

## WASHINGTON POST RECEIVING INCREASED EARNINGS

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John M. Decker  
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## Massive Shifts on Wall St.

SYSTEM IN CRISIS

### A New Architecture For the Financial World

By Neil Lewis and Steve Coe

Washington Post Staff Writers

The U.S. financial system this weekend faced its gravest crisis in modern times, as regulators moved to stave off Wall Street's collapse and the spreading damage from a meltdown in the housing and mortgage markets.

Two of the world's biggest investment banks, Merrill Lynch and Lehman Brothers, appeared to move toward a merger. Merrill also is in the midst of banking behemoth Bank of America and Lehman into bankruptcy. American International Group, once the country's largest insurer, was seeking a financial lifeline. This came just seven days after the government took over housing finance giant Fannie Mae and Freddie Mac.

MERRILL LYNCH

### Weekend Merger Struck With Bank of America

By Rosemary Kleinman and Suzanne A. Grunwald

Washington Post Staff Writers

Bank of America struck a \$50 billion deal yesterday to buy Merrill Lynch, a merger that will make the nation's largest consumer bank with one of its most advanced investment banking divisions, according to sources familiar with the negotiation.

Both banks approved the deal and it was being reviewed by lawyers late last night, the sources said. Bank of America will pay about \$20 for each share of Merrill Lynch stock, which closed at \$17.05 on Friday. A formal announcement is expected this morning.

The acquisition came at the end of an historic weekend in New York, Senior federal officials and Wall Street executives discussed their status at the

LEHMAN BROTHERS

### Troubled Investment Bank To File for Bankruptcy

By Rosemary Kleinman and Neil Lewis

Washington Post Staff Writers

NEW YORK, Sept. 14 — Lehman Brothers planned early this morning to file for bankruptcy, becoming the largest financial firm to fail in the global credit crisis, senior federal officials related to help coordinate companies by the volatile investment bank by putting up a paper money as a guarantee.

The failure of the fourth largest investment firm of its kind is a preview of the global financial system, and government and private officials were warning Sunday night for an upheaval in a range of financial institutions that have never before experienced the bankruptcy of such a large player. To keep cash flowing normally through these markets, the Federal Reserve announced new financial procedures with an eye to

The Washington Post Corporation has recently reported an increase in earnings for the third-quarter of the current year. It is believed that the increased earnings are associated with advertising that took place during the summer Olympics and the profits received from cable television. While an increase in earnings is always something to be optimistic about, the company's newspaper has continued to see a decline in circulation and in print advertisement revenue. The drop in print advertisement revenue comes at a time where more money is being put into the digital aspect of advertising instead. The Washington Post reported a total net income of around \$93.8 million during the third-quarter. This was an increase from the total of approximately \$6.2 million during the previous year. While the total net income seems surprisingly high, once certain things were subtracted, including the tax benefits and one-time chargers, the company's total third-quarter net income was \$50.4 million instead. Even with the adjusted total, it is still more than the net income for the third-quarter of the previous year, back in 2011. The broadcast division for the Washington Post managed to do the best, with revenue increasing by a total of 44 percent, reaching \$106.4 million during the third quarter. Political advertising revenue also increased by \$15.6 million for three of the different stations in the state of Florida, two of the station in Texas, and one of the stations in Michigan. Of course, this is no surprise since the elections are taking place on November 6<sup>th</sup>. Advertising from the Olympics also helped to increase revenue for the broadcast stations. While certain aspects of the company managed to do exceptionally well, the newspaper division continued to drag on, causing issues for the company and its optimistic results. The newspaper and the revenue from online news dropped down a total of 4 percent, reaching \$137.3 million during the third quarter. Print advertising also dropped down by a total of 11 percent, reaching \$51.4 million. However, revenue from online activity, including WashingtonPost.com, actually increased to \$26.9 million, a total increase of 13 percent. Online display advertisement revenue increased by 18 percent as well. Circulation for the Washington Post continued to drop down, as it has been for quite some time now. While The Washington Post did not provide figures for its third-quarter, it did say that the daily circulation dropped down by a total of 9.2 percent. While these declines did occur, they were slightly offset with the 8 percent drop of news printing costs that occurred during the third-quarter.