



# Washington Post **Media**

Shareholders Day  
September 11, 2009

The Washington Post

washingtonpost.com

express

ElTiempoLatino

washingtonpostmobile

# What We'll Cover Today

- Financial Recap
- The Perfect Storm
- Steps We Have Taken
- New Products
- Our Mission and Strategy
- Summary

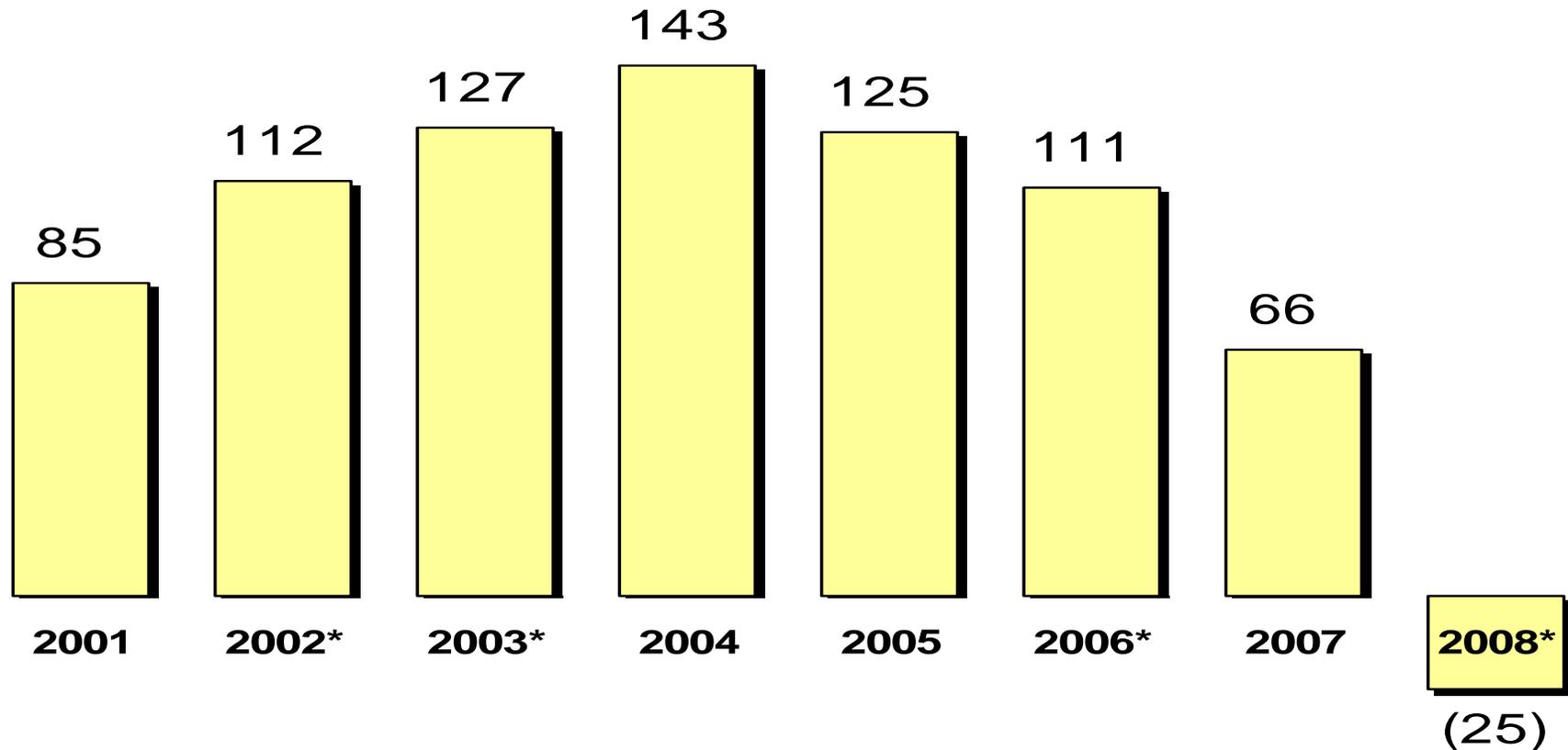


# Financial Recap



# Operating Income for the Newspaper Publishing Division has been steadily declining

(\$ millions)



\* Non-GAAP Measure - results exclude charges in 2002, 2003, 2006 and 2008 associated with early retirement plan buyouts at The Washington Post primarily funded by assets of the pension plans, a gain in 2003 on the sale of land at The Washington Post, accelerated depreciation at The Washington Post in 2008, and intangibles impairment charges at other newspaper properties in 2008.

## From the chairman:

“The newspaper will lose substantial money in 2009. Some will be non-cash accelerated depreciation because we will be closing a printing plant. Most will be real losses. Post management knows that losses must diminish in 2010.”

Don Graham  
2008 Annual Report



## 2009 has been awful for the Newspaper Publishing Division

(\$ millions)

	Q1 '09	Q2 '09	YTD
Operating revenues	161	169	330
Operating expenses*	(201)	(187)	(388)
<hr/>			
Adjusted operating loss*	(40)	(18)	(59)
<hr/>			
Early retirement program expense	0	(57)	(57)
Accelerated depreciation	(13)	(14)	(28)
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Total operating loss	(54)	(89)	(143)
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\* Non-GAAP measure; excludes special charges



- These losses are material and unacceptable.
- We are doing everything in our power to reverse them as quickly as possible without damaging our future prospects.



**Katharine Graham said:**

**“In order to do  
good,  
we must do well.”**



# Looking ahead

- We are taking steps today to cut these losses dramatically in 2010 and beyond.
- But, these steps are focused on our long-term viability and future growth with an emphasis on digital products and digital revenues.



# The Perfect Storm





Washington Post **Media**

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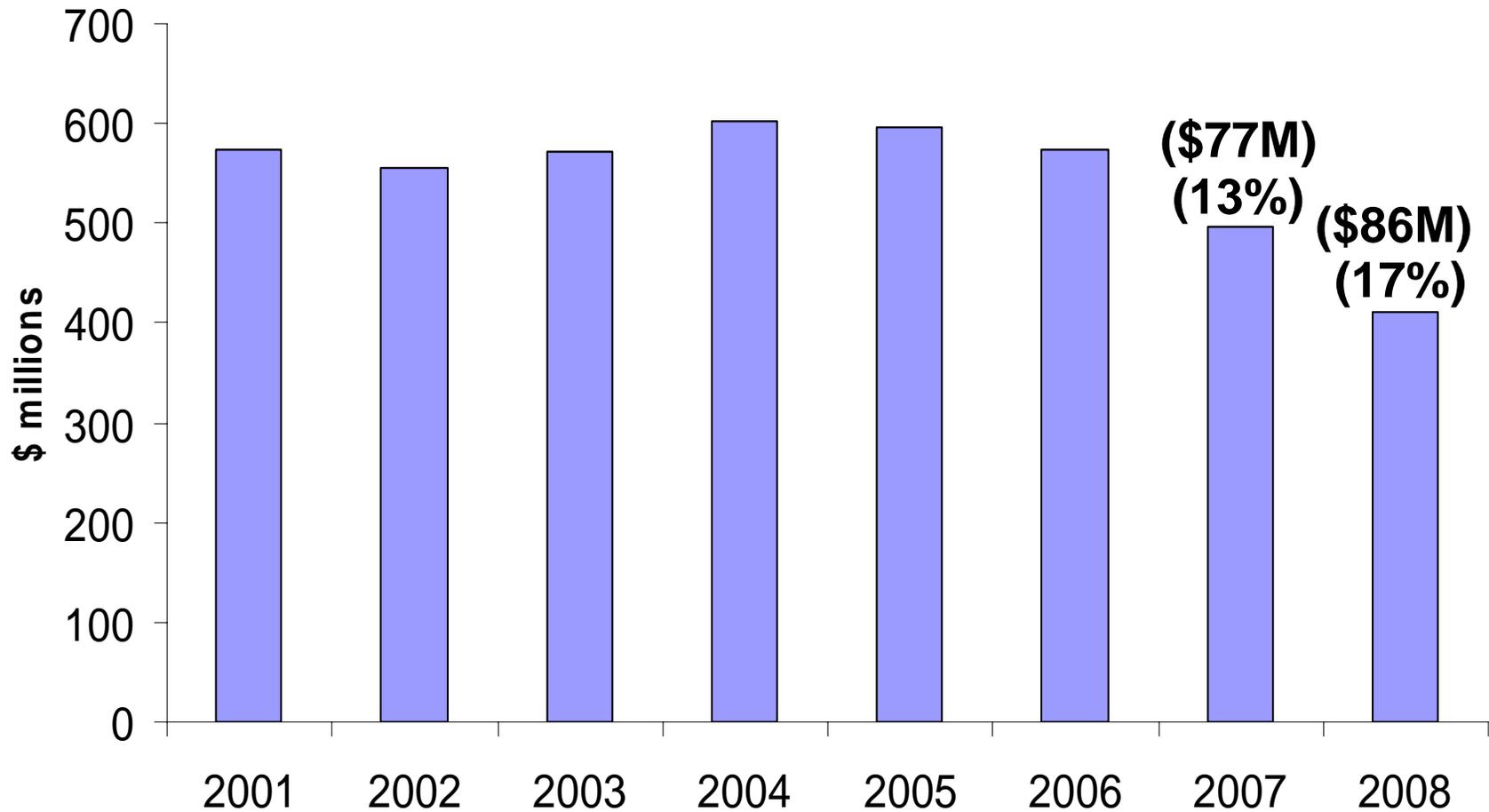
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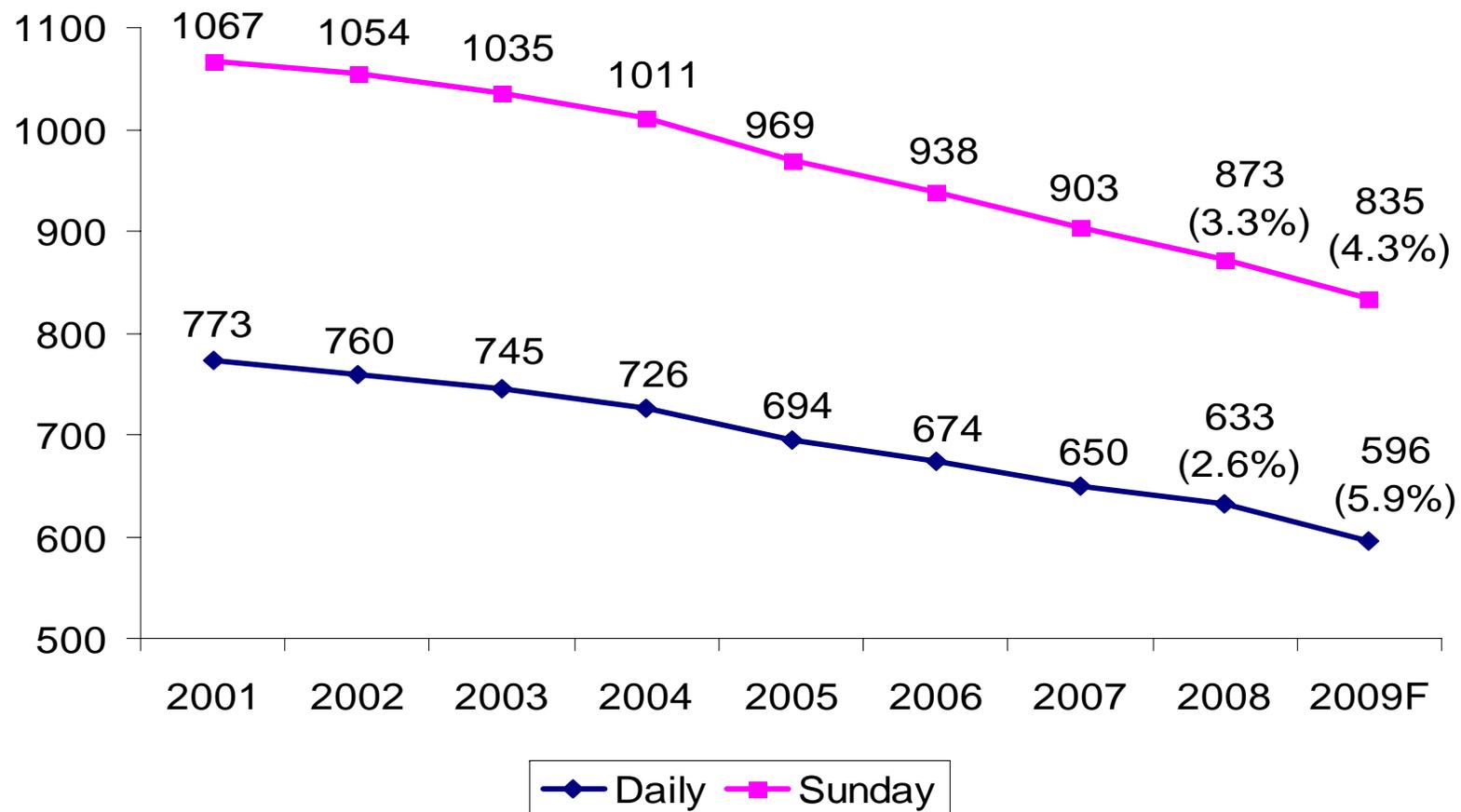


# Print advertising dollars drove WPM profits until 2007



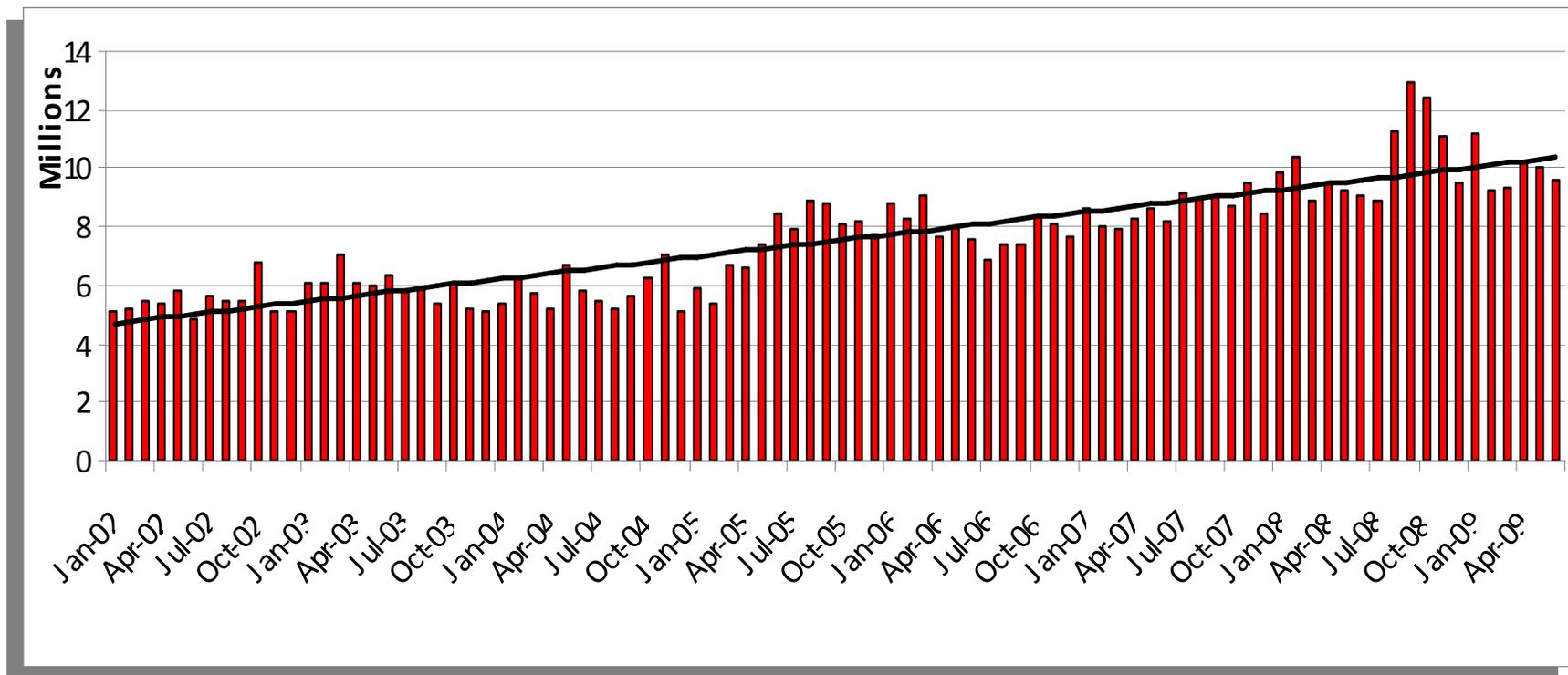
# Print circulation is declining albeit slowly

*Circulation: 2001 – 2009 (in 000s)*



# Online we have a bigger audience than ever

washingtonpost.com Unique Visitors  
January 2002 – June 2009



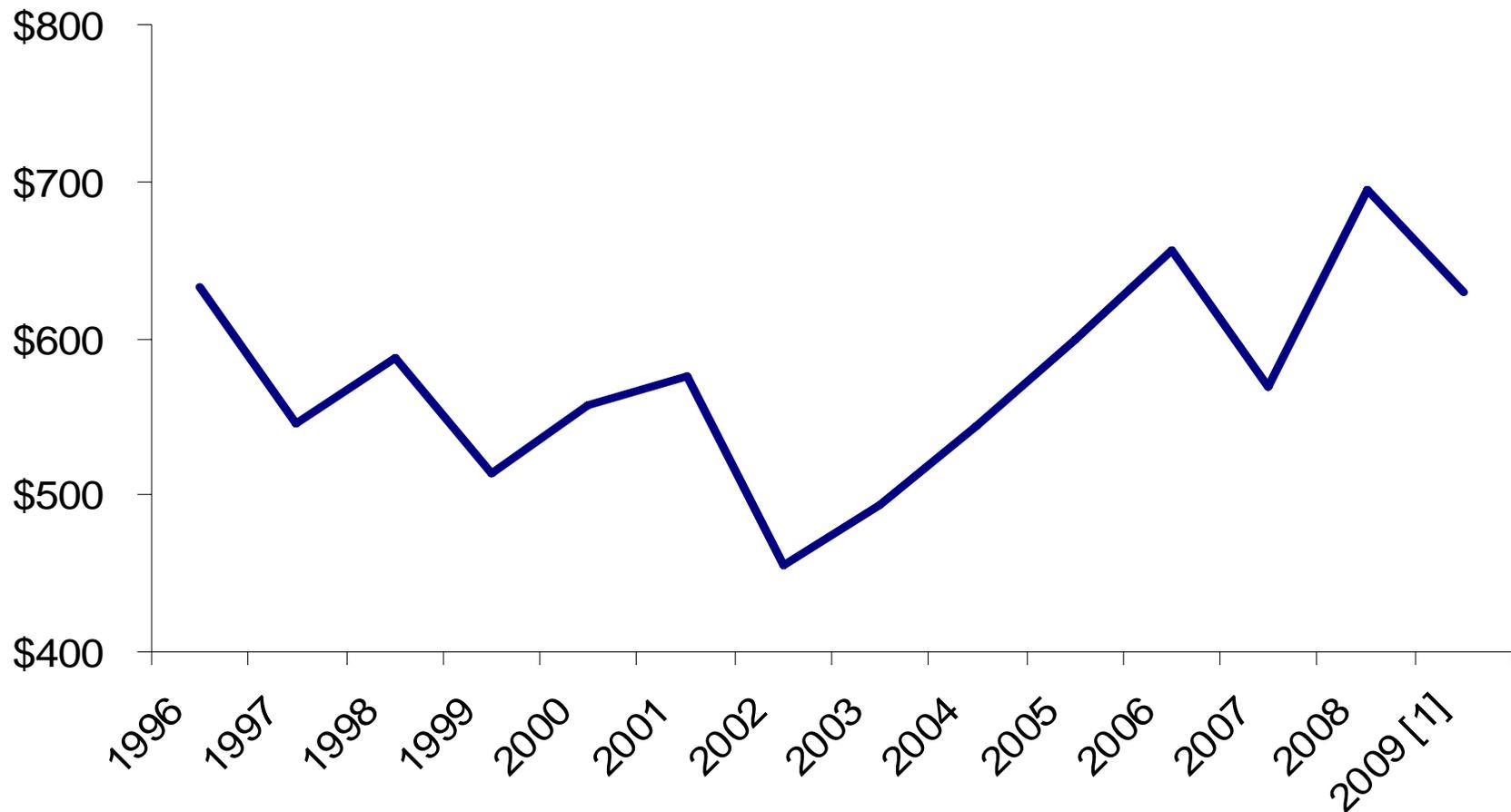
## Ad revenue is in the tank from a major recession

	TWP*	wp.com*
Real Estate	(61%)	(58%)
Jobs	(65%)	(39%)
Cars	(54%)	(5%)
National	(15%)	2%
Retail	(14%)	.....
Total	<u>(27%)</u>	<u>(12%)</u>

\* Six months ended June 2009 and June 2008.



# Industry newsprint prices are going our way, but are still high

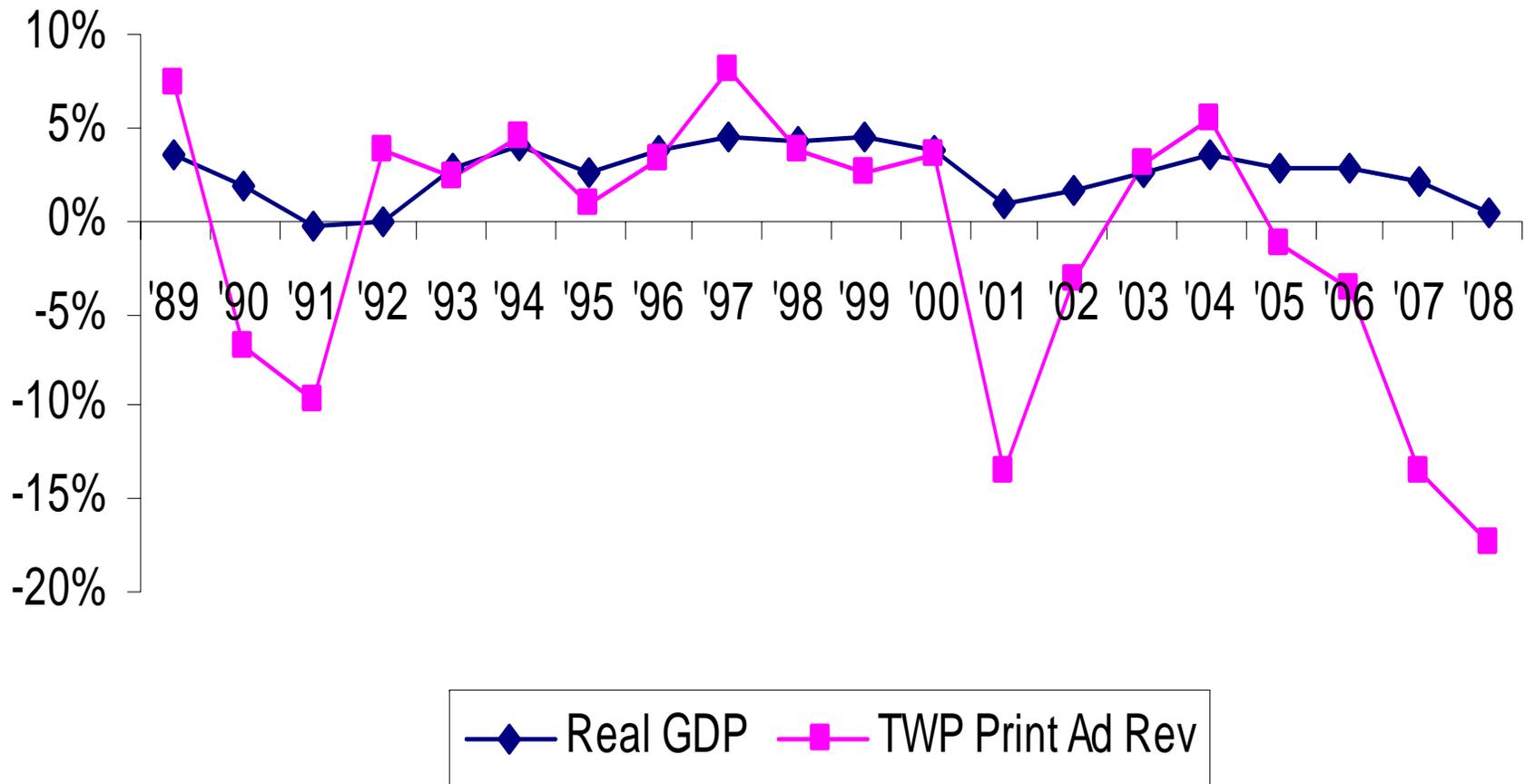


Source: Resource Information Systems Inc.

[1] Average metric ton price through July 2009



# We have always been a cyclical business



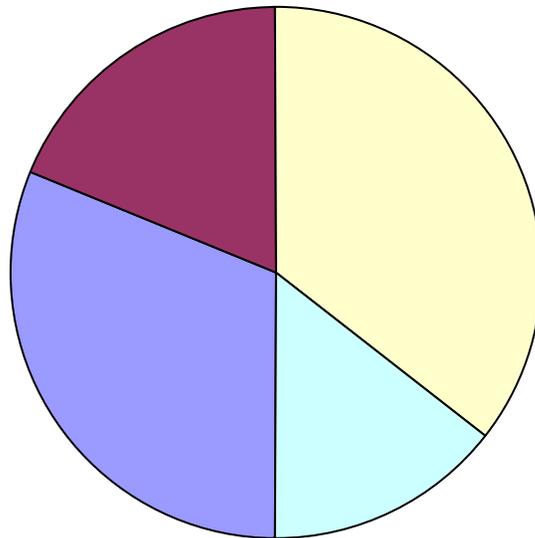
# So what is different?

- Classifieds, which for so long contributed healthy margins to support our business, will not come back in any meaningful way.
- The fundamentals of our business have changed.

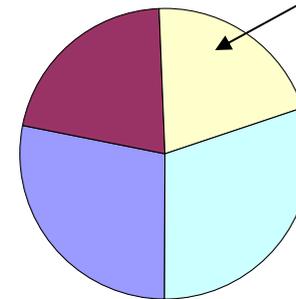


# 2009 Print advertising dollars are forecast to decline 46% from 2001 – particularly in classifieds

## 2001



## 2009 Forecast



**Down 69%  
since 2001**



# Online ad revenue has grown, but not enough

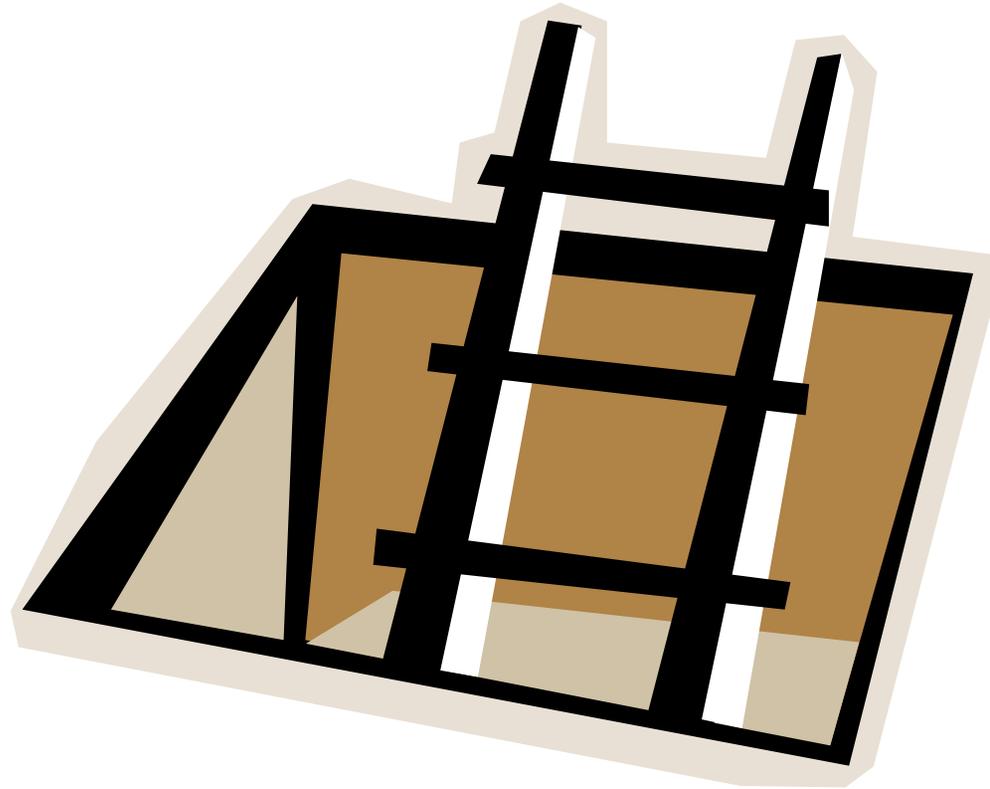
**wp.com:     ↑ 270% or \$58M\***

**Print:         ↓ 46% or \$262M\***

\* 2001 actual vs. 2009F



# Steps We Have Taken

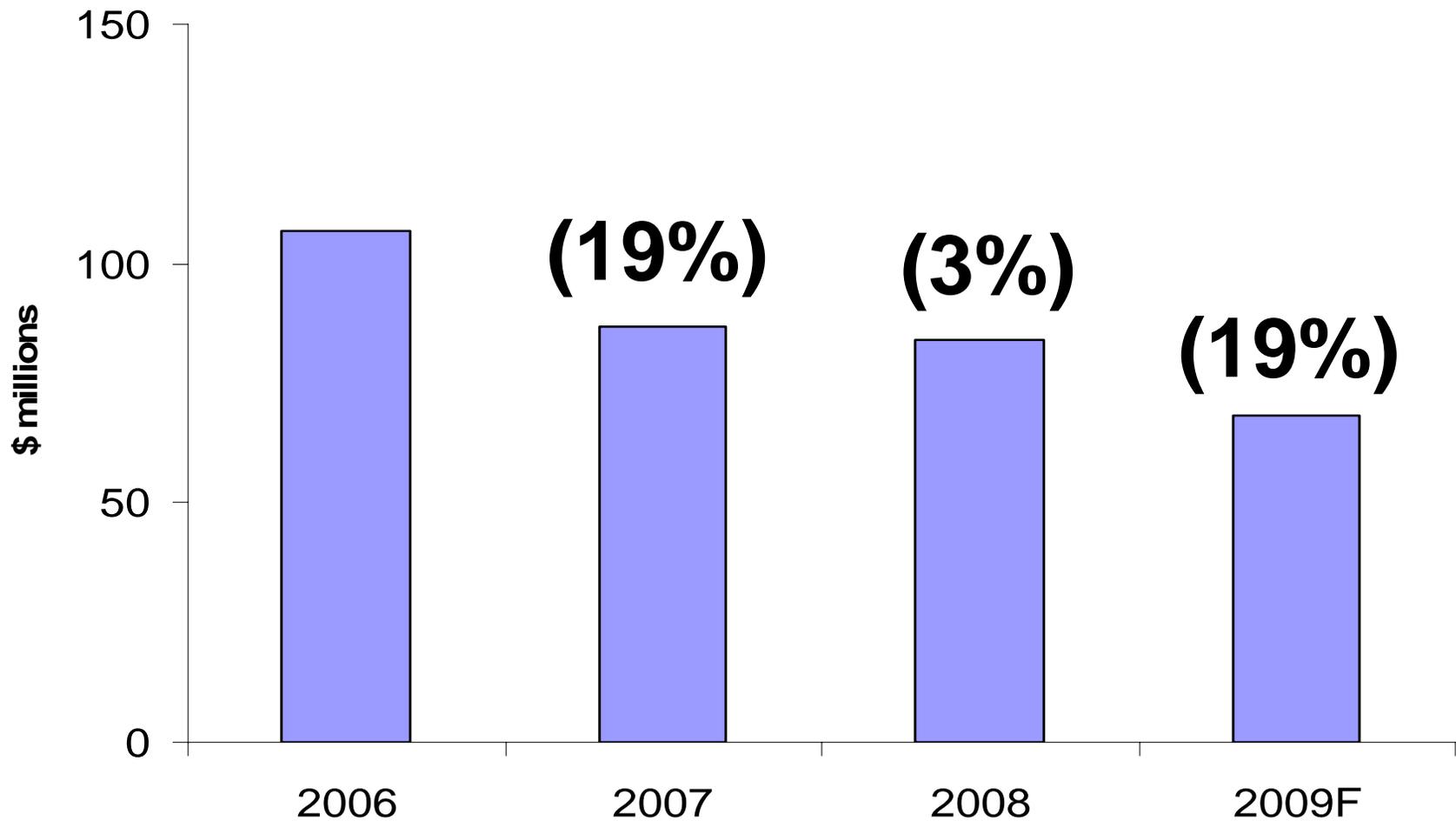


# We have moved aggressively to cut costs

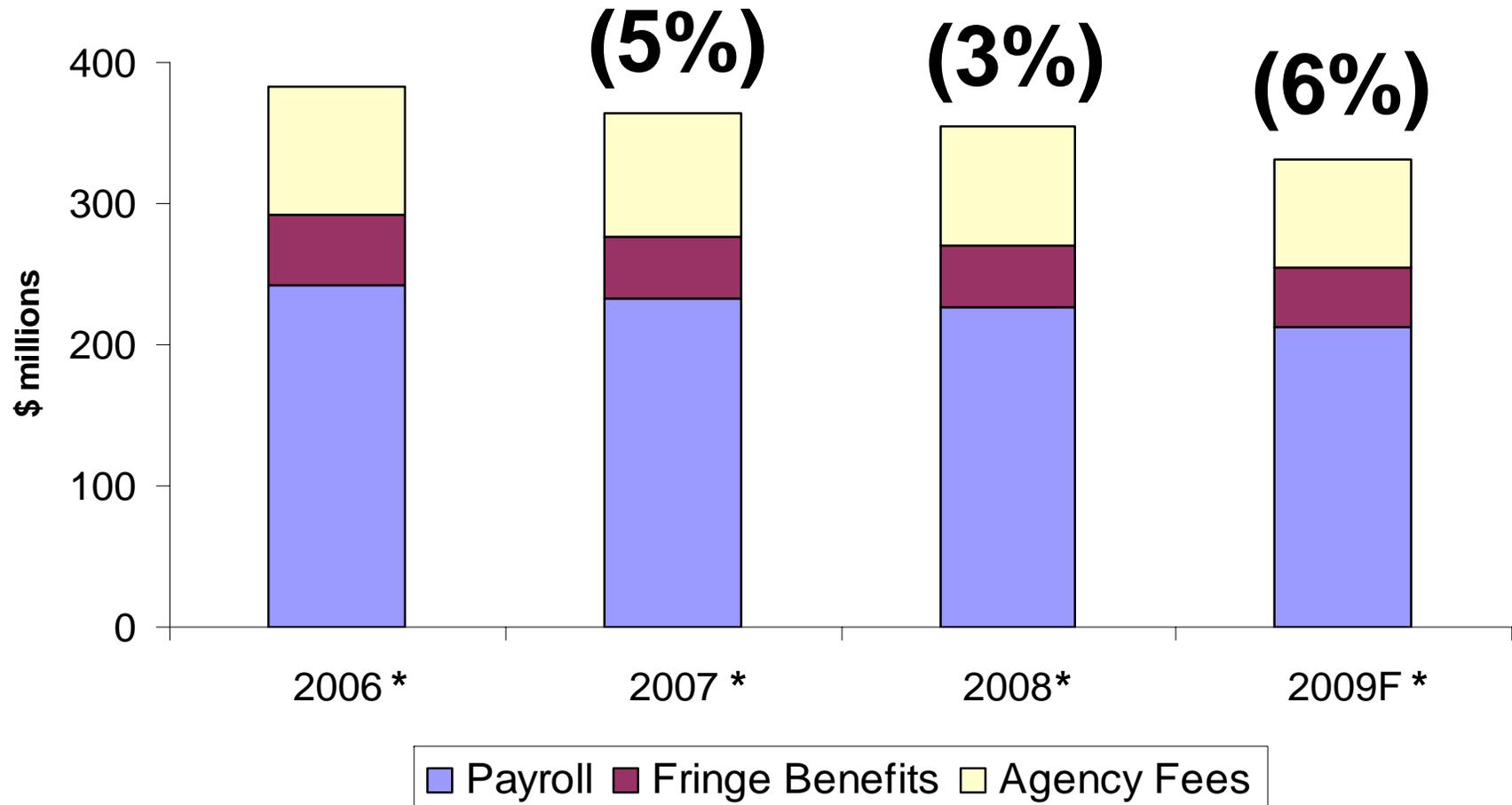
- Gone from two printing plants to one
- Large reduction in payroll-related expenses since 2006 (3 VRIPs; 2006, 2008, 2009)
- Cut pages in the newspaper
- Significantly reduced our costs of distribution by consolidating the number of agents delivering the paper
- Outsourced our call center for classifieds
- Consolidating operations into one building
- Non-newsprint expenses significantly reduced since 2006



## WPM newsprint and outside printing expenses are projected down \$39M or 36% from 2006



# WPM payroll-related expense is projected down \$51M or 13%\* from 2006



\* Non-GAAP measure; excludes pension expense in all years and early retirement plan buyouts in 2006, 2008 and 2009.



# **But our journalism is as strong as ever**

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8**

**Pulitzer Prize for Commentary**

**Goldsmith Award**

**Aldo Beckman Award**

**Loeb Award**

**Society of American Business Editors and Writers**

**American Association of Sunday and Feature Editors**

**White House News Photographers Association**

**Robert F. Kennedy Award**

**Pictures of the Year International Competition Univ of MO**

**National Press Photographers Association**

**Northern Short Course Newspaper of the Year**

**Overseas Press Club**

**DaysJapan**

**National Headliner Awards**

**American Society of Newspaper Editors**

**Council of Foreign Relations Arthur Ross Book Award**

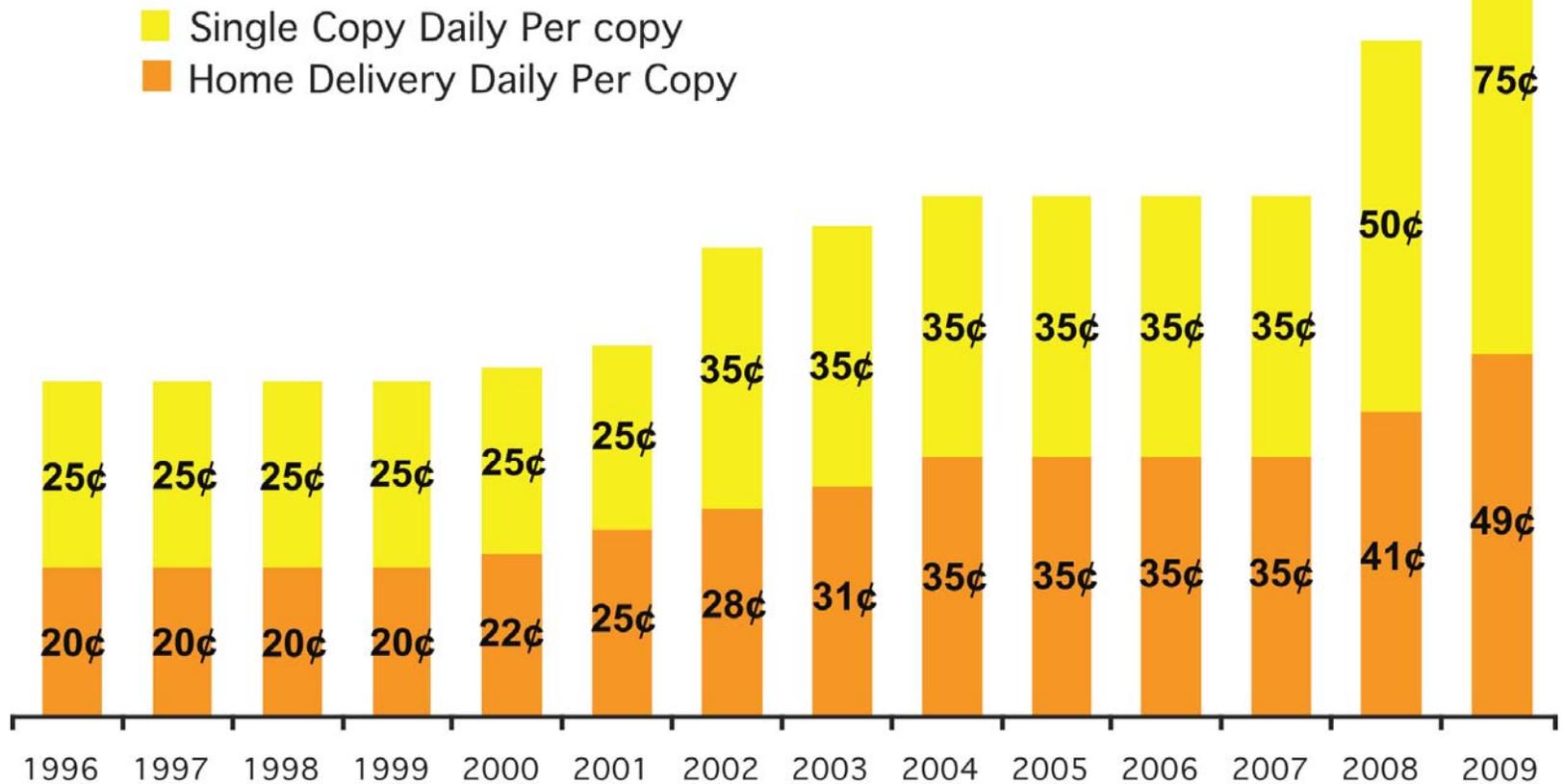
**Concentra Award for Outstanding Video Journalism**

**Virginia Press Association Awards**



# We have raised circulation prices

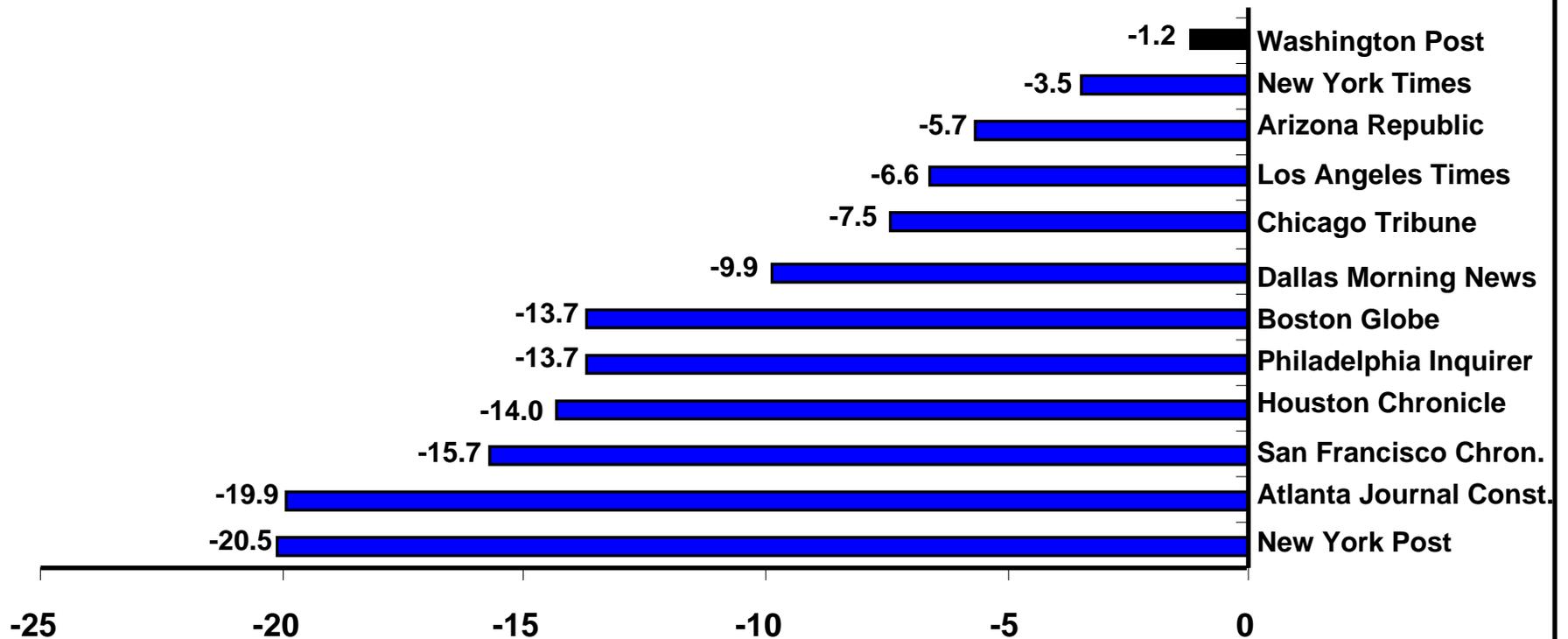
NDM Daily Circulation Prices (1996 - 2009)



# Our circulation declines have been relatively small

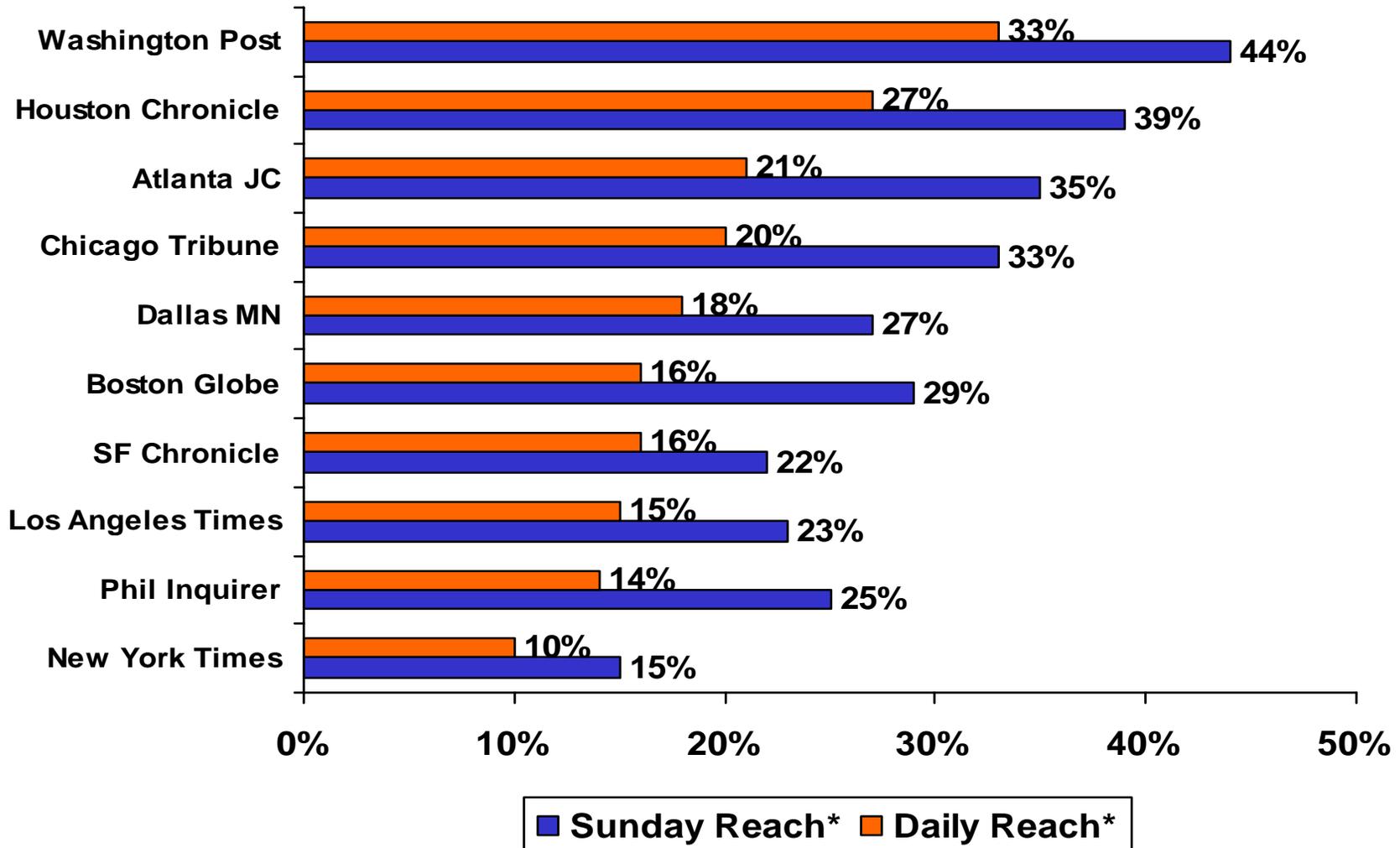
## Selected Top 25 U.S. Daily Newspapers

% Daily Circulation Change: March 2008-2009



SOURCE: ABC FAS-FAX, six months ending March 31, 2008-2009

# We still have unmatched readership



\* Average daily and Sunday readership among DMA adults 18+

Source: Scarborough 2009 Release 1



# The Post dominates other local media

The Washington Post continues to deliver unparalleled reach within the metro market.

To match the reach of a **single** daily issue of The Post:



41% of metro market adults

25

Prime time\* **NETWORK TV** spots on the 6 major stations.

41% of metro market adults

\*Network Prime is 8-11P Mon-Sat, 7-11P Sun

470

Prime time **CABLE TV** spots on the top 10 cable networks watched past (7) days (non-premium)

41% of metro market adults

\*Cable Prime is 6P-12M Mon-Sun

170

**RADIO** spots during both AM and PM Drive on the top 5 stations.

41% of metro market adults

\*AM Drive is 6A-10A Mon-Fri, and PM Drive is 3P-7P Mon-Fri

# New Products Have Increased Our Value



# Nearly Four out of Five...

...adults use Washington Post Media each week.



# 78%



Washington Post Media

Source: Scarborough 2009, Release 3

## And we are well positioned in Washington

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**#1**

The Washington Post is #1 in readership among the ten largest U.S. markets.

**#1**

The Washington Post is the #1 media source used regularly by Washington “Inside the Beltway” opinion leaders.

**#1**

washingtonpost.com has the highest, weekly and past 30 day, percent reach among the 10 largest DMA newspaper websites

**#1**

The Washington Post is #1 in share of readers in \$100,000+ income households, compared to the 25 largest U.S. daily newspapers.

**#1**

The Washington Post has the highest website usage among Inside-the-Beltway leaders

**#1**

The Washington Post is the #1 website used for public affairs news and information by Executive and Legislative branch leaders.

**#1**

The Washington Post is the #1 media source used regularly by Congressional opinion leaders.



**So where does that  
leave us?**



# We have a lot more work to do

- Doing business as we do it today is not sustainable
- We must reduce our costs further
- We must reduce our costs fast
- We must invest and build for the future



# Our Mission & Strategy



# Washington Post Media: Our Mission

- Return Washington Post Media to profitability
- Align costs and revenues to ensure our agility, dominance and sustainability
- Create a robust economic base for future growth
- Maintain our position as a leading and high quality major metro disseminator of news



**And . . .**



**In order to do that, we have a framework  
for making choices about what to cut . . .  
a strategy of who we are**



# What is the opportunity?

- Washington matters to the world
- No one is better positioned to cover Washington *and* provide tools to help our audience navigate Washington



# What are our assets?

- Strong brand
- Some of the best journalists and editors in the world
- Mass penetration locally
- Large and loyal audience
- Outstanding delivery system and knowledge of subscribers
- Strong sales team and deep relationships with advertisers
- Healthy display advertising business
- Seat in the nation's and the world's capital



# Strategy

***The Washington Post is the indispensable guide to Washington.***



# Our strategy in a nutshell

- Serve local and national audiences, with a tight focus on Washington
- Engage our audience with tools, access, and commerce
- Optimize existing platforms and explore new platforms where our comparative advantage would serve us well



# Summary

- We are aggressively cutting costs to get costs in line with revenues
- While maintaining the quality of our journalism and focusing on being competitive on multiple platforms
- And experimenting with new revenue streams online and in print
- We will return to sustained profitability

