FORM 10-Q

Quarterly report pursuant to sections 13 or 15(d)

Filing Date: **1995-05-10** | Period of Report: **1995-03-31**
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FILER

HARTE HANKS COMMUNICATIONS INC
CIK:**45919**| IRS No.: **741677284** | State of Incorp.:**DE** | Fiscal Year End: **1231**
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Business Address
200 CONCORD PLAZA DR
STE 800
SAN ANTONIO TX 78216
2108299000

SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 10-Q

X Quarterly report pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934

For the quarterly period ended March 31, 1995

_____ Transition report pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934

For the transition period from __________ to __________

Commission File Number 1-7120

HARTE-HANKS COMMUNICATIONS, INC.
(Exact name of registrant as specified in its charter)

Delaware	74-1677284
(State or other jurisdiction of incorporation or organization)	(I.R.S. Employer Identification Number)

200 Concord Plaza Drive, San Antonio, Texas	78216
(Address of principal executive offices)	(Zip Code)

Registrant's telephone number including area code -- 210/829-9000

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days.

Yes X No

Indicate the number of shares outstanding of each of the issuer's classes of common stock: $1 par value, 18,373,849 shares as of March 31, 1995

<TABLE>
HARTE-HANKS COMMUNICATIONS, INC. AND SUBSIDIARIES
TABLE OF CONTENTS
FORM 10-Q REPORT
March 31, 1995

<CAPTION>

	Page
<S>	<C>

</TABLE>
TABLE

Harte-Hanks Communications, Inc. and Subsidiaries
Condensed Consolidated Balance Sheets (in thousands, except per share and share amounts)
(Unaudited)
<CAPTION>

<S>	March 31, 1995 <C>	December 31, 1994 <C>
Assets		
Current assets		
Cash	$ 3,979	$ 4,391
Accounts receivable, net	64,553	70,929
Inventory	15,875	13,454
Prepaid expenses	7,274	5,904
Current deferred income tax benefit	6,830	6,808
Other current assets	3,561	4,143
Total current assets	102,072	105,629
Property, plant and equipment, net	84,657	91,278
Goodwill, net	278,406	290,335
Other assets	6,592	9,656
Total assets	$ 471,727	$ 496,898
Liabilities and Stockholders' Equity		
Current liabilities		
Accounts payable	$ 35,757	$ 31,229
Accrued payroll and related expenses	12,121	17,996

Accrued interest	695	731
Prepaid subscriptions	3,387	3,978
Current portion of film contracts	1,337	1,717
Income taxes payable	13,745	1,867
Other current liabilities	15,612	13,165
Current portion of long term debt	398	469
Total current liabilities	83,052	71,152
Long term debt	250,820	292,858
Other long term liabilities	24,067	25,248
Total liabilities	357,939	389,258
Stockholders' equity		
Common stock, $1 par value, authorized 50,000,000 shares. Issued and outstanding 1995: 18,373,849 shares; 1994: 18,342,503 shares	18,374	18,342
Additional paid-in capital	144,814	144,350
Accumulated deficit	(47,455)	(53,107)
Minimum pension liability adjustment	(1,945)	(1,945)
Total stockholders' equity	113,788	107,640
Total liabilities and stockholders' equity	$ 471,727	$ 496,898

<FN>
See Notes to Interim Condensed Consolidated Financial Statements.
</TABLE>
TABLE

Harte-Hanks Communications, Inc. and Subsidiaries
Consolidated Statements of Operations
(in thousands, except per share amounts)
(Unaudited)
<CAPTION>

	Three Months Ended March 31, 1995	1994
<S>	<C>	<C>
Operating revenues	$130,178	$115,115
Operating expenses		
Payroll	49,704	47,412
Production and distribution	47,273	40,131
Advertising, selling, general and administrative	14,763	13,603
Depreciation	3,416	3,180
Goodwill amortization	2,424	2,350
	117,580	106,676
Operating income	12,598	8,439
Other expenses (income)		
Interest expense	4,946	3,966
Interest income	(102)	(36)
Gain on divestiture	(12,293)	--
Other, net	443	124
	(7,006)	4,054
Income before income tax expense	19,604	4,385
Income tax expense	13,494	2,118
Net income	$ 6,110	$ 2,267
Primary:		
Earnings per common share	$ 0.32	$ 0.12

Weighted average common and common equivalent shares outstanding................................	19,139	19,051
Fully diluted:		
Earnings per common share..........................	$ 0.31	$ 0.12
Weighted average common and common equivalent share outstanding.................................	20,601	20,483

<FN>
See Notes to Interim Condensed Consolidated Financial Statements.
</TABLE>
TABLE

Harte-Hanks Communications, Inc. and Subsidiaries
Consolidated Statements of Cash Flows (in thousands)
(Unaudited)
<CAPTION>

	Three Months Ended March 31, 1995	1994
<S>	<C>	<C>
Operating Activities		
Net income..	$ 6,110	$ 2,267
Add (deduct) non-cash income and expenses:		
Depreciation	3,416	3,180
Goodwill amortization...........................	2,424	2,350
Amortization of option related expense..........	240	474
Film amortization................................	654	616
Deferred income taxes...........................	(1,321)	(849)
Other, net.......................................	300	236
Gain on divestiture.............................	(12,293)	--
Changes in operating assets and liabilities, net of acquisitions and divestiture		
Decrease in accounts receivable, net.............	3,626	4,916
(Increase) decrease in inventory.................	(3,614)	1,268
Increase in prepaid expenses and other current assets................................	(1,732)	(2,994)
Increase (decrease) in accounts payable..........	1,822	(3,874)
Increase in other accrued expenses and other liabilities..........................	9,212	3,398
Other, net..	222	225
Net cash provided by operating activities.......	9,066	11,213
Investing Activities		
Purchases of property, plant and equipment..........	(3,344)	(3,660)
Proceeds from the sale of property, plant and equipment and divested assets.................	40,113	62
Acquisitions..	(5,760)	--

Payments on film contracts	(507)	(504)
Net cash provided by (used in) investing activities	30,502	(4,102)
Financing Activities		
Long term debt borrowings	521,255	156,625
Payments on long term debt, including current maturities	(561,273)	(165,197)
Issuance of common stock	496	183
Dividends paid	(458)	--
Net cash used in financing activities	(39,980)	(8,389)
Net decrease in cash	(412)	(1,278)
Cash at beginning of year	4,391	4,392
Cash at end of period	$ 3,979	$ 3,114

<FN>
See Notes to Interim Condensed Consolidated Financial Statements.
</TABLE>

Harte-Hanks Communications, Inc. and Subsidiaries

Notes to Interim Condensed Consolidated Financial Statements
(Unaudited)

Note A - Financial Statements

The accompanying unaudited Interim Condensed Consolidated Financial Statements include the accounts of Harte-Hanks Communications, Inc. and subsidiaries (the "Company").

The statements have been prepared in accordance with generally accepted accounting principles for interim financial information and with the instructions to Form 10-Q and Rule 10-01 of Regulation S-X. Accordingly, they do not include all of the information and footnotes required by generally accepted accounting principles for complete financial statements. In the opinion of management, all adjustments (consisting of normal recurring adjustments) considered necessary for a fair presentation have been included. Operating results for the three months ended March 31, 1995 are not necessarily indicative of the results that may be expected for the year ending December 31. For further information, refer to the consolidated financial statements and footnotes included in the Company's annual report on Form 10-K for the year ended December 31, 1994.

Certain prior period amounts have been reclassified for comparative purposes.

Note B - Divestiture

In March 1995, the Company completed the previously announced sale of its suburban Boston community newspapers, which consisted of three daily and 11 weekly publications. As a result of this transaction, the Company recognized a gain on divestiture of $2.3 million, or 11 cents per share, net of $10.0 million of income taxes.

Note C - Income Taxes

The Company's quarterly income tax provision of $13.5 million includes $10.0 million related to the gain on divestiture. The Company's income taxes on operations of $3.5 million were calculated using an effective income tax rate of 47.2%. The Company's effective income tax rate is derived by estimating pretax income and income tax expense for the year ended December 31, 1995. The effective income tax rate calculated is higher than the federal statutory rate of 35% due to the addition of state taxes and to certain expenses recorded for financial reporting purposes (primarily goodwill amortization), which are not deductible for federal income tax purposes.

Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations

Results of Operations

Operating results were as follows:

<TABLE>

In thousands	Three months ended March 31, 1995	Three months ended March 31, 1994	Change
<S>	<C>	<C>	<C>
Revenues	$130,178	$115,115	13.1%
Operating expenses	117,580	106,676	10.2%
Operating income	$ 12,598	$ 8,439	49.3%
Net income	$ 6,191	$ 2,267	173.1%
Fully diluted earnings per share	$ 0.31	$ 0.12	158.3%

</TABLE>

Consolidated revenues grew 13.1% to $130.2 million and operating income grew 49.3% to $12.6 million in the first quarter of 1995 as compared to the first quarter of 1994. The most dramatic growth occurred in the direct marketing business where revenues increased 32.1% and operating income increased 105.0%. The Company's overall growth resulted from increased business with both new and existing customers, new products and services as well as advertising and circulation rate increases. Operating expenses also rose due to the growth in business as well as higher newsprint prices and postal rates.

Net income of $6.2 million for the first quarter of 1995 includes a gain on divestiture, net of income taxes, of $2.3 million discussed under "Gain on Divestiture" (page 10). Excluding this net gain on divestiture, net income was $3.9 million, or 20 cents per share, on a fully diluted basis.

Direct Marketing

Direct marketing operating results were as follows:

<TABLE>

In thousands	Three months ended March 31, 1995	Three months ended March 31, 1994	Change
<S>	<C>	<C>	<C>
Revenues	$45,772	$34,651	32.1%
Operating expenses	41,094	32,369	27.0%
Operating income	$ 4,678	$ 2,282	105.0%

</TABLE>

Direct marketing revenues increased $11.1 million, or 32.1%, in the first quarter of 1995 when compared to 1994. All service offerings experienced growth with the most significant revenue increases occurring in database, integrated direct marketing and response management. Direct marketing service offerings enable Harte-Hanks customers to identify and communicate with their marketing targets, evaluate responses and measure the effectiveness of their marketing communications. Overall, revenue growth resulted from increased business with both new and existing customers, particularly in services provided to the retail, banking, financial services, high technology industries and to international customers. Although the majority of direct marketing revenue growth came from existing operations, revenue growth was also affected by the October 1994 acquisition of Select Marketing Inc., an Austin, Texas company offering response management services, and the January 1995 acquisition of Steinert & Associates, a New York City direct marketing communications and advertising firm offering integrated direct marketing services.

Operating expenses increased $8.7 million, or 27.0%, in the first quarter of 1995 when compared to 1994. Payroll costs increased $3.1 million, primarily due to increased hiring to support direct marketing's revenue growth. Production costs increased $4.6 million due to increased volumes. Operating expense growth was also impacted by the acquisitions made in the fourth quarter of 1994 and the first quarter of 1995.

Shoppers

Shopper operating results were as follows:
<TABLE>

	Three months ended		
In thousands	March 31, 1995	March 31, 1994	Change
<S>	<C>	<C>	<C>
Revenues	$43,646	$42,092	3.7%
Operating expenses	40,704	39,831	2.2%
Operating income	$ 2,942	$ 2,261	30.1%

</TABLE>
Excluding revenues from the Company's smallest shopper that was sold in February 1994, shopper revenues grew $2.5 million, or 6.1%, in the first quarter of 1995 as compared to 1994. Revenue increases occurred primarily in existing circulation zones and were also due, in part, to new circulation. Revenues in existing circulation zones rose due to increased rates. The revenue increase due to circulation expansion resulted from an additional 131,000 households added since March 31, 1994 as well as increased circulation of the newsstand product. The newsstand product was introduced in the Southern California market in late 1993. Total weekly shopper household circulation was 7.0 million at March 31, 1995.

Excluding operating expenses from the divested shopper, first quarter operating expenses increased $2.0 million, or 5.1%, when compared to 1994. Postage costs increased $1.8 million, or 16.9%, due primarily to a postage rate increase as well as to increased circulation and higher overweight postage costs. This increase was offset partially by lower payroll costs of $0.6 million, or 4.3%. Payroll costs decreased due to reduced headcount and changes in commission plans. Newsprint costs were flat, despite increased newsprint prices, due to reduced volumes. Newsprint consumption decreased, in part, due to the implementation of pagination technology in the Company's Southern California shopper. Pagination permits a more efficient publication design and reduces the number of pages in the book.

Newspapers

Newspaper operating results were as follows:

<TABLE>

In thousands	Three months ended March 31, 1995	March 31, 1994	Change
<S>	<C>	<C>	<C>
Revenues	$34,878	$32,221	8.2%
Operating expenses	29,341	27,559	6.5%
Operating income	$ 5,537	$ 4,662	18.8%

</TABLE>

Newspaper revenues increased $2.6 million, or 8.2%, in the first quarter of 1995 when compared to 1994. Overall advertising revenues were up $2.0 million, or 8.0%. In particular, classified advertising revenues grew 14.6% as a result of increases both in rates and volumes. The classified growth was attributable to growth in automotive volumes as well as help wanted volumes in the Company's suburban markets. Retail advertising revenues increased 2.8% as a result of increased rates, while insert revenues rose slightly. In addition, niche and specialty product revenues were up primarily as a result of a direct mail initiative into South Texas, which began in 1994. Circulation revenues increased 7.9%, reflecting home delivery price increases in the fall of 1994.

Newspaper operating expenses increased $1.8 million, or 6.5%, in the first quarter of 1995 when compared to 1994. Payroll costs were $0.5 million higher, or 3.9%, due to increased sales commissions on higher advertising volumes and normal payroll increases. Newsprint costs increased $0.5 million, or 14.6%, as a result of higher average newsprint prices offset slightly by reduced volumes. The reduction in volumes was attributable to newsprint savings from the new press installed in July 1994 at the Corpus Christi Caller-Times as well as to various operating decisions that affected newsprint consumption. Costs associated with the direct mail program also rose due to the postal rate increase in January 1995, as well as to increased volumes.

Television

Television operating results were as follows:

<TABLE>

In thousands	Three months ended March 31, 1995	March 31, 1994	Change
<S>	<C>	<C>	<C>
Revenues	$5,882	$6,151	-4.4%
Operating expenses	4,457	4,711	-5.4%
Operating income	$1,425	$1,440	-1.0%

</TABLE>

Revenues for the television segment decreased $0.3 million, or 4.4%, in the first quarter of 1995 when compared to 1994. Revenues from the television station operation decreased $0.1 million, or 2.8%, when compared to 1994, which benefited from significant political revenue and CBS coverage of the NFL playoffs and winter Olympics. The television segment revenue decrease was also affected by decreased revenues from the segment's print graphics services and the absence of a direct mail publication in the first quarter of 1995.

First quarter expenses for the television segment decreased $0.3 million, or 5.4%, when compared to 1994 primarily due to reduced costs associated with print graphics and direct mail services.

Gain on Divestiture

In March 1995, the Company completed the previously announced sale of its suburban Boston community newspapers, which consisted of three daily and 11 weekly publications. As a result of this transaction, the Company recognized a gain on divestiture of $2.3 million, or 11 cents per share, net of $10.0 million of income taxes.

Interest Expense

Interest expense increased $1.0 million in the first quarter of 1995 when compared to 1994 as a result of higher interest rates. Although short term interest rates rose throughout 1994, the impact on the Company was mitigated somewhat by more favorable pricing under terms of the Company's credit facility. The more favorable pricing is a result of increased operating cash flow, as defined in the Company's credit facility agreement, and reduced debt levels. In addition, the Company is realizing lower interest costs and commitment fees after amending its revolving credit commitment in February 1995.

Income Taxes

The Company's income tax expense of $13.5 million for the first quarter of 1995 includes $10.0 million of income taxes relating to the gain on divestiture. The remaining income tax expense of $3.5 million related to operations increased $1.4 million when compared to the first quarter of 1994. The expense increase was directly related to the increased income levels.

Liquidity and Capital Resources

Cash provided from operating activities for the three months ended March 31, 1995 was $9.1 million as compared to $11.2 million for the three months ended March 31, 1994. Net cash inflows for investing activities were $30.5 million as compared to outflows of $4.1 million in 1994. Year-to-date investing activities for 1995 included $40.1 million in sales proceeds from the sale of property, plant and equipment and divested assets. These proceeds resulted primarily from the sale of the Boston community newspapers and were used to reduce borrowings under the Company's credit facility. Also included in year-to-date investing activities were expenditures of $5.8 million for acquisitions and $3.3 million for equipment purchases.

Capital resources are available from and provided through the Company's unsecured credit facility. All borrowings under the revolving credit facility are to be repaid by December 31, 2001. Management believes that its credit facility, together with cash provided from operating activities, will be sufficient to fund operations, anticipated capital and film expenditures and debt service requirements for the foreseeable future. As of March 31, 1995, the Company had $115.0 million of unused borrowing capacity under its credit facility, of which $24.1 million was reserved to serve as backup for the Company's outstanding commercial paper and other short-term borrowing facilities.

PART II. OTHER INFORMATION

Item 6. Exhibits and Reports on Form 8-K

(a) Exhibits. See index to Exhibits on Page 13.

(b) No reports on Form 8-K were filed for the three months ended March 31, 1995.

SIGNATURE

Pursuant to the requirements of the Securities Exchange Act of 1934, the Company has duly caused this report to be signed on its behalf by the undersigned hereunto duly authorized.

<TABLE>

	HARTE-HANKS COMMUNICATIONS, INC.
<S>	<C>
May 10, 1995	/s/ Richard L. Ritchie
Date	Richard L. Ritchie Senior Vice President, Finance and Chief Financial and Accounting Officer

/TABLE

<TABLE>
<CAPTION>

Exhibit No.	Description of Exhibit	Page No.
<S>	<C>	<C>
*10(n)	Second Amendment to Third Amended and Restated Loan Agreement dated as of February 2, 1995 among the Company, NationsBank of Texas, N.A., National Westminster Bank USA, The Bank of Nova Scotia, The First National Bank of Boston, Bank of Hawaii, The Bank of Tokyo, LTD., Dallas Agency, Corestates Bank, N.A. and CIBC Inc. and Toronto-Dominion (Texas), Inc. in its Individual Capacity and as Agent.	14
*11	Statement Regarding Computation of Net Income Common Share	35
*27	Financial Data Schedules	36

* Filed herewith.
</TABLE>

SECOND AMENDMENT TO
THIRD AMENDED AND RESTATED LOAN AGREEMENT

This Second Amendment to Third Amended and Restated Loan Agreement (the "Amendment"), made as of this 2nd day of February, 1995, among Harte-Hanks Communications, Inc., a Delaware corporation ("Borrower"), Toronto Dominion (Texas), Inc., NationsBank of Texas, N.A., NatWest Bank, N.A.(formerly known as National Westminster Bank USA), The First National Bank of Boston, Bank of Hawaii, CoreStates Bank, N.A., The Bank of Nova Scotia, CIBC, Inc., and The Bank of Tokyo, Ltd., Dallas Agency (collectively, the "Banks"), and Toronto Dominion (Texas), Inc., as agent for the Banks (the "Agent"),

W I T N E S S E T H:

WHEREAS, the Borrower, the Agent and the Banks (other than Bank of Tokyo) are parties to that certain Third Amended and Restated Loan Agreement dated as of May 19, 1993, as amended by that First Amendment to Loan Agreement dated as of November 3, 1993, (collectively, the "Loan Agreement"); and

WHEREAS, the parties hereto have mutually agreed that Bank of Tokyo shall enter into the Loan Agreement as a Bank pursuant to this Amendment, that National Bank of Canada shall withdraw as a Bank under this Agreement, and that Toronto Dominion (Texas), Inc., a Delaware corporation and a wholly-owned subsidiary of The Toronto-Dominion Bank, shall take the place of such Bank as a `Bank' under the Loan Agreement; and

WHEREAS, the Borrower has requested that certain terms of the Loan Agreement be amended and the Agent and the Banks have agreed to the requested amendments on the terms and conditions set forth herein;

NOW, THEREFORE, in consideration of the premises set forth above, the terms and conditions contained herein and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties agree that all capitalized terms used but not otherwise defined herein shall have the meanings ascribed thereto in the Loan Agreement, and further agree as follows:

1. Amendment to Article 1.

(a) Article 1 of the Loan Agreement, Definitions, is hereby amended by deleting the existing definitions of "Banks," "Base Rate Basis," "CD Rate Basis," "Commitment," "Commitment Ratios," "Debt Service," "Indebtedness for Money Borrowed," "LIBOR Basis," "Maturity Date," "Revolving Loan Commitment," "Revolving Note," and "Term Loan Commitment" in their entirety and by substituting in lieu thereof, respectively, the following:

> "`Banks' shall mean Toronto Dominion (Texas), Inc., NationsBank of Texas, N.A., NatWest Bank, N.A. (formerly known as National Westminster Bank USA), The First National Bank of Boston, Bank of Hawaii, CoreStates Bank, N.A., The Bank of Nova Scotia, CIBC Inc., and The Bank of Tokyo, Ltd., Dallas Agency together with any assignees thereof pursuant to Section 11.6(b) hereof; and "Bank" shall mean any one of the foregoing Banks.
>
> "`Base Rate Basis' shall mean a simple interest rate equal to the sum of (i) the Base Rate, and (ii) one-half of one percent (1/2%) per annum. Interest on Base Rate Advances shall be subject to adjustment as provided in Section 2.5 hereof.

"`CD Rate Basis' shall mean a simple per annum interest rate (rounded upward to the nearest one-hundredth (1/100th) of one percent) equal to the sum of (a) the quotient of (i) the CD Rate divided by (ii) one minus the Domestic Reserve Percentage, stated as a decimal, plus (b) the Assessment Rate, plus (c) one and five-eighths percent (1-5/8%). The CD Rate Basis shall apply to Interest Periods of thirty (30), sixty (60), ninety (90), and one hundred eighty (180) days, and, once determined, shall remain unchanged during the applicable Interest Period, except for changes to reflect adjustments in the Domestic Reserve Percentage and the Assessment Rate. Interest on CD Rate Advances shall also be subject to adjustment as provided in Section 2.5 hereof.

"`Commitment' shall mean, collectively, the Revolving Loan Commitment and, prior to the Termination Date, the Term Loan Commitment.

"`Commitment Ratios' shall mean the obligation of each of the Banks to make Advances to the Borrower under the Revolving Loan Commitment, and, prior to the Termination Date, the Term Loan Commitment, to the extent of its respective percentage, as set forth on Schedule 1 to this Agreement.

"`Debt Service' shall mean the sum of, for the succeeding four fiscal quarters, (i) Total Interest Expense, and (ii) the aggregate of all scheduled principal payments under the Revolving Loans.

"`Indebtedness for Money Borrowed' shall mean money borrowed and indebtedness represented by notes payable and drafts accepted representing extensions of credit, all obligations evidenced by bonds, debentures, notes or other similar instruments,including, without limitation, any Subordinated Debt, and shall expressly include, without limitation, indebtedness under Capitalized Lease Obligations, and all indebtedness upon which interest charges are customarily paid by the Borrower Group or which are required to be recognized under generally accepted accounting principles. Indebtedness for Money Borrowed shall also include (without double-counting) any Guaranty of indebtedness for money borrowed (of the type described in this definition) issued by any member of the Borrower Group. Indebtedness for Money Borrowed shall exclude (i) repurchase notes and any amount in respect of any obligation to repurchase any Redeemable Stock at the option of the holders thereof pursuant to the terms of a Stockholders Agreement unless and until the Parent Company (or the Borrower if the Parent Company shall have been merged into or consolidated with the Borrower) is required to purchase such Parent Company Stock pursuant to the terms of such Stockholders Agreement, (ii) letters of credit securing other Indebtedness for Money Borrowed and letters of credit issued for the benefit of a third-party insurance company in support of obligations of any member of the Borrower Group under Plans managed by such third-party insurance company, and (iii) the $20,000,000 Goldman Sachs Group, L.P. Convertible Note, dated as of September 17, 1992.

"`LIBOR Basis' shall mean a simple interest rate equal to the sum of (a) the quotient, rounded upwards to the nearest one-sixteenth of a percent (1/16%), of (i) the LIBOR Rate and (ii) one minus the LIBOR Reserve Percentage, stated as a decimal, plus (b) one and one-half percent (1-1/2%). The LIBOR Basis shall apply to Interest Periods of from one (1), two (2), three (3), six (6), nine (9) and twelve (12) months, as available to each Bank and subject to the provisions of Section 2.3 and Article 10 hereof and, once determined, shall remain unchanged during the applicable Interest Period, except for changes to reflect adjustments in the LIBOR Reserve Percentage. The Borrower may not elect an Interest Period of twelve (12) months unless the Agent has notified the Borrower that each of the Banks has available to it funds for its respective portion of the proposed Advance which are not required for other purposes, that such funds are available to each of the Banks at a rate at or below the LIBOR Rate for such proposed Advance and Interest Period, and that each of the Banks has agreed (each in its sole discretion) to fund its respective portion of such Advance. Interest on LIBOR Advances shall also be subject to adjustment as provided in Section 2.5 hereof.

"`Maturity Date' shall mean December 31, 2001, or such earlier date as payment of the Loans shall be due (whether by acceleration or otherwise).

"`Revolving Loan Commitment' shall mean the several obligations of the Banks to advance a sum not to exceed $120,000,000 for the period from the Agreement Date through August 1, 1993, $220,000,000 for the period from August 1, 1993 through the Termination Date, and $320,000,000 for the period from the Termination Date and thereafter, as such Revolving Loan Commitment is reduced from time to time pursuant to Section 2.8(a) hereof, in the aggregate at any one time outstanding, in accordance with their respective Commitment Ratios, to the Borrower pursuant to the terms hereof, as such obligation may be reduced from time to time pursuant to the terms hereof.

"`Revolving Notes' shall mean those certain amended reducing revolving promissory notes evidencing the principal amount of the Revolving Loan Commitment, one issued to each of the Banks by the Borrower, and any extensions, renewals or amendments to any of the foregoing.

"`Term Loan Commitment' shall mean the several obligations of the Banks to advance the sum of up to $100,000,000, in accordance with their respective Commitment Ratios, to the Borrower on the Agreement Date pursuant to the terms hereof. The Term Loan Commitment shall expire on the Termination Date."

(b) Article 1 of the Loan Agreement, Definitions, is hereby amended by adding the following definitions of "Amendment Date," and "Termination Date" thereto:

"`Amendment Date' shall mean February 2, 1995, which shall be the effective date of the Second Amendment to this Agreement.

"`Termination Date' shall mean February 2, 1995."

2. Amendment to Section 2.4. Section 2.4 of the Loan Agreement, Line of Credit Fee, is hereby amended by deleting existing Section 2.4 in its entirety and by substituting in lieu thereof the following:

"Section 2.4. Line of Credit Fee. The Borrower agrees to pay to the Banks, in accordance with their Commitment Ratios, a line of credit fee on the aggregate unborrowed balance of the Revolving Loan Commitment for each day from the Amendment Date until the Maturity Date at a percentage rate in accordance with the following schedule:

<TABLE>

If the ratio as of the end of a quarter of the Borrower Group's Indebtedness for Money Borrowed to its Operating Cash Flow for the twelve-month period then ended is:	Then the line of credit fee percentage following the quarter in which such ratio is reported shall be:

<CAPTION>

<C> <C>

Greater than or equal to 4:1	.3750%
Less than 4:1 but greater than or equal to 2.5:1	.2500%
Less than 2.5:1	.1875%

</TABLE>

The Line of Credit Fee shall be computed on the basis of a year of 365/366 days for the actual number of days elapsed, payable quarterly in arrears (a) on the last day of each calendar quarter during the term of this Agreement, and (b) on the Maturity Date."

3. Amendment to Section 2.5. Section 2.5 of the Loan Agreement, Interest Adjustment, is hereby amended by deleting the table contained in existing Section 2.5 in its entirety and by substituting in lieu thereof the following:

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<CAPTION>

<C> <C> <C> <C>

If the ratio of the Borrower Group's Indebtedness for Money Borrowed to its Operating Cash Flow as of the end of a quarter is:	Then interest otherwise payable at the Base Rate Basis shall:	And interest otherwise payable at the CD Rate Basis shall:	And interest otherwise payable at the LIBOR Basis shall:
Greater than 5.0:1	Remain unchanged	Remain unchanged	Remain unchanged
Less than or equal to 5.0:1 but greater than 4.5:1			

Be reduced by one-quarter of one percent (1/4%) from the Base Rate Basis

Be reduced by one-quarter of one percent (1/4%) from the CD Rate Basis

Be reduced by one-quarter of one percent (1/4%) from the LIBOR Basis

Less than or equal to 4.5:1 but greater than 4.0:1

Be reduced by one-half of one percent (1/2%) from the Base Rate Basis

Be reduced by one-half of one percent (1/2%) from the CD Rate Basis

Be reduced by one-half of one percent (1/2%) from the LIBOR Basis

Less than or equal to 4.0:1 but greater than 3.5:1

Be reduced by one-half of one percent (1/2%) from the Base Rate Basis

Be reduced by five-eighths of one percent (5/8%) from the CD Rate Basis

Be reduced by five-eighths of one percent (5/8%) from the LIBOR Basis

Less than or equal to 3.5:1 but greater than 3.0

Be reduced by one-half of one percent (1/2%) from the Base Rate Basis

Be reduced by seven-eighths of one percent (7/8%) from the CD Rate Basis

Be reduced by seven-eighths of one percent (7/8%) from the LIBOR Basis

Less than or equal to 3.0:1 but greater than 2.5:1

Be reduced by one-half of one percent (1/2%) from the Base Rate Basis

Be reduced by one percent (1%) from the CD Rate Basis

Be reduced by one percent (1%) from the LIBOR Basis

Less than or equal to 2.5:1

Be reduced by one-half of one percent (1/2%) from the Base Rate Basis

Be reduced by one and one-eighth percent (1-1/8%) from the CD Rate Basis

Be reduced by one and one-eighth percent (1-1/8%) from the LIBOR Basis</TABLE>

4. Amendment to Section 2.8. Section 2.8 of the Loan Agreement, Reduction and Increase of Commitments; Repayment of Loans, shall be amended by deleting existing Section 2.8 in its entirety and by substituting in lieu thereof the following:

"Section 2.8. Reduction and Increase of Commitments; Repayment of Loans.

(a) Except as expressly provided below, the principal amount of the Loans outstanding under the Revolving Loan Commitment shall be no greater than the amounts set forth below for the dates shown, and each such reduced amount shall be the Revolving Loan Commitment of the Banks from and after the dates given:

<TABLE>

<CAPTION>

Period Ended	Amount of Reduction	Maximum Revolving Loan Commitment Remaining
<C>	<C>	<C>
June 30, 1998	$35,200,000	$284,800,000
December 31, 1998	$35,200,000	$249,600,000
June 30, 1999	$38,400,000	$211,200,000
December 31, 1999	$38,400,000	$172,800,000
June 30, 2000	$41,600,000	$131,200,000
December 31, 2000	$41,600,000	$ 89,600,000
June 30, 2001	$44,800,000	$ 44,800,000
December 31, 2001	$44,800,000	$ -0-

</TABLE>

Each remaining entry in the column "Maximum Revolving Loan Commitment Remaining" in the table above shall be adjusted downward with each cancellation of the Revolving Loan Commitment under Section 2.7 hereof, or other permanent prepayment or reduction of the Revolving Loan Commitment.

(b) The principal balance of the Term Loan outstanding, along with all interest and other charges due

thereon, shall be due and payable in full on the Termination Date by converting all amounts due under the Term Loan into a Revolving Loan. The Term Loan Commitment shall expire on the Termination Date.
Additionally, on the Termination Date, the Borrower shall execute and deliver to each Bank an amended Revolving Loan Note, reflecting all amounts previously owed to such Bank by the Borrower under both the original Revolving Loan Note and the Term Loan Note to such Bank, and in the principal amount of each Bank's Revolving Loan Commitment as shown on Schedule 1 attached to the First Amendment to this Agreement. Upon receiving such amended Revolving Loan Note, each Bank will mark its respective original Revolving Loan Note and Term Loan Note "cancelled" and such original Revolving Loan Note and Term Loan Note shall be delivered to the Agent for forwarding on to the Borrower.

(c) Amounts of principal outstanding on the dates given in subparagraph (a) above in excess of the reduced Revolving Loan Commitment for such date shall be due and payable on such date, together with any amount required to be paid by the Borrower under the reimbursement provisions of Section 2.11. Each Bank's Revolving Loan Commitment shall be reduced on the dates above in accordance with its Commitment Ratio. A final payment of all principal amounts then outstanding under the Revolving Loan Commitment shall be due and payable on the Maturity Date."

5. Amendment to Section 5.11. Section 5.11 of the Loan Agreement, Interest Rate Hedging, is hereby amended by deleting existing Section 5.11 in its entirety and by substituting in lieu thereof the following:

"Section 5.11. Interest Rate Hedging. The Borrower shall be permitted to enter into one or more Interest Hedge Agreements, on such terms and conditions as may be acceptable to the Borrower."

6. Amendment to Section 7.5. Section 7.5 of the Loan Agreement, Liquidation, Change in Ownership, and Disposition of Assets, is hereby amended by deleting existing Section 7.5 in its entirety and by substituting in lieu thereof the following:

"Section 7.5. Liquidation, Change in Ownership, and Disposition of Assets. Neither the Parent Company, the Borrower nor any Restricted Subsidiary shall at any time merge, consolidate, liquidate or dissolve itself (or suffer any liquidation or dissolution) or otherwise wind up or cease its corporate existence, or sell, lease, abandon, transfer or otherwise dispose of all or any part of their respective Assets, property or business, except so long as no Default then exists or would be caused thereby, (a) the Parent Company may merge into the Borrower, (b) between and among themselves, the Restricted Subsidiaries may merge with and acquire one another, or may merge into the Borrower or be liquidated, and (c) the Borrower Group may from time to time sell a part of its Assets, property or business, provided that if and to the extent the net, after-tax cash proceeds of all such sales exceed $30,000,000 in any calendar year or the aggregate amount of $200,000,000 at any time from the Termination Date through the remaining term of this Agreement, such proceeds shall be delivered to the Agent and used to permanently reduce the Revolving Loan Commitment, in inverse order of maturity."

7. Amendment to Section 7.7. Section 7.7 of the Loan Agreement, Restricted Payments and Purchases; Loans to or Investments in Unrestricted Subsidiaries, shall be amended by deleting existing Section 7.7(b) in its entirety and by substituting in lieu thereof the

following:

"(b) Restricted Payments and Restricted Purchases, provided that the aggregate amount of such Restricted Payments and Restricted Purchases referred to in this clause (b) after the Amendment Date does not exceed $15,000,000;"

8. Amendment to Section 7.8. Section 7.8 of the Loan Agreement, Debt to Cash Flow Ratio, is hereby amended by deleting existing Section 7.8 in its entirety and by substituting in lieu thereof of the following:

"Section 7.8. Debt to Cash Flow Ratio. The Borrower shall not at any time permit the ratio of (x) the Borrower Group's Indebtedness for Money Borrowed to (y) the Borrower Group's Operating Cash Flow to exceed the ratios set forth below:

Period	Ratio
Amendment Date through December 31, 1995	5.50:1
January 1, 1996 through December 31, 1996	5.0:1
January 1, 1997 through December 31, 1997	4.5:1
January 1, 1998 through December 31, 1998	4.25:1
January 1, 1999 and thereafter	4.0:1"

9. Amendment to Section 7.9. Section 7.9 of the Loan Agreement, Debt Service Ratios is hereby amended by deleting existing Section 7.9(a) in its entirety and substituting in lieu thereof the following:

"(a) Debt Service. The Borrower shall not as of the end of any calendar quarter permit the ratio of (i) the Borrower Group's Operating Cash Flow to (ii) the Borrower Group's Debt Service to be less than 1.20:1."

10. Amendment to Section 11.1. Section 11.1 of the Loan Agreement, Notices, is hereby amended by adding the following at the end of Section 11.1(a):

"10. The Bank of Tokyo, Ltd.,
Dallas Agency
2001 Ross Avenue
LB118
Suite 3150
Dallas, Texas 75201
Attn: John E. Beckwith"

11. Conditions Precedent to Effectiveness of Amendment. This Amendment shall be effective on the date (the "Effective Date") on which the following conditions precedent have been satisfied:

(a) The Borrower shall have paid to the Agent, for the account of the Banks on a pro rata basis after giving effect to this Amendment, an amendment fee in the amount of .10% of the Commitment as of the Effective Date of this Amendment;

(b) The Borrower, the Agent, and the Banks shall have executed and delivered this Amendment;

(c) The Borrower shall have delivered to the Agent for the benefit of each of the Banks (i) the replacement Revolving Notes and (ii) an opinion of counsel in form and substance satisfactory to the Agent and its special counsel; and

(d) The Borrower shall have executed and delivered such other documents as the Agent may reasonably request.

12. No Other Amendment or Waiver. Except for the amendments expressly set forth above, the replacement Revolving Notes, and the revised Schedule 1 to the Loan Agreement, which is attached to this Amendment as Schedule 1, the text of the Loan Agreement and all other Loan Documents shall remain unchanged and in full force and effect. The Borrower acknowledges and expressly agrees that the Agent and the Banks reserve the right to, and do in fact, require strict compliance with all terms and provisions of the Loan Agreement.

13. Representations and Warranties. The Borrower hereby represents and warrants in favor of the Agent and the Banks as follows:

(a) The Borrower has the corporate power and authority (i) to enter into this Amendment and (ii) to do all acts and things as are required or contemplated hereunder to be done, observed and performed by it;

(b) This Amendment has been duly authorized, validly executed and delivered by one or more Authorized Signatories of the Borrower, and constitutes the legal, valid and binding obligation of the Borrower, enforceable against it in accordance with its terms;

(c) The execution and delivery of this Amendment and performance by the Borrower under the Loan Agreement, as amended hereby, do not and will not require the consent or approval of any regulatory authority or governmental authority or agency having jurisdiction over Borrower which has not already been obtained, nor contravene or conflict with the charter documents of Borrower, or the provision of any statute, judgment, order, indenture, instrument, agreement, or undertaking, to which Borrower is party or by which any of its Assets or properties are or may become bound;

(d) There has been no material adverse change in the business, Assets or financial conditions as reflected in the Borrower's December 31, 1993 audited financial statements and the Borrower's September 30, 1994 unaudited financial statements; and

(e) As of the Effective Date of, and after giving effect to this Amendment, (i) no Default or Event of Default exists under the Loan Agreement or is caused by this Amendment, and (ii) each representation and warranty set forth in Article 4 of the Loan Agreement is hereby restated and affirmed as true and correct in all material respects as of such date hereof, except to the extent previously fulfilled in accordance with the terms of the Loan Agreement, as amended hereby, and to the extent relating specifically to the Agreement Date.

14. Governing Law. This amendment shall be governed by and construed in accordance with the laws of the State of New York.

15. References to an Effect on the Loan Agreement. Upon the Effective Date, each reference in the Loan Agreement to "this Agreement," "hereunder," "hereof," "herein," or words of like import,

shall mean and be a reference to the Loan Agreement as amended hereby and each reference to the Loan Agreement in any other document, instrument, or agreement executed or delivered in connection with the Loan Agreement shall mean and be a reference to the Loan Agreement as amended hereby.

16. Counterparts. This Amendment may be executed by one or more of the parties hereto on any number of separate counterparts, each of which shall be deemed an original and all of which, taken together, shall be deemed to constitute one and the same instrument. Delivery of an executed counterpart of this Amendment by facsimile transmission shall be as effective as delivery of a manually executed counterpart hereof.

IN WITNESS WHEREOF, this Amendment has been duly executed as of the day and year first written above.

<TABLE>
BORROWER: HARTE-HANKS COMMUNICATIONS, INC.
<CAPTION>
<C> <C>

By: Richard L. Ritchie

Title: Senior V-P, Finance & Chief Financial Officer

AGENT: TORONTO DOMINION (TEXAS), INC.

By: Sophia Sgarbi

Title: Vice President

BANKS: TORONTO DOMINION (TEXAS), INC.

By: Sophia Sgarbi

Title: Vice President

NATIONSBANK OF TEXAS, N.A.

By: Jay Tweed

Title: Vice President

NATWEST BANK, N.A.
(formerly NATIONAL WESTMINSTER BANK USA)

By: Alexandra Pyrrous

Title: Vice President

THE FIRST NATIONAL BANK OF BOSTON

By: Mark Evans

Title: Director

BANK OF HAWAII

By: Elizabeth O. MacLean

Title: Vice President

CORESTATES BANK N.A.

By: Doug Blackman

Title: Vice President

THE BANK OF NOVA SCOTIA

By: F. C. H. Ashby

Title: Senior Manager

CIBC INC.

By: Reid J. Murray

Title: Managing Director

THE BANK OF TOKYO, LTD., DALLAS AGENCY

By: J. Beckwith

Title: Vice President

/TABLE

THIS PAGE MUST BE KEPT AS THE
LAST PAGE OF THE DOCUMENT.

SoftSolution Network ID: ATL-104794.4 Type: MISC

<TABLE> Exhibit 11

Harte-Hanks Communications, Inc. and Subsidiaries
Earnings Per Share Computations
(in thousands, except per share data)

<CAPTION>

PRIMARY

<S>	Three Months Ended March 31, 1995 <C>	1994 <C>
Net income..............................	$ 6,110	$ 2,267
Shares used in net earnings per share computations......................	19,139	19,051
Earnings per share......................	$ .32	$ .12

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Computation of Shares Used In Net Earnings Per Share Computations

<CAPTION>

<S>	Three Months Ended March 31, 1995 <C>	1994 <C>
Average outstanding common shares.........	18,363	18,147
Average common equivalent shares -- dilutive effect of option shares........	776	904
Shares used in net earnings per share computations..................	19,139	19,051

</TABLE>
<TABLE>

FULLY DILUTED

<CAPTION>

<S>	Three Months Ended March 31, 1995 <C>	1994 <C>
Net income..............................	$ 6,110	$ 2,267
Adjusted net income for interest on convertible note....................	$ 6,298	$ 2,455
Shares used in net earnings per share computations..................	20,601	20,483
Earnings per share......................	$ .31	$ .12

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<TABLE>

Computation of Shares Used In Net Earnings Per Share Computations

<CAPTION>

<S>	Three Months Ended March 31, 1995 <C>	1994 <C>
Average outstanding common shares.........	18,363	18,147
Average common equivalent shares -- dilutive effect of option shares........	809	907
Dilutive effect of convertible note.......	1,429	1,429
Shares used in net earnings per share computations..................	20,601	20,483

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