



Advertising Businesses are Weak; Kaplan and Cable One are Making Good Progress, Graham Tells Washington Post Company Shareholders

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WASHINGTON--May 10, 2001--Although its advertising-based businesses are experiencing weak results, The Washington Post Company's fastest-growing divisions are making good progress, Donald E. Graham, chairman and CEO, told shareholders at the company's annual meeting today. (NYSE:WPO)

"The company's reported results this year may be quite poor because of diminished advertising revenue at our media businesses, imperfectly offset by strong cost-reduction efforts," Graham said. "But the growing importance to the company of Kaplan and Cable One means we now have two strong, growing business much less affected by national economic climates."

Kaplan, a leading provider of educational and career services for individuals, schools, and businesses, is having a fine year across the board, Graham told shareholders. "Almost every component of the many components of Kaplan is doing well - posting healthy revenue increases and making budget."

At Cable One, a recently completed trade of cable systems with AT&T Broadband has added 157,000 basic subscribers in Idaho to Cable One's customer base, which now totals 767,000. Because the newly acquired subscribers are currently producing substantially less cash flow per subscriber than those exchanged in the trade, Cable One's cash flow will be dampened in 2001. The annualized difference is \$8 million, Graham said, but Cable One expects to close that gap in less than one year.

Graham said that the cable division is making great progress in implementing its unique strategy to roll out digital and cable modem services.

Cable One is offering digital service free for one year to all customers who agree to self-install the service. It is now available to 80 percent of the company's customers and will reach 97 percent by the end of the year. Cable

One's aim is to build the largest permanent digital penetration it can, with the lowest churn rate possible.

"Cable One has already passed other large cable companies in digital penetration and may lead the industry by year-end if our aggressive goal of over 30 percent penetration is met," Graham said.

This strategy is limiting Cable One's cash flow growth potential this year, but bodes well for 2002 and beyond, Graham said.

Cable One also is rolling out cable modems. This service, launched a year ago, is now available to 70 percent of the company's customer base and will expand to 80 percent by the end of the year. Cable One has 17,000 cable modem customers today and is adding them at a rate of 3-to-4 percent penetration per year.

Graham said The Washington Post Company's media businesses are off in advertising revenue across the board. Results were affected by plummeting help-wanted advertising at The Washington Post and weak national advertising at Newsweek. National advertising also was soft at the company's television stations in the first two months of the year, though March and April improved somewhat.

At The Post, help-wanted advertising revenue was off 26 percent through the first three months of the year, compared to the same period in 2000. For April and the first week of May, it's expected to be off 38 percent.

Washingtonpost.Newsweek Interactive has been affected by the slow-down in Internet advertising, but revenue at washingtonpost.com was up 33 percent in the first quarter from the same period last year. Page views in March were 30 percent higher than last year, despite the fact that many page views in 2000 were driven by the presidential primaries.

The complete text of Mr. Graham's remarks to shareholders can be found on the company's website, washpostco.com.

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