



## The Washington Post Company Reports Third Quarter Earnings

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WASHINGTON--The Washington Post Company (NYSE: WPO) today reported net income of \$51.7 million (\$5.10 per share) for its third quarter ended October 3, 1999, a decrease of \$30.1 million from net income of \$81.8 million (\$8.05 per share) in the third quarter of 1998.

The company's 1999 third quarter results included a one-time after-tax charge of \$8.0 million (\$.80 per share) arising from the previously announced formation of BrassRing, Inc., a new job search and recruiting business owned together by the company, The Tribune Company and Accel Partners.

The company's 1998 third quarter net income included one-time after-tax gains of \$30.9 million (\$3.05 per share) resulting from the sale of 14 small cable systems and the disposition of the company's investment interest in Junglee, a facilitator of Internet commerce.

Excluding these non-recurring items, net income for the third quarter of 1999 increased 17 percent to \$59.7 million (\$5.90 per share), from net income of \$50.9 million (\$5.00 per share) in the third quarter of 1998.

Revenue for the third quarter of 1999 was \$539.6 million, up 6 percent from \$509.3 million in 1998. Operating income for the third quarter of 1999 totaled \$86.4 million, a decrease of \$1.2 million from operating income of \$87.6 million in the third quarter of last year.

Excluding a non-recurring pre-tax charge of \$10.0 million that related to the formation of BrassRing, Inc., operating income for the third quarter of 1999 totaled \$96.4 million, a 10 percent increase over 1998.

The third quarter 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 24 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 (\$3.0 million increase) and new business initiatives at the company's education and career services division (\$5.5 million increase), as well as higher depreciation and amortization expense arising from increased capital expenditures over the past two years and acquisitions completed after September 1998.

For the first nine months of 1999, net income was \$164.8 million (\$16.18 per share), compared to net income of \$353.5 million (\$34.79 per share) for the same period of 1998. The company's 1999 net income included the non-recurring after-tax charge of \$8.0 million (\$.79 per share) related to the formation of BrassRing, Inc.

The company's 1998 net income included \$194.4 million (\$19.12 per share) in gains from non-recurring transactions which included 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 investment interest in Junglee.

Excluding the effect of these one-time items, net income totaled \$172.8 million for the first nine months of 1999, an increase of 9 percent from net income of \$159.1 for the same period in 1998; earnings per share increased 8 percent to \$16.97 in 1999, from \$15.67 in 1998.

Revenue for the first nine months of 1999 was \$1,617.2 million, up 6 percent over revenue of \$1,519.0 million in the first nine months of 1998. Operating income for the first nine months of 1999 totaled \$270.3 million, essentially unchanged compared to operating income of \$269.4 million for the same period of 1998.

Excluding the effect of the non-recurring \$10.0 million pre-tax charge related to the formation of BrassRing, Inc. in the third quarter of 1999, operating income increased 4 percent in the first nine months of 1999 compared to the same period last year.

The 1999 nine-month operating results benefited from a 4 percent increase in advertising revenues at The Washington Post newspaper, an increase in cable subscriber revenues, lower newsprint expense and increased pension credits.

These operating income improvements were tempered by increased spending for internet-related operations (approximately \$6.0 million increase) and new business initiatives at the company's education and career services division (approximately \$10.0 million increase), as well as higher depreciation and amortization expense, and reduced national advertising revenues at the broadcast division.

The company's operating income for the third quarter and first nine months of 1999 includes \$21.0 million and \$63.0 million of pension credits, respectively, compared to \$15.7 million and \$47.1 million for the same periods of 1998.

### Divisional Results

#### Newspaper Publishing

Newspaper division revenue increased 6 percent to \$212.0 million for the third quarter of 1999 and 3 percent to \$639.4 million for first nine months of 1999. Division operating income for the third quarter increased 42 percent to \$48.6 million; operating income increased 14 percent to \$138.2 million for the first nine months of 1999.

The 42 percent increase in operating income for the third quarter resulted mostly from an improvement in the operating results of The Washington Post, where revenue grew by 7 percent and operating expenses decreased by 1 percent. The Post's operating expenses for the third quarter of 1999

benefited from a decline in newsprint expense and additional pension credits.

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 806,900 inches in the third quarter of 1999, up 10 percent from 734,600 inches in the third quarter of 1998. During the first nine months of 1999, Post advertising volume totaled 2,366,300 inches, a 2 percent increase from 2,312,800 inches for the comparable period of 1998.

For the first nine months of 1999, daily circulation at The Post remained essentially unchanged and Sunday circulation declined 1 percent compared to the same period of the prior year.

Newsprint expense at the newspaper publishing division decreased 24 percent and 17 percent in the third quarter and first nine months of 1999, respectively, from the comparable periods of 1998. The decline in newsprint expense is due to a decline in newsprint prices, and to a lesser extent, a decline in newsprint consumed.

#### Broadcasting

Third quarter revenue at the broadcasting division totaled \$76.7 million, a 5 percent decline from the third quarter of 1998. For the first nine months of 1999 revenue decreased 3 percent to \$248.0 million.

Operating income for the third quarter of 1999 totaled \$34.2 million, a 2 percent decline from the third quarter of 1998; operating income for the first nine months of 1999 declined 3 percent to \$114.5 million. The decline in 1999 operating income is primarily attributable to softness in national advertising revenues offset in part by growth in local advertising revenues.

#### Magazine Publishing

Revenue for the magazine publishing division was \$91.9 million for the third quarter of 1999, a 4 percent increase from the third quarter of 1998. Revenue totaled \$283.2 million for the first nine months of 1999, a 2 percent decrease compared to the same period in the prior year.

Division operating income totaled \$15.2 million for the third quarter of 1999, an 85 percent increase over the same period in the prior year; operating income totaled \$41.8 million for the first nine months of 1999, an increase of 33 percent from 1998.

The 85 percent increase in the third quarter operating income is due to an increase in the number of advertising pages at the domestic edition of Newsweek, increased pension credit and reductions in other operating expense.

#### Cable

Cable division revenue of \$84.8 million for the third quarter of 1999 represents an 8 percent increase over 1998 third quarter revenue; for the first nine months of 1999 revenue increased 15 percent to \$248.7 million. Cable division operating income before amortization expense rose to \$25.1 million for the third quarter, an increase of 6 percent over the third quarter of 1998.

For the first nine months of 1999, operating income before amortization expense increased 16 percent to \$70.4 million. Operating income after amortization expense increased 7 percent and 10 percent for the third quarter and first nine months, respectively. Third quarter operating results reflect higher subscriber levels and a slight increase in rates, offset partially by increased depreciation expense arising from capital improvements.

#### Education and Career Services

The company provides education and career services through its subsidiary Kaplan Educational Centers. 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! Educational Centers, a provider of after-school learning opportunities for students in kindergarten through the eighth grade. Score! presently operates 80 Score! centers (most opened within the last two years) and plans to open an additional 20 centers in the remainder of 1999.

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 ages 0 to 18. The site is planned to launch this fall, with initial funding from Kaplan set at \$25 million (\$10 million in 1999), primarily for product development and marketing.

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, Inc. (BrassRing) in exchange for a 54 percent interest in 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. In connection with the formation of BrassRing, the company incurred a \$10.0 million non-recurring pre-tax charge.

Prospectively, the operating results of the career fair businesses and HireSystems will be included in BrassRing, of which the company will record its 54 percent interest in accordance with the equity method of accounting.

Excluding the operating results of the career fair and HireSystems businesses, the third quarter 1999 revenues for the education and career services division totaled \$67.3 million, a 28 percent increase from 1998 third quarter revenue of \$52.6 million.

Revenues increased 56 percent to \$174.8 million for the first nine months of 1999 compared to \$111.9 million for the same period in 1998. On the same basis of presentation, operating losses for the third quarter of 1999 totaled \$0.1 million, compared to operating income of \$5.7 million for the third quarter of 1998.

Operating losses totaled \$6.7 million for the first nine months of 1999, compared to losses of \$4.7 million for the same period in 1998. The decline in 1999 operating results is primarily attributable to the opening of new Score! centers, start-up costs associated with eScore! and various distance learning initiatives.

Including the results of the career fair businesses and HireSystems, the education and career services third quarter 1999 revenues totaled \$73.8 million, a 21 percent increase over the same period in the prior year; revenues increased 42 percent to \$192.3 million for the first nine months of 1999.

Approximately two-thirds of the revenue increase is attributable to businesses acquired after the third quarter of 1998. The remaining quarterly revenue increase is mostly due to growth in test preparation revenue and Score! Division operating losses of \$13.7 million in the third quarter of 1999 represent a \$19.0 million decline from \$5.3 million in operating income for the third quarter of 1998.

Operating losses totaled \$28.0 million for the first nine months of 1999, compared to losses of \$6.1 million in 1998.

The \$19.0 million decline in third quarter operating results is primarily attributable to the \$10.0 million non-recurring charge related to the formation of BrassRing, start-up costs associated with opening new Score! centers and the launch of the eScore! web site, as well as increased spending for HireSystems and various distance learning initiatives.

#### Other Businesses and Corporate Office

Revenues for other businesses totaled \$0.5 million and \$1.4 million in the third quarter of 1999 and 1998, respectively. For the first nine months of 1999 and 1998, revenues totaled \$5.6 million and \$6.3 million, respectively.

Operating losses for other businesses and corporate office were \$15.5 million for the third quarter of 1999 and \$44.2 million for the first nine months of 1999; operating losses were \$11.2 million and \$38.7 million for the comparable periods of 1998. The increase in operating losses in the third quarter of 1999 is due to additional spending for internet-related operations.

The 1998 operating results include Moffet, Larson & Johnson, which was sold in July 1998. In June 1999 the company sold Legi-Slate. No significant gain or loss arose from the sale of these businesses.

#### Equity in Losses of Affiliates

The company's equity in losses of affiliates for the third quarter of 1999 was \$0.1 million, compared to losses of \$4.1 million for the third quarter of 1998. The company's affiliate investments consist primarily of a 50 percent interest in the International Herald Tribune (IHT) and a 49 percent interest in Bowater Mersey Paper Company Limited.

For the first nine months of 1999, the company recorded equity in losses of affiliates of \$1.8 million, compared to losses of \$3.1 million in the comparable period in 1998.

#### Other Non-Operating Income

The company recorded other non-operating income of \$8.3 million and \$23.9 million for the third quarter and first nine months of 1999, respectively, compared to \$50.2 million and \$306.8 million for the same periods 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

For the third quarter of 1999, the company incurred net interest expense of \$6.3 million, compared to \$2.0 million in net interest expense for the third quarter of 1998. For the first nine months of 1999, the company incurred net interest expense of \$18.1 million, compared to \$4.0 million for the same period of 1998.

The third quarter 1999 increase in net interest expense is attributable to borrowings executed by the company after September 1998 to fund capital improvement and acquisition activities. At October 3, 1999, the company had approximately \$463.0 million in borrowings outstanding.

#### Earnings Per Share

The calculation of diluted earnings per share for the third quarter and first nine months of 1999 was based on 10,101,000 and 10,127,000 weighted average shares outstanding, respectively, compared to 10,139,000 and 10,132,000 shares in 1998. During the third quarter of 1999, the company repurchased 51,000 shares of its Class B common stock at a cost of approximately \$27.7 million.

For the first nine months of 1999, the company repurchased 66,318 shares of its Class B common stock at a cost of approximately \$36.1 million.

THE WASHINGTON POST COMPANY  
CONSOLIDATED STATEMENTS OF INCOME

(Unaudited)

(In thousands, except share and per share amounts)

Third Quarter

	1999	1998	% Change
	-----	-----	-----
Operating revenues	\$ 539,580	\$ 509,281	6
Operating costs and expenses			
Operating expenses	(412,146)	(385,774)	7
Depreciation	(26,265)	(22,058)	19
Amortization	(14,813)	(13,853)	7
	-----	-----	
Operating income	86,356	87,596	-1
Equity in losses of affiliates, net	(59)	(4,060)	
Interest income	186	217	
Interest expense	(6,473)	(2,246)	
Other income, net(1)	8,279	50,241	
	-----	-----	
Income before income taxes	88,289	131,748	-33
Provision for income taxes	(36,600)	(49,900)	27
	-----	-----	
Net income	51,689	81,848	-37
Redeemable preferred stock dividends	(237)	(239)	
	-----	-----	
Net income available for common stock	\$ 51,452	\$ 81,609	-37
	=====	=====	
Basic earnings per share	\$ 5.12	\$ 8.09	-37
	=====	=====	
Diluted earnings per share	\$ 5.10	\$ 8.05	-37
	=====	=====	
Basic average shares outstanding	10,060,000	10,093,000	
Diluted average shares outstanding	10,101,000	10,139,000	

Thirty-nine Weeks

	1999	1998	% Change
	-----	-----	-----
Operating revenues	\$1,617,171	\$1,518,994	6
Operating costs and expenses			
Operating expenses	(1,226,311)	(1,150,694)	7
Depreciation	(76,687)	(63,169)	21
Amortization	(43,857)	(35,724)	23
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Operating income	270,316	269,407	--
Equity in losses of affiliates, net	(1,839)	(3,143)	
Interest income	646	809	
Interest expense	(18,728)	(4,821)	
Other income, net(1)	23,893	306,752	
	-----	-----	
Income before income taxes	274,288	569,004	-52
Provision for income taxes	(109,500)	(215,500)	49
	-----	-----	
Net income	164,788	353,504	-53
Redeemable preferred stock dividends	(950)	(956)	
	-----	-----	
Net income available for common stock	\$ 163,838	\$ 352,548	-54
	=====	=====	
Basic earnings per share	\$ 16.25	\$ 34.95	-54
	=====	=====	
Diluted earnings per share	\$ 16.18	\$ 34.79	-53
	=====	=====	
Basic average shares outstanding	10,085,000	10,088,000	
Diluted average shares outstanding	10,127,000	10,132,000	

(1) Other income, net, for the third quarter of 1998 includes gains of \$51.2 million related to the sale of 14 small cable systems in Texas, Missouri and Kansas and the disposition of the company's interest in Junglee, a facilitator of internet commerce. For the first nine months of 1998, other income, net, includes the gains resulting from the third quarter cable system and Junglee transactions and \$258.4 million related to the disposition of the company's 28 percent interest in Cowles Media Company in March of 1998.

THE WASHINGTON POST COMPANY  
BUSINESS SEGMENT INFORMATION

(Unaudited)  
(In thousands)

	Third Quarter		
	1999	1998	% Change
	-----	-----	-----
Operating Revenues:			
Newspaper publishing	\$211,963	\$ 199,782	6
Broadcasting	76,677	80,452	-5
Magazine publishing	91,850	88,186	4
Cable television	84,799	78,506	8
Education and career services	73,795	60,944	21
Other businesses and corporate office	496	1,411	-65
	-----	-----	
	\$ 539,580	\$ 509,281	6

	=====	=====	
Operating Income:			
Newspaper publishing	\$ 48,633	\$ 34,171	42
Broadcasting	34,166	34,718	-2
Magazine publishing	15,156	8,182	85
Cable television	17,584	16,384	7
Education and career services	(13,674)	5,339	-356
Other businesses and corporate office	(15,509)	(11,198)	-38
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	\$ 86,356	\$ 87,596	-1
	=====	=====	

Depreciation:			
Newspaper publishing	\$ 7,844	\$ 5,482	43
Broadcasting	2,958	2,777	7
Magazine publishing	1,219	1,253	-3
Cable television	10,816	10,240	6
Education and career services	2,505	1,527	64
Other businesses and corporate office	923	779	18
	-----	-----	
	\$ 26,265	\$ 22,058	19
	=====	=====	

Amortization:			
Newspaper publishing	\$ 388	\$ 378	3
Broadcasting	3,570	3,534	1
Magazine publishing	1,478	1,474	--
Cable television	7,501	7,318	3
Education and career services	1,876	1,149	63
Other businesses and corporate office	--	--	--
	-----	-----	
	\$ 14,813	\$ 13,853	7
	=====	=====	

Thirty-nine Weeks

	1999	1998	% Change
	-----	-----	-----
Operating Revenues:			
Newspaper publishing	\$ 639,442	\$ 618,503	3
Broadcasting	247,995	254,932	-3
Magazine publishing	283,152	287,664	-2
Cable television	248,718	216,698	15
Education and career services	192,252	134,914	42
Other businesses and corporate office	5,612	6,283	-11
	-----	-----	
	\$1,617,171	\$1,518,994	6
	=====	=====	

Operating Income:			
Newspaper publishing	\$ 138,202	\$ 121,455	14
Broadcasting	114,536	117,718	-3
Magazine publishing	41,845	31,470	33
Cable television	47,975	43,573	10
Education and career services	(28,010)	(6,111)	-358

Other businesses and corporate office	(44,232)	(38,698)	-14
	-----	-----	
	\$ 270,316	\$ 269,407	--
	=====	=====	
Depreciation:			
Newspaper publishing	\$ 23,103	\$ 15,893	45
Broadcasting	8,571	8,391	2
Magazine publishing	3,726	3,738	--
Cable television	32,325	28,793	12
Education and career services	6,510	4,003	63
Other businesses and corporate office	2,452	2,351	4
	-----	-----	
	\$ 76,687	\$ 63,169	21
	=====	=====	
Amortization:			
Newspaper publishing	\$ 1,147	\$ 993	16
Broadcasting	10,689	10,601	1
Magazine publishing	4,434	4,424	--
Cable television	22,394	17,066	31
Education and career services	5,193	2,637	97
Other businesses and corporate office	--	3	-100
	-----	-----	
	\$ 43,857	\$ 35,724	23
	=====	=====	

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