quarter of 1999. Approximately two-thirds of the revenue increase is attributable to businesses acquired in 1999 and 1998. The remaining annual increase in revenue is due to growth in the test preparation and Score! businesses. Division operating losses of \$38.0 million in 1999 represent a \$30.5 million decline from operating losses of \$7.5 million in 1998. Operating losses totaled \$10.0 million for the fourth quarter of 1999, compared to losses of \$1.3 million in 1998. The \$30.5 million decline in 1999 operating results is primarily attributable to start-up costs associated with opening new SCORE! centers and the launch of the eSCORE.com web site, as well as increased spending for HireSystems and the development of various distance learning initiatives, offset in part by operating income improvements in the traditional test preparation business.

Other Businesses and Corporate Office

For 1999, other businesses and corporate office includes the expenses associated with the company's corporate office and the operating results of Legi-Slate through June 30, 1999, the date of its sale. For 1998, other businesses and corporate office includes the company's corporate office, the operating results of Legi-Slate, and the results of MLJ through July 1998, the date of its sale.

Revenues for other businesses totaled \$3.8 million and \$11.5 million in 1999 and 1998, respectively. Operating losses for other businesses and corporate office were \$27.1 million for 1999 and \$33.4 million for 1998; operating losses were \$6.4 million and \$12.5 million for the fourth quarters of 1999 and 1998, respectively. The decrease in operating losses in 1999 is due to the absence of operating losses of MLJ (sold in July 1998) and Legi-Slate (sold in June 1999).

Equity in Losses of Affiliates

The company's equity in losses of affiliates for 1999 was \$8.8 million, compared to losses of \$5.1 million in 1998. The company's affiliate investments consist primarily of a 54 percent interest in BrassRing, Inc. (formed in late September 1999), 50 percent interest in the International Herald Tribune, and a 49 percent interest in Bowater Mersey Paper Company Limited. The decline in 1999 affiliate results is primarily attributable to BrassRing, Inc., which is in the development and marketing phase of its operations.

For the fourth quarter of 1999, the company recorded equity in losses of affiliates of \$7.0 million, compared to losses of \$2.0 million for the fourth quarter of 1998. BrassRing, Inc. was the primary reason for the 1999 fourth quarter variance.

Other Non-Operating Income

The company recorded other non-operating income of \$21.4 million in 1999 compared to \$304.7 million in 1998. The company's 1999 other non-operating income consists principally of gains on the sale of marketable securities (mostly various internet-related securities). The company's 1998 other non-operating income consists mostly of the non-recurring gains resulting from the company's disposition of its 28 percent interest in Cowles Media Company, sale of 14 small cable systems and disposition of its investment interest in Junglee.

Net Interest Expense

The company incurred net interest expense of \$25.7 million in 1999, compared to \$10.4 million in 1998. For the fourth quarter of 1999 and 1998, the company incurred net interest expense of \$7.6 million and \$6.4 million, respectively. The 1999 increase in net interest expense is attributable to borrowings executed by the company to fund capital improvements, acquisition activities and share repurchases. At January 2, 2000, the company had approximately \$885.3 million in borrowings outstanding.

Earnings Per Share

The calculation of diluted earnings per share for 1999 and the fourth quarter of 1999 were based on 10,082,000 and 10,008,000 weighted average shares outstanding, respectively, compared to 10,129,000 and 10,124,000 shares in 1998. During 1999, the company repurchased 744,095 shares of its Class B common stock at a cost of approximately \$426.0 million; 677,777 of these shares were purchased in the fourth quarter of 1999 for approximately \$390.0 million.

(1) The company now includes the results of its electronic media publishing operations (primarily washingtonpost.com) within the newspaper publishing division. Previously, these operating results were included in the "other businesses and corporate office" division. All prior year division results have been restated to reflect this change in reporting.

THE WASHINGTON POST COMPANY CONSOLIDATED STATEMENTS OF INCOME

(Unaudited)

(In thousands, except share and per share amounts)

	Fourth Quarter			Fiscal Year		
	1999	1998	% Change	1999	1998	% Change
Operating revenues	\$598,400	\$591,366	+1	\$2,215,571	\$2,110,360	+5
Operating costs and expenses						
Operating expenses	(438,009)	(441,631)	-1	(1,664,320)	(1,592,326)	+5
Depreciation	(27,547)	(26,079)	+6	(104,235)	(89,248)	+17
Amortization	(14,706)	(14,166)	+4	(58,563)	(49,889)	+17
Operating income	118,138	109,490	+8	388,453	378,897	+3
Equity in losses of affiliates, net	(6,975)	(1,996)		(8,814)	(5,140)	
Interest income	452	328		1,097	1,137	
Interest expense	(8,059)	(6,717)		(26,786)	(11,538)	
Other income						

(expense), net(1)	(2,458)	(2,050)		21,435	304,703	
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Income before income taxes	101,098	99,055	+2	375,385	668,059	-44
Provision for income taxes	(40,100)	(35,300)	+14	(149,600)	(250,800)	-40
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Net income	60,998	63,755	-4	225,785	417,259	-46
Redeemable preferred stock dividends	--	--		(950)	(956)	
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Net income available for common stock	\$ 60,998	\$ 63,755	-4	\$ 224,835	\$ 416,303	-46
	=====	=====		=====	=====	
Basic earnings per share	\$ 6.11	\$ 6.32	-3	\$ 22.35	\$ 41.27	-46
	=====	=====		=====	=====	
Diluted earnings per share	\$ 6.09	\$ 6.30	-3	\$ 22.30	\$ 41.10	-46
	=====	=====		=====	=====	
Basic average shares outstanding	9,988	10,082	-1	10,061	10,087	--
Diluted average shares outstanding	10,008	10,124	-1	10,082	10,129	--

(1) In 1998, other income, net, includes \$309.7 million in pre-tax gains arising from the disposition of the company's 28 percent interest in Cowles Media Company, the sale of 14 small cable systems and the disposition of the company's interest in Jungle, a facilitator of internet commerce.

THE WASHINGTON POST COMPANY
 QUARTERLY PER SHARE AMOUNTS (UNAUDITED)
 (in thousands, except per share amounts)

	First Quarter(1)	Second Quarter	Third Quarter(2)	Fourth Quarter
1999	-----	-----	-----	-----
Net income available for common stockholders	\$44,715	\$67,672	\$51,452	\$60,998
	=====	=====	=====	=====
Basic earnings per share	\$4.43	\$6.70	\$5.12	\$6.11
	=====	=====	=====	=====
Diluted earnings per share	\$4.41	\$6.67	\$5.10	\$6.09
	=====	=====	=====	=====

Operating Income:

Newspaper						
publishing	\$ 42,001	\$ 35,387	+19	\$156,731	\$139,032	+13
Broadcasting	53,103	53,476	-1	167,639	171,194	-2
Magazine						
publishing	20,212	13,054	+55	62,057	44,524	+39
Cable television	19,169	21,449	-11	67,145	65,021	+3
Education and						
career services	(9,987)	(1,343)	-644	(37,998)	(7,453)	-410
Other businesses						
and corporate						
office	(6,360)	(12,533)	+49	(27,121)	(33,421)	+19
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	\$118,138	\$109,490	+8	\$388,453	\$378,897	+3
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Depreciation:

Newspaper						
publishing	\$10,046	\$11,425	-12	\$ 35,363	\$29,033	+22
Broadcasting	3,148	2,988	+5	11,719	11,378	+3
Magazine						
publishing	1,245	1,150	+8	4,972	4,888	+2
Cable television	10,768	8,478	+27	43,092	37,271	+16
Education and						
career services	2,340	1,922	+22	8,850	5,925	+49
Other businesses						
and corporate						
office	--	116	-100	239	753	-68
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	\$27,547	\$26,079	+6	\$104,235	\$89,248	+17
	=====	=====		=====	=====	

Amortization:

Newspaper						
publishing	\$ 388	\$ 378	+3	\$ 1,535	\$ 1,372	+12
Broadcasting	3,559	3,767	-6	14,248	14,368	-1
Magazine						
publishing	1,478	1,488	-1	5,912	5,912	--
Cable television	7,613	7,113	+7	30,007	24,178	+24
Education and						
career services	1,668	1,420	+17	6,861	4,057	+69
Other businesses						
and corporate						
office	--	--	--	--	2	--
	-----	-----		-----	-----	
	\$14,706	\$14,166	+4	\$58,563	\$49,889	+17
	=====	=====		=====	=====	

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