

SECURITIES AND EXCHANGE COMMISSION  
WASHINGTON, D.C. 20549

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FORM 10-K

ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE  
SECURITIES EXCHANGE ACT OF 1934 [FEE REQUIRED]

For the fiscal year ended December 31, 1995

Commission file number 1-6714

THE WASHINGTON POST COMPANY  
(EXACT NAME OF REGISTRANT AS SPECIFIED IN ITS CHARTER)

Delaware  
(STATE OR OTHER JURISDICTION OF  
INCORPORATION OR ORGANIZATION)

53-0182885  
(I.R.S. EMPLOYER  
IDENTIFICATION NO)

1150 15TH ST., N.W., WASHINGTON, D.C.  
(ADDRESS OF PRINCIPAL EXECUTIVE OFFICES)

20071  
(ZIP CODE)

REGISTRANT'S TELEPHONE NUMBER, INCLUDING AREA CODE: (202) 334-6000

SECURITIES REGISTERED PURSUANT TO SECTION 12(b) OF THE ACT:

TITLE OF EACH CLASS -----	NAME OF EACH EXCHANGE ON WHICH REGISTERED -----
Class B Common Stock, par value \$1.00 per share	New York Stock Exchange

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  No

Indicate by check mark if disclosure of delinquent filers pursuant to Item 405 of Regulation S-K is not contained herein, and will not be contained, to the best of registrant's knowledge, in definitive proxy or information statements incorporated by reference in Part III of this Form 10-K or any amendment to this Form 10-K.

Aggregate market value of the Company's voting stock held by non-affiliates on February 29, 1996, based on the closing price for the Company's Class B Common Stock on the New York Stock Exchange on such date: approximately \$1,691,000,000.

Shares of common stock outstanding at February 29, 1996:

Class A Common Stock - 1,804,250 shares  
Class B Common Stock - 9,191,163 shares

Documents partially incorporated by reference:

Definitive Proxy Statement for the Company's 1996 Annual Meeting of Stockholders (incorporated in Part III to the extent provided in Items 10, 11, 12 and 13 hereof).

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## PART I

## ITEM 1. BUSINESS.

The principal business activities of The Washington Post Company (the "Company") consist of newspaper publishing (principally The Washington Post), television broadcasting (through the ownership and operation of six network-affiliated stations), the ownership and operation of cable television systems, and magazine publishing (Newsweek magazine).

Information concerning the consolidated operating revenues, consolidated income from operations and identifiable assets attributable to the principal segments of the Company's business for the last three fiscal years is contained in Note M to the Company's Consolidated Financial Statements appearing elsewhere in this Annual Report on Form 10-K. (Revenues for each segment are shown in such Note M net of intersegment sales, which did not exceed 0.2% of consolidated operating revenues.)

During each of the last three years the Company's operations in geographic areas outside the United States (consisting primarily of the publication of the international editions of Newsweek and, prior to their sale in September, 1993, cable television operations in the United Kingdom) accounted for less than 7% of the Company's consolidated revenues and less than 1% of its consolidated income from operations, and the identifiable assets attributable to such operations represented less than 7% of the Company's consolidated assets.

## NEWSPAPER PUBLISHING

## THE WASHINGTON POST

The Washington Post is a morning and Sunday newspaper primarily distributed by home delivery in the Washington, D.C. metropolitan area, including large portions of Virginia and Maryland.

The following table shows the average paid daily (including Saturday) and Sunday circulation of The Post for the twelve-month periods ended September 30 in each of the last five years, as reported by the Audit Bureau of Circulations ("ABC"):

	AVERAGE PAID CIRCULATION	
	DAILY	SUNDAY
	-----	-----
1991 . . . . .	807,129	1,154,138
1992 . . . . .	815,225	1,158,329
1993 . . . . .	823,752	1,152,272
1994 . . . . .	821,956	1,152,441
1995 . . . . .	807,818	1,140,498

A price increase for home-delivered copies of the daily and Sunday newspaper went into effect on January 8, 1996, raising the rate per four-week period from \$9.80 to \$10.20. On January 9, 1995 that rate had been raised to \$9.80 from \$9.20, where it had been since 1988. The rate charged to subscribers for Sunday-only home-delivered copies of the newspaper for each four-week period has been \$6.00 since 1991. On April 6, 1992, the newsstand price for the Sunday newspaper was increased from \$1.25 (which price had been in effect since 1986) to \$1.50. The newsstand price for the daily newspaper has been \$0.25 since 1981.

General advertising rates were increased by approximately 5.6% on January 1, 1995, and approximately another 8.6% on January 1, 1996. Rates for most categories of classified and retail

advertising were increased by approximately 5.4% on February 1, 1995, and approximately an additional 6.4% on February 1, 1996.

The following table sets forth The Post's advertising inches (excluding preprints) and number of preprints for the past five years:

	1991	1992	1993	1994	1995
	----	----	----	----	----
Total Inches (in thousands) . . . . .	3,571	3,435	3,394	3,391	3,212
Full-Run Inches . . . . .	3,376	3,215	3,165	3,133	2,950
Part-Run Inches . . . . .	195	220	229	258	262
Preprints (in millions) . . . . .	993	1,135	1,142	1,325	1,416

The Post also publishes The Washington Post National Weekly Edition, a tabloid which contains selected articles and features from The Washington Post edited for a national audience. The National Weekly Edition has a basic subscription price of \$48.00 per year and is delivered by second class mail to approximately 103,000 subscribers.

The Post has about 530 full-time editors, correspondents, reporters and photographers on its staff, draws upon the news reporting facilities of the major wire services and maintains correspondents in 19 news centers abroad and in New York City, Los Angeles, Chicago, Miami, Richmond, Baltimore, Annapolis and Austin, Texas.

#### THE HERALD

The Company owns The Daily Herald Company, publisher of The Herald in Everett, Washington, about 30 miles north of Seattle. The Herald is published mornings seven days a week and is primarily distributed by home delivery in Snohomish County.

Early in 1995 The Daily Herald Company also began providing commercial printing services utilizing its existing presses and facilities.

The Herald's average paid circulation as reported to ABC for the twelve months ended September 30, 1995, was 51,837 daily (including Saturday) and 63,061 Sunday (up 2.3% and down .6%, respectively, from the twelve months ended September 30, 1994). Full-run advertising inches (excluding preprints) increased 0.5% in 1995 to 986,875 inches, while zoned part-run advertising decreased 24.1% to 48,046 inches. The number of preprints distributed decreased 2.4% to 92,181,353.

The Herald employs approximately 57 editors, reporters and photographers.

#### THE GAZETTE NEWSPAPERS

The Gazette Newspapers, Inc., a wholly owned subsidiary of the Company, publishes one paid-circulation and 15 controlled-circulation weekly community newspapers (collectively known as The Gazette Newspapers) in Montgomery County and limited parts of Frederick and Carroll Counties, Maryland. During 1995 The Gazette Newspapers had an aggregate average weekly circulation of more than 235,000 copies.

The Gazette Newspapers have approximately 57 editors, reporters and photographers on their combined staffs.

In early 1996 The Gazette Newspapers, Inc. acquired the assets of a small commercial printing company located in Gaithersburg, Maryland.

## TELEVISION BROADCASTING

Through wholly owned subsidiaries the company owns six VHF television stations located in Detroit, Michigan; Houston, Texas; Miami, Florida; Hartford, Connecticut; San Antonio, Texas; and Jacksonville, Florida; which are respectively the 9th, 11th, 16th, 26th, 37th and 55th largest broadcasting markets in the United States. Each of the Company's stations is affiliated with a national network. Although network affiliation agreements generally have limited terms, each of the Company's television stations has maintained its network affiliation continuously for at least twenty years.

The Company's 1995 net operating revenues from national and local television advertising and network compensation were as follows:

National . . . . .	\$ 130,550,000
Local . . . . .	138,935,000
Network . . . . .	31,193,000
	-----
Total . . . . .	\$ 300,678,000

The following table sets forth certain information with respect to each of the Company's television stations:

STATION LOCATION AND YEAR COMMERCIAL OPERATION COMMENCED -----	NATIONAL MARKET RANKING(a) -----	NETWORK AFFILIATION -----	EXPIRATION DATE OF FCC LICENSE -----	EXPIRATION DATE OF NETWORK AGREEMENT -----	TOTAL COMMERCIAL STATIONS IN DMA(b) -----	
					ALLOCATED -----	OPERATING -----
WDIV Detroit, Mich. 1947	9th	NBC	Oct. 1, 1997	June 30, 2004	VHF-4 UHF-6	VHF-4 UHF-5
KPRC Houston, Tx. 1949	11th	NBC	Aug. 1, 1998	June 30, 2004	VHF-3 UHF-11	VHF-3 UHF-10
WPLG Miami, Fla. 1961	16th	ABC	Feb. 1, 1997	Dec. 31, 2004	VHF-5 UHF-8	VHF-4 UHF-8
WFSB Hartford, Conn. 1957	26th	CBS	Apr. 1, 1999	Apr. 10, 2002	VHF-2 UHF-6	VHF-2 UHF-4
KSAT San Antonio, Tx. 1957	37th	ABC	Aug. 1, 1998	Dec. 31, 2004	VHF-4 UHF-6	VHF-3 UHF-5
WJXT Jacksonville, Fla. 1947	55th	CBS	Feb. 1, 1997	July 10, 2001	VHF-2 UHF-6	VHF-2 UHF-4

(a) Source: 1995/96 DMA Market Rankings, Nielsen Media Research, Fall 1995, based on television homes in DMA (see note (b) below).

(b) Designated Market Area ("DMA") is a market designation of A.C. Nielsen which defines each television market exclusive of another, based on measured viewing patterns.

The Company's television broadcasting operations are subject to the jurisdiction of the FCC under the Communications Act of 1934, as amended. Under authority of such Act the FCC, among other things, assigns frequency bands for broadcast and other uses; issues, revokes, modifies and renews broadcasting licenses for particular frequencies; determines the location and power of stations and establishes areas to be served; regulates equipment used by stations; and adopts and implements regulations and policies which directly or indirectly affect the ownership, operations and profitability of broadcasting stations.

Each of the Company's television stations holds a license valid for a period of five years. Under amendments to the Communications Act enacted in 1996, each of these licenses may be renewed upon application for an eight-year period.

The FCC is conducting proceedings dealing with such matters as the standards to be applied to broadcast renewal applications, various broadcast network regulations, multiple ownership restrictions, regulations pertaining to cable television operations (discussed below under "Cable Television Division-Regulation of Cable Television and Related Matters"), whether to assign additional radio spectrum to existing broadcasting stations to enable them to implement advanced television ("ATV") technologies, whether to adopt a uniform ATV broadcast transmission standard for television and impose requirements on existing television stations to activate ATV channels and ultimately to turn back to the FCC their existing conventional television channels, and various proposals to further the development of alternative video delivery systems that would compete in varying degrees with both cable television and television broadcasting operations. Legislation that now has been approved by Congress will revamp and relax the broadcast ownership restrictions and permit broadcasters to use part of their new ATV spectrum for ancillary services (subject to the payment of fees to the federal government for services that are subscriber-based). Certain Congressional leaders have asked the FCC to postpone issuing ATV licenses pending the consideration of future legislation which might require broadcasters to bid at auction for such licenses and require conventional channels to be returned to the government on an expedited schedule. In addition, the Clinton Administration has suggested that broadcasters be required to provide free time for political candidates. The Company cannot predict the resolution of these and various other matters although, depending upon their outcome, they could affect the Company's television broadcasting interests either adversely or favorably.

#### CABLE TELEVISION DIVISION

As of the end of 1995 the Company (through subsidiaries) provided basic cable service to approximately 518,000 subscribers (representing about 73% of the 709,000 homes passed by the systems) and had in force more than 305,000 subscriptions to premium program services.

During the first quarter of 1996 the Company acquired cable television systems serving 24,000 subscribers in Texarkana, Arkansas-Texas, and 15,700 subscribers in Columbus, Mississippi. It also has reached agreements in principle to acquire additional cable systems serving an aggregate of approximately 49,000 subscribers, and to trade certain systems it currently owns in the Chicago suburbs and in California for systems located in Mississippi, Minnesota and Oklahoma. The systems it plans to acquire in the foregoing trades serve an aggregate of about 23,000 more subscribers than the systems it plans to dispose of in connection therewith.

The Company's cable systems are located in 16 Midwestern, Southern and Western states and typically serve smaller communities; thus 30 of the Company's current systems pass fewer than 10,000

dwelling units, 14 pass 10,000-25,000 dwelling units, and only 10 pass more than 25,000 dwelling units, of which the two largest are in Modesto and Santa Rosa, California, each serving more than 47,000 basic subscribers.

#### REGULATION OF CABLE TELEVISION AND RELATED MATTERS

The Company's cable operations are subject to various requirements imposed by local, state and federal governmental authorities. The franchises granted by local governmental authorities are typically nonexclusive and limited in time and generally contain various conditions and limitations relating to payment of fees to the local authority, determined generally as a percentage of revenues. Additionally, franchises often regulate the conditions of service and technical performance, and contain various types of restrictions on transferability. Failure to comply with such conditions and limitations may give rise to rights of termination by the franchising authority.

The Cable Television Consumer Protection and Competition Act of 1992 (the "1992 Cable Act"), requires or authorizes the imposition of a wide range of regulations on cable television operations. The three major areas of regulation are (i) the rates charged for certain cable television services, (ii) required carriage ("must carry") of some local broadcast stations, and (iii) retransmission consent rights for commercial broadcast stations.

Among other things, the Telecommunications Act of 1996, which has been enacted but not yet implemented by the FCC, expands the definition of "effective competition" (a condition that precludes regulation of the rates charged by a cable system for basic and optional tiers of service), relaxes cost-of-service rules, raises the threshold for FCC investigations of rate complaints, terminates rate regulations for some small cable systems, and provides for the elimination of rate regulation for all cable systems regardless of size by March 31, 1999. For cable systems that do not fall within the effective-competition or small-system exemptions (including all of the cable systems owned by the Company), monthly subscription rates for the basic tier of cable service may be regulated by municipalities, subject to procedures and criteria established by the FCC, and the FCC may regulate the rates charged for optional tiers of service. Rates charged by cable television systems for pay-per-view service, for per-channel premium program services and for advertising are all exempt from regulation. Cable television systems may also add channels to an unregulated new product tier, but the channels must be new to the system as of October 1, 1994. An FCC "freeze" on rate increases for regulated services (i.e., the basic and optional tiers) has been in effect since April 1993, and the FCC has promulgated benchmarks for determining the reasonableness of rates for such services. The FCC's benchmarks and subsequent revisions were designed to reduce overall rates for regulated services by, on average, 17% from the rates in effect when the benchmarks were adopted. Under the FCC's approach cable operators may exceed the benchmarks if they can show in a cost-of-service proceeding that higher rates are needed to earn a reasonable return on investment. In March 1994 the FCC announced the adoption of rules to implement the cost-of-service standard; among other things these rules establish an interim industry-wide rate of return of 11.25%. The FCC adopted in November 1994 (and subsequently revised several times) so-called "going forward" rules which have allowed cable operators to increase rates for regulated services when new channels are added and to offset the effects of inflation and higher programming, franchising and regulatory fees.

Pursuant to the "must-carry" rules a commercial television broadcast station may, under certain circumstances, insist on carriage of its signal on cable systems located within the station's market area, while a noncommercial public station may insist on carriage of its signal on cable systems located within either the station's predicted Grade B contour or 50 miles of the station's transmitter. As a result of these obligations (the constitutionality of which has been upheld by a lower court in a decision that is now subject to review by the U.S. Supreme Court) certain of the Company's cable systems have had to

carry broadcast stations that they might not otherwise have elected to carry, and the freedom the Company's systems would otherwise have to drop signals previously carried has been reduced.

At three-year intervals beginning in October 1993 commercial broadcasters have had the right to forego must-carry rights and insist instead that their signals not be carried without their prior consent. Before October 1993 some of the broadcast stations carried by the Company's cable television systems opted for retransmission consent and initially took the position that they would not grant consent without commitments by the Company's systems to make cash payments. As a result of case-by-case negotiations, the Company's cable systems were able to continue carrying virtually all of the stations insisting on retransmission consent without having to agree to pay any stations for the privilege of carrying their signals. However some commitments were made to carry other program services offered by a station or an affiliated company, to provide advertising availabilities on cable for sale by a station and to distribute promotional announcements with respect to a station. Some of these agreements with broadcast stations will expire during 1996 and require renegotiation.

Various other provisions in current Federal law may significantly affect the costs or profits of cable television systems. These matters include a prohibition on exclusive franchises, restrictions on the ownership of competing video delivery services, restrictions on transfers of cable television ownership, consumer protection measures, and various regulations intended to facilitate the development of competing video delivery services. Other provisions benefit the owners of cable systems by restricting regulation of cable television in many significant respects, requiring that franchises be granted for reasonable periods of time, providing various remedies and safeguards to protect cable operators against arbitrary refusals to renew franchises, and limiting franchise fees to 5% of revenues.

Apart from its authority under the 1992 Cable Act and the Telecommunications Act of 1996, the FCC regulates various other aspects of cable television operations. Since 1990 cable systems have been required to black out from the distant broadcast stations they carry syndicated programs for which local stations have purchased exclusive rights and requested exclusivity. Other long-standing FCC rules require cable systems to delete under certain circumstances duplicative network programs broadcast by distant stations. The FCC also imposes certain technical standards on cable television operators, exercises the power to license various microwave and other radio facilities frequently used in cable television operations, regulates the assignment and transfer of control of such licenses, and oversees compliance with certain affirmative action and equal employment opportunity obligations applicable to cable systems. In addition, pursuant to the Pole Attachment Act, the FCC exercises authority to disapprove unreasonable rates charged to cable operators by telephone and power utilities for utilizing space on utility poles or in underground conduits.

The Copyright Act of 1976 grants to cable television systems, under certain terms and conditions, the right to retransmit the signals of television stations pursuant to a compulsory copyright license. Those terms and conditions include the payment of certain license fees set forth in the statute or established by subsequent administrative regulations. The compulsory license fees have been increased on several occasions since this Act went into effect. In 1994 the availability of the compulsory copyright license was extended to "wireless cable" and direct broadcast satellite operators, although in the latter case the license right is limited to independent and network-affiliated stations whose over-the-air signal (or a signal carrying the same network's programming) is not available at the subscriber's location. Some pending legislative proposals would modify or eliminate the compulsory copyright licensing scheme, and the FCC and others have urged that the compulsory license be phased out for local or distant broadcast signals or both.

Until recently, telephone companies were generally prohibited from operating cable systems in areas in which they provide local telephone service. However, that prohibition was eliminated by the

Telecommunications Act of 1996. Telephone companies now can provide video services in their telephone service areas under four different regulatory plans. First, they can provide traditional cable television service and be subject to the same regulations as the Company's cable television systems (including compliance with local franchise and any other local or state regulatory requirements). Second, they can provide "wireless cable" service, which is described below, and not be subject to either cable regulations or franchise requirements. Third, they can provide video services on a common-carrier basis, under which they would not be required to obtain local franchises but would be subject to common-carrier regulation (including a prohibition against exercising control over programming content). Finally, they can operate so-called "open video systems" without local franchises and be subject to reduced regulatory burdens. The Act contains detailed requirements governing the operation of open video systems, including the nondiscriminatory offering of capacity to third parties and limiting to one-third of total system capacity the number of channels the operator can program when demand exceeds available capacity. In addition, the rates charged by an open video system operator to a third party for the carriage of video programming must be just and reasonable as determined in accordance with standards to be established by the FCC. (Cable operators and others not affiliated with a telephone company may also become operators of open video systems.) The Act also generally prohibits telephone companies from acquiring or owning an interest in existing cable systems operating in their service areas.

The Telecommunications Act of 1996 balances this grant of video authority to telephone companies by removing regulatory barriers to the offering of telephone services by cable companies and others. The Act preempts state and local laws that have barred local telephone competition in some states. In addition, the Act requires local telephone companies to permit cable companies and other competitors to connect with the telephone network and requires telephone companies to give competitors access to the essential features and functionalities of the local telephone network (such as switching capability, signal carriage from the subscriber's residence to the switching center and directory assistance) on an unbundled basis. As an alternative method of providing local telephone service, the Act permits cable companies and others to purchase telephone service on a wholesale basis and then resell it to their subscribers.

During the past several years, the FCC has adopted various rule changes intended to facilitate the development of so-called "wireless cable," a video service that is capable of distributing as many as 30 television channels in a local area by over-the-air microwave transmission using current analog technology and that may be capable of providing a greater number of channels using digital compression technologies. The FCC also is expected to issue licenses in 1996 for a new digital wireless cable service which will utilize 1,000 megahertz of spectrum in the 28 gigahertz band and is intended to provide multiple video channels as well as voice and data transmission services. Wireless cable services are not required to obtain franchises from local governmental authorities and generally operate under fewer regulatory requirements than conventional cable television systems.

Litigation is pending in various courts in which prohibitions on cable television operations without a franchise and various franchise requirements are being challenged as unlawful under the First Amendment, the antitrust laws and on other grounds. If successful, such litigation could facilitate the development of duplicative cable facilities that would compete with existing cable systems.

The regulation of certain cable television rates pursuant to the authority granted to the FCC has negatively impacted the revenues of the Company's cable systems. The Company is unable to predict what effect the other matters discussed above may ultimately have on its cable television business.

## MAGAZINE PUBLISHING

Newsweek is a weekly news magazine published both domestically and internationally. In gathering, reporting and writing news and other material for publication, Newsweek maintains news bureaus in 9 U.S. and 14 foreign cities.

The domestic edition of Newsweek is comprised of over 100 different geographic or demographic editions which carry substantially identical news and feature material but enable advertisers to direct messages to specific market areas or demographic groups. Domestically, Newsweek ranks second in circulation among the three leading weekly news magazines (Newsweek, Time and U.S. News & World Report). Its average weekly domestic circulation rate base and its percentage of the total weekly domestic circulation rate base of the three leading weekly news magazines for the past five years are set forth in the following table:

	NEWSWEEK AVERAGE WEEKLY CIRCULATION RATE BASE -----	PERCENTAGE OF THREE LEADING NEWS MAGAZINES -----
1991 . . . . .	3,100,000	34.1%
1992 . . . . .	3,100,000	33.2%
1993 . . . . .	3,100,000	32.7%
1994 . . . . .	3,100,000	33.0%
1995 . . . . .	3,100,000	33.0%

Newsweek is sold on newsstands and through subscription mail order sales derived from a number of sources, principally direct mail promotion. The basic one-year subscription price is \$41.08. During 1995 most subscriptions were sold at a discount from the basic price. Since January 1992 Newsweek's newsstand price has been \$2.95 per copy.

The total number of Newsweek's domestic advertising pages and gross domestic advertising revenues as reported by Publishers' Information Bureau, Inc., together with Newsweek's percentages of the total number of advertising pages and total advertising revenues of the three leading weekly news magazines, for the past five years have been as follows:

	NEWSWEEK ADVERTISING PAGES* -----	PERCENTAGE OF THREE LEADING NEWS MAGAZINES -----	NEWSWEEK GROSS ADVERTISING REVENUES* -----	PERCENTAGE OF THREE LEADING NEWS MAGAZINES -----
1991 . . . . .	1,948	32.5%	\$ 233,601,000	32.7%
1992 . . . . .	2,109	33.2%	258,396,000	32.4%
1993 . . . . .	2,102	33.3%	260,673,000	32.3%
1994 . . . . .	2,057	32.1%	276,074,000	32.4%
1995 . . . . .	2,279	34.1%	328,886,000	34.9%

\* Advertising pages and gross advertising revenues are those reported by Publishers' Information Bureau, Inc. PIB computes gross advertising revenues from basic one-time rates and the number of advertising pages carried. PIB figures therefore exceed actual gross advertising revenues, which reflect lower rates for multiple insertions. Net revenues as reported in the Company's Consolidated Statements of Income also exclude agency fees and cash discounts, which are included in the gross advertising revenues shown above. Page and revenue figures exclude affiliated advertising.

Newsweek's advertising rates are based on its average weekly circulation rate base and are competitive with the other weekly news magazines. Effective with the January 9, 1995 issue, national advertising rates were increased by an average of 6.0%. Beginning with the issue dated January 8, 1996, national advertising rates were increased again by an average of 7.0%.

Newsweek Business Plus, which is published 39 times a year, is a demographic edition of Newsweek distributed to high-income professional and managerial subscribers and subscribers in zip-code-defined areas. Advertising rates for this edition, which has a circulation rate base of 1,000,000 copies, were increased an average of 7.0% in January 1996.

Newsweek's other demographic edition, Newsweek Woman, which was published 13 times during 1995, has a circulation rate base of 700,000 selected female subscribers. At the beginning of 1995 advertising rates for this edition were increased by an average of 6.0%, with an additional average increase of 7.0% instituted early in 1996.

Internationally, Newsweek is published in an Atlantic edition covering the British Isles, Europe, the Middle East and Africa, a Pacific edition covering Japan, Korea and Southeast Asia, and a Latin America edition, all of which are in the English language. Editorial copy solely of domestic interest is eliminated in the international editions and is replaced by other international, business or national coverage primarily of interest abroad. Since 1984 a 24-page section of Newsweek has been included in The Bulletin, an Australian weekly news magazine which also circulates in New Zealand. In 1986 a Japanese-language edition of Newsweek, Nihon Ban, began publication in Tokyo pursuant to an arrangement with a Japanese publishing company which translates editorial copy, sells advertising in Japan and prints and distributes the edition. A Korean-language edition of Newsweek, Hankuk Pan, began publication in 1991 pursuant to a similar arrangement with a Korean publishing company.

The average weekly circulation rate base, advertising pages and gross advertising revenues of Newsweek's international editions (including The Bulletin insertions but not including the Japanese- or Korean-language editions of Newsweek) for the past five years have been as follows:

	AVERAGE WEEKLY CIRCULATION RATE BASE -----	ADVERTISING PAGES* -----	GROSS ADVERTISING REVENUES* -----
1991 . . . . .	705,000	2,296	\$ 68,405,000
1992 . . . . .	730,000	2,549	76,765,000
1993 . . . . .	745,000	2,128	68,347,000
1994 . . . . .	748,000	2,351	79,900,000
1995 . . . . .	750,000	2,502	90,968,000

\* Advertising pages and gross advertising revenues are those reported by LNA International. LNA computes gross advertising revenues from basic one-time rates and the number of advertising pages carried. LNA figures therefore exceed actual gross advertising revenues, which reflect lower rates for multiple insertions. Net revenues as reported in the Company's Consolidated Statements of Income also exclude agency fees and cash discounts, which are included in the gross advertising revenues shown above. Page and revenue figures exclude affiliated advertising.

For 1996 the average weekly circulation rate base for Newsweek's English language international editions (including The Bulletin insertions) will be 752,000 copies. Newsweek's rate card estimates the average weekly circulation for the Japanese-language and Korean-language editions for 1996 will be 140,000 and 150,000 copies, respectively.

In November 1994 Newsweek launched a weekly news magazine created for online distribution. This magazine, known as Newsweek InterActive, combines text, photos and audio and is currently available on the Prodigy service. Newsweek InterActive will move to the America Online service in mid-1996. Newsweek also produced a multimedia CD-ROM during 1995 which featured a review of children's computer software.

VirtualCity, a new publication from a collaboration between Virtual Communications, Inc. and Newsweek, debuted in September 1995. Currently published quarterly, VirtualCity is designed to attract readers interested in the emerging online community.

#### OTHER ACTIVITIES

##### KAPLAN EDUCATIONAL CENTERS

A subsidiary of the Company owns the Kaplan Educational Centers, which are engaged in preparing students for a broad range of admissions tests and licensing examinations including SAT's, LSAT's, GMAT's and GRE's, and nursing and medical boards. In 1995 the Kaplan Centers had nearly 135,000 enrollments and provided courses through more than 150 permanent educational centers located throughout the United States and in Canada, Puerto Rico and London. In addition, Kaplan licenses material for certain of its courses to third parties who in turn offer Kaplan courses in other foreign locations.

##### LEGI-SLATE

LEGI-SLATE, Inc., another subsidiary of the Company, provides its customers with access to a computerized database containing detailed information on the legislative and regulatory activities of the United States government. The LEGI-SLATE database contains both abstracts and the full text of every bill and resolution introduced in Congress, the entire Congressional Record and every document published in the Federal Register. Content compiled by LEGI-SLATE includes detailed legislative histories, complete voting records and the Daily CFR(TM) service, a daily update of the Code of Federal Regulations. The database also includes relevant editorial material which is both licensed from third parties and produced by LEGI-SLATE's own editorial staff.

##### PASS SPORTS

Pro Am Sports System, Inc. ("PASS") is a Detroit-based regional cable sports network that provides programming to approximately 865,000 cable television subscribers in Michigan and northwest Ohio. PASS programming includes games of the Detroit Tigers baseball team, the Detroit Pistons basketball team and the Detroit Red Wings hockey team.

##### INTERNATIONAL HERALD TRIBUNE

The Company beneficially owns 50% of the outstanding common stock of the International Herald Tribune, S.A., a French company which publishes the International Herald Tribune in Paris, France. This English-language newspaper has an average daily paid circulation of almost 200,000 copies and is distributed in over 180 countries.

##### COWLES MEDIA COMPANY

The Company owns approximately 28% of the outstanding common stock of Cowles Media Company, most of which was acquired in 1985. Cowles owns the Minneapolis-St. Paul Star Tribune and a number of smaller publications.

In late 1993 the Company organized a new subsidiary, Digital Ink Co., to develop news and information products for distribution by computers, fax and telephone. In July 1995 Digital Ink commercially launched a locally oriented online service featuring content from The Washington Post and other sources. This service has utilized the AT&T Interchange Network as its publishing platform, but Digital Ink is in the process of assembling the software and systems necessary to migrate this service to a World Wide Web site on the Internet. Digital Ink is also contributing content from The Washington Post and Newsweek to ElectionLine, a World Wide Web site that tracks events related to the 1996 elections.

#### MAMMOTH MICRO PRODUCTIONS

The Company wrote-off its investment in Mammoth Micro Productions, Inc. ("MMP"), a producer and publisher of multimedia CD-ROM titles, in the third quarter of 1995. MMP was subsequently dissolved.

#### MOFFET, LARSON & JOHNSON

The Company owns 71% of the outstanding common stock of Moffet, Larson & Johnson, Inc., a telecommunications engineering firm specializing in the design and development of advanced mobile, broadcast and common carrier radio systems.

#### PERSONAL COMMUNICATIONS SERVICES

In 1990 the Company formed a limited partnership with American Personal Communications, Inc. ("APC"), to develop experimental and, eventually, commercial wireless telephone systems in the Washington, D.C./Baltimore, Maryland area utilizing the technologies that characterize what are now generally referred to as personal communications service (or PCS) systems. APC is the sole managing general partner of the partnership and the Company initially held a majority of the partnership's equity.

Because of the changed circumstances, delays and increased costs surrounding the partnership's opportunity to provide PCS services, the Company decided to divest the majority of its ownership interest in the partnership. On January 9, 1995, the Company sold all but a 1.5% limited partnership interest in the partnership to APC and a consortium of communications companies. The purchase price for the Company's interest was essentially equal to the pro rata share of the Company's investments in the partnership. In March 1996 the Company sold its remaining limited partnership interest on terms comparable to those that prevailed in the earlier sale.

#### PRODUCTION AND RAW MATERIALS

The Washington Post is produced at the newspaper's principal place of business and plant in downtown Washington, D.C., and at its satellite printing plants in Fairfax County, Virginia, and Southeast Washington, D.C. In mid-1995, The Post announced that it will build a new production facility in Prince George's County, Maryland, and expand its Fairfax County facility. New press equipment will be installed in both plants and is expected to be fully operational by late 1998 or early 1999. At that time production at the newspaper's two Washington, D.C. facilities will be discontinued.

All editions of The Herald are produced at its plant in Everett, Washington. The Gazette Newspapers are currently produced by three independent contract printers, although during 1996 all production will be transferred to the commercial printing operation recently acquired by The Gazette Newspapers, Inc. Newsweek's domestic edition is produced by three independent contract printers at five separate plants in the United States; advertising inserts and photo-offset films for the domestic

edition are also produced by independent contractors. The international editions of Newsweek are printed in England, Hong Kong, Singapore, Switzerland and Hollywood, Florida; insertions for The Bulletin are printed in Australia.

In 1995 The Washington Post consumed about 240,000 tons\* of newsprint purchased from a number of suppliers, including Bowater Incorporated, which supplied approximately 30% of The Post's 1995 newsprint requirements. About half of the newsprint The Post purchases from Bowater Incorporated is provided by Bowater Mersey Paper Company Limited, 49% of the common stock of which is owned by the Company (the majority interest being held by a subsidiary of Bowater Incorporated). Bowater Mersey owns and operates a newsprint mill near Halifax, Nova Scotia, and owns extensive woodlands that provide part of the mill's wood requirements. In 1995 Bowater Mersey produced about 250,000 tons of newsprint.

The Company, through a subsidiary, has a 35% limited partnership interest in Bear Island Paper Company, which owns and operates a newsprint mill in Doswell, Virginia, about 85 miles south of Washington, D.C. The general partner, which has a 30% interest and manages the mill, is Brant-Allen Industries, Inc., a firm experienced in the construction and operation of similar mills; the other limited partner, also with a 35% interest, is a subsidiary of Dow Jones & Company, Inc. The Paper Company and Bear Island Timberlands Company, in which a subsidiary of the Company also has a 35% limited partnership interest, own an aggregate of approximately 150,000 acres of Virginia woodlands. These woodlands supply a portion of the wood requirements of the Paper Company's mill. That mill produced about 230,000 tons of newsprint in 1995, and during that year The Post purchased about 20% of its newsprint requirements from Bear Island Paper Company. Bear Island Paper Company also owns a recycling plant that provides 20% of the pulp used by the mill.

The announced price of newsprint (excluding discounts which decreased during the year) was approximately \$620 per ton at the beginning of 1995 and increased to about \$750 per ton by year-end. The Post believes it has adequate newsprint available through contracts with its various suppliers. About 85% of the newsprint used by The Post includes some recycled content. The Company owns 80% of the stock of Capitol Fiber Inc., which handles and sells to recycling industries old newspapers and other paper collected in Washington, D.C, Maryland and northern Virginia.

In 1995 The Herald consumed approximately 7,200 tons of newsprint (including that used in its commercial printing operations) which was supplied by four different suppliers, the largest of which furnished about 33% of the newspaper's total requirements. Approximately 70% of the newsprint used by The Herald includes some recycled content.

The domestic edition of Newsweek consumed 31,753 tons of paper in 1995, the bulk of which was purchased from eight major suppliers. The current cost of body paper (the principal paper component of the magazine) is approximately \$1,200 per ton.

Over 90% of the aggregate domestic circulation of Newsweek is delivered by second class mail, and most subscriptions are solicited by either first- or third-class mail. Thus substantial increases in postal rates for these classes of mail may have a significant negative impact on Newsweek's operating income. In December 1994 the Board of Governors of the U.S. Postal Service approved a rate increase of 10.3% for first-class mail and 14% for second- and third-class mail effective January 1, 1995. This action increased Newsweek's annual postage costs by approximately \$4.5 million.

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\* All references in this report to newsprint tonnage and prices refer to short tons (2,000 pounds) and not to metric tons (2,204.6 pounds) which are often used in newsprint price quotations.

## COMPETITION

The Washington Times, a newspaper published since 1982 in Washington, D.C., began publishing Saturday and Sunday editions in competition with The Washington Post in 1991. The Post also encounters competition in varying degrees from newspapers published in suburban and outlying areas, other nationally circulated newspapers and from television, radio, magazines and other advertising media, including direct mail advertising.

The Herald circulates principally in Snohomish County, Washington; its chief competitors are the Seattle Times and the Seattle Post-Intelligencer, which are daily and Sunday newspapers published in Seattle and whose Snohomish County circulation is principally in the southwest portion of the county. Since 1983 the two Seattle newspapers have consolidated their business and production operations and combined their Sunday editions pursuant to a joint operating agreement, although they continue to publish separate daily newspapers. Although The Herald's principal circulation is in Snohomish County, it is also distributed in two other nearby counties (including King County where Seattle is located) in which its circulation is less than that of the Seattle newspapers. Numerous weekly and semi-weekly newspapers and shoppers are distributed in The Herald's principal circulation area.

The circulation of The Gazette Newspapers is limited to Montgomery County and parts of Frederick and Carroll Counties, Maryland (areas where The Washington Post also circulates). The Gazette Newspapers compete in varying degrees with many advertising vehicles available in their service areas, including The Potomac and Bethesda/Chevy Chase Almanacs and The Western Montgomery Bulletin, weekly controlled-circulation community newspapers, The Montgomery County Sentinel, a weekly paid-circulation community newspaper, and The Montgomery County Journal, a daily paid-circulation community newspaper (which also publishes two controlled-circulation weekly editions).

The Board of Governors of the U.S. Postal Service has approved the creation, effective July 1, 1996, of a special "enhanced carrier route" subclass within the third-class rate structure which will provide lower rates for the mailing of bulk advertising. The Company believes this decrease in postal rates applicable to bulk advertising will have an adverse impact on the advertising revenues of The Washington Post, The Herald and The Gazette Newspapers, although the Company is unable to quantify the amount of such impact. However other changes in postal rates approved at the same time (principally increased second-class discounts for carrier-route sorting and bar coding) will reduce Newsweek's annual postage costs by approximately \$2.5 million.

The Company's television stations compete for audiences and advertising revenues with television and radio stations and cable television systems serving the same or nearby areas and to a lesser degree with other media such as newspapers and magazines. Both independent stations and stations affiliated with the Fox Broadcasting Network, the United Paramount Network and the Warner Brothers Network are becoming increasingly competitive, and cable television systems continue to expand their operations in the Company's broadcast markets where they compete for television viewing by importing out-of-market television signals and by distributing pay-cable, advertiser-supported and other programming that is originated for cable systems. During 1994 two direct broadcast satellite or "DBS" services, Direct TV and United States Satellite Broadcasting, began providing nationwide distribution of television programming using small receiving dishes and digital transmission (although neither service includes the signals of any local independent or network-affiliated television stations except in areas where such station's over-the-air signal, or a signal carrying the same network's programming, is not available). In addition, telephone companies have shown increasing interest in

providing cable television and other video services and, pursuant to the provisions of the Telecommunications Act of 1996, are now free to own and operate cable television systems in the same areas where they provide telephone services. The Company's television stations may also become subject to increased competition from low power television stations, wireless cable services, satellite master antenna systems (which can carry pay-cable and similar program material) and prerecorded video programming. Further, high definition and other improved television technologies are being developed which in the future may enhance the ability of some of these other video providers to compete for viewers with the local television broadcasting stations owned by the Company.

Cable television systems operate in a highly competitive environment. In addition to competing with the direct reception of television broadcast signals by the viewer's own antenna, such systems (like existing television stations) are subject to competition from other forms of television program delivery such as DBS services, low power television stations, wireless cable services, satellite master antenna systems and prerecorded video programming. The Telecommunications Act of 1996 may also increase the competition faced by existing cable television systems by facilitating the provision of competing services by local telephone companies.

According to figures compiled by Publishers' Information Bureau, Inc., of the 203 magazines reported on by the Bureau, Newsweek ranked fifth in total advertising revenues in 1995, when it received approximately 3.3% of all advertising revenues of the magazines included in the report. The magazine industry is highly competitive both within itself and with other advertising media which compete for audience and advertising revenue.

The Company's publications and television broadcasting and cable operations also compete for readers' and viewers' time with various other leisure-time activities.

The future of the Company's various business activities depends on a number of factors, including the general strength of the economy, population growth, technological innovations and new entertainment, news and information dissemination systems, overall advertising revenues, the relative efficiency of publishing and broadcasting compared to other forms of advertising and, particularly in the case of television broadcasting and cable operations, the extent and nature of government regulations.

#### EXECUTIVE OFFICERS

The executive officers of the Company, each of whom is elected for a one-year term at the meeting of the Board of Directors immediately following the Annual Meeting of Stockholders held in May of each year, are as follows:

Donald E. Graham, age 50, has been Chairman of the Board of the Company since September 1993 and Chief Executive Officer of the Company since May 1991. Mr. Graham served as President of the Company from May 1991 until September 1993 and prior to that had been a Vice President of the Company for more than five years. Mr. Graham also is Publisher of The Washington Post, having occupied that position since 1979.

Alan G. Spoon, age 44, is President and Chief Operating Officer of the Company. Mr. Spoon served as Executive Vice President and Chief Operating Officer of the Company from May 1991 until September 1993 and had previously been a Vice President of the Company since July 1987. Mr. Spoon also served as the Company's Vice President-Finance from July 1987 until November 1989, and as President of Newsweek, Inc. from September 1989 until May 1991.

Katharine Graham, age 78, is Chairman of the Executive Committee of the Company's Board of Directors. Mrs. Graham previously served as Chairman of the Board of the Company from 1973 until September 1993 and as the Company's Chief Executive Officer from 1973 until May 1991.

Martin Cohen, age 64, is a Vice President of the Company; from 1975 to July 1987 he served as Vice President-Finance and Treasurer of the Company.

Diana M. Daniels, age 46, has been Vice President and General Counsel of the Company since November 1988 and Secretary of the Company since September 1991. Ms. Daniels served as General Counsel of the Company from January 1988 to November 1988 and prior to that had been Vice President and General Counsel of Newsweek, Inc. since 1979.

Beverly R. Keil, age 49, has been Vice President-Human Resources of the Company since 1986; from 1982 through 1985 she was the Company's Director of Human Resources.

John B. Morse, Jr., age 49, has been Vice President-Finance of the Company since November 1989. He joined the Company as Vice President and Controller in July 1989, and prior to that had been a partner of Price Waterhouse.

#### EMPLOYEES

The Company and its subsidiaries employ approximately 7,010 persons on a full-time basis.

The Washington Post has approximately 2,860 full-time employees. About 2,010 of The Post's full-time employees and about 455 part-time employees are represented by one or another of nine unions. Collective bargaining agreements are currently in effect with locals of the following unions covering the full-time and part-time employees and expiring on the dates indicated: 1,271 employees in the editorial, newsroom and commercial departments represented by the Washington-Baltimore Newspaper Guild (November 12, 1998); 143 paperhandlers and general workers represented by the Graphic Communications Union (June 1, 2000); 46 machinists represented by the International Association of Machinists (January 13, 2001); 49 photoengravers-plate-makers represented by the Graphic Arts International Union (February 17, 2001); 117 building service employees represented by the Service Employees International Union (April 30, 1996); 39 engineers, carpenters and painters represented by the International Union of Operating Engineers (March 1, 1997); 394 mailers and 202 mailroom helpers represented by the Washington Mailers' Union (June 15, 1997); 175 typographers represented by the Columbia Typographical Union (October 2, 2000); and 30 electricians represented by the International Brotherhood of Electrical Workers (June 17, 2001).

Of the approximately 215 full-time and 100 part-time employees at The Herald, about 62 full-time and 15 part-time employees are represented by one or another of three unions. The newspaper's collective bargaining agreement with the Graphic Communications International Union, which represents press operators, will expire on March 15, 2000. Its agreement with the International Brotherhood of Teamsters, which represents bundle haulers, will expire on May 31, 1998, and its agreement with the Communications Workers of America, which represents printers and mailers, will expire on October 31, 1998.

Newsweek has approximately 890 full-time employees (including about 195 editorial employees represented by the New York Newspaper Guild under a collective bargaining agreement which expired in December 1995 and is currently being renegotiated).

The Company's broadcasting operations have approximately 910 full-time employees, of whom about 250 are union-represented. Of the ten collective bargaining agreements covering union-represented employees, four have expired and are being renegotiated. Two other collective bargaining agreements will expire in 1996.

The Company's Cable Television Division has approximately 930 full-time employees. Stanley H. Kaplan Educational Center Ltd. employs approximately 600 persons on full-time basis (which number does not include substantial numbers of part-time employees who serve in instructional and clerical capacities). The Gazette Newspapers, Inc. has approximately 295 full-time and 60 part-time employees. Robinson Terminal Warehouse Corporation (the Company's newsprint warehousing and distribution subsidiary), Legi-Slate, Digital Ink and Moffet, Larson & Johnson each employ fewer than 150 persons. None of these units' employees is represented by a union.

#### ITEM 2. PROPERTIES.

The Company owns the publishing plant and principal offices of The Washington Post in downtown Washington, D.C., including both a seven-story building in use since 1950 and a connected nine-story office building on contiguous property completed in 1972 in which are located the Company's principal executive offices. Additionally, the Company owns land on the corner of 15th and L Streets, N.W., in Washington, D.C., adjacent to The Washington Post plant and office building. The Company has leased this property under a long-term ground lease to The Prudential Insurance Company of America, which in 1982 completed construction of a new multi-story office building on the site. The Company rents a number of floors in this building. The Company also owns and occupies a small office building on L Street which is next to The Post's downtown plant.

In 1980 the Company completed construction of a satellite printing plant on 13 acres of land owned by the Company in Fairfax County, Virginia, and in 1981 purchased the printing plant of the defunct Washington Star located in Southeast Washington, D.C. In early 1996 the Company purchased a 17-acre tract of undeveloped land in Prince George's County, Maryland, where a new printing and distribution facility for The Post will be constructed. The Company also owns undeveloped land near Dulles Airport in Fairfax County, Virginia (39 acres), in Prince George's County, Maryland (34 acres), and in Montgomery County, Maryland (10 acres).

The Herald owns its plant and office building in Everett, Washington; it also owns two warehouses adjacent to its plant and a small office building in Lynnwood, Washington, that is currently leased to a third party.

The Gazette Newspapers, Inc. owns a two-story brick building that serves as headquarters for The Gazette Newspapers and a separate two-story brick building that houses its newly acquired commercial printing business. It also owns a warehouse used by the commercial printing business and a one-story brick building that formerly served as its headquarters and is currently available for lease. All of these properties are located in Gaithersburg, Maryland. Satellite editorial and sales offices for The Gazette Newspapers are located in leased premises.

The principal offices of Newsweek are located at 251 West 57th Street in New York City, where Newsweek rents space on nine floors. The lease on this space will expire in 2009 but is renewable for a 15-year period at Newsweek's option at rentals to be negotiated or arbitrated. Newsweek's accounting, production and distribution departments, and its subscription service operations, are located in a facility Newsweek built in 1987 on a 16-acre tract in Mountain Lakes, New Jersey.

The headquarters offices of the Company's broadcasting operations are located in Hartford, Connecticut, in the same facilities that house the offices and studios of WFSB. That facility and those that house the operations of each of the Company's other television stations are all owned by the Company.

The headquarters offices of the Cable Television Division are located in leased premises in Phoenix, Arizona. The majority of the offices and head-end facilities of the Division's individual cable systems are located in buildings owned by the Company. Substantially all the tower sites used by the Division are leased.

Robinson Terminal Warehouse Corporation owns two wharves and several warehouses in Alexandria, Virginia. These facilities are adjacent to the business district and occupy approximately seven acres of land. Robinson also owns two partially developed tracts of land in Fairfax County, Virginia, aggregating about 22 acres. These tracts are near The Washington Post's existing satellite printing plant and include several warehouses. In 1992 Robinson purchased approximately 23 acres of undeveloped land on the Potomac River in Charles County, Maryland, for the possible construction of additional warehouse capacity.

Stanley H. Kaplan Educational Center Ltd. owns a six-story building located at 131 West 56th Street in New York City, which serves as the Manhattan Educational Center, and a one-story building in Brooklyn, New York, which houses Kaplan's printing and production facilities. Kaplan's headquarters offices are located at 810 Seventh Avenue in New York City, where Kaplan rents space on two floors under leases which expire between 1996 and 1997. All Kaplan educational centers outside of Manhattan occupy leased premises.

The offices of Legi-Slate are located in Washington, D.C., and the offices of Digital Ink and Moffet, Larson & Johnson are located in separate facilities in Arlington, Virginia. The office space for each of these units is leased.

#### ITEM 3. LEGAL PROCEEDINGS.

The Company and its subsidiaries are parties to various civil lawsuits that have arisen in the ordinary course of their businesses, including actions for libel and invasion of privacy. Management does not believe that any litigation pending against the Company will have a material adverse effect on its business or financial condition.

#### ITEM 4. SUBMISSION OF MATTERS TO A VOTE OF SECURITY HOLDERS.

Not applicable.

### PART II

#### ITEM 5. MARKET FOR THE REGISTRANT'S COMMON EQUITY AND RELATED STOCKHOLDER MATTERS.

The Company's Class B Common Stock is traded on the New York Stock Exchange under the symbol "WPO." The Company's Class A Common Stock is not publicly traded.

The high and low sales prices of the Company's Class B Common Stock during the last two years were:

Quarter -----	1995 ----		1994 ----	
	High ----	Low ---	High ----	Low ---
January - March . . . . .	\$ 258	\$ 238	\$ 284	\$ 232
April - June . . . . .	271	255	241	222
July - September . . . . .	315	258	238	231
October - December . . . . .	312	280	248	234

During 1995 the Company repurchased 361,106 shares of Class B Common Stock in unsolicited transactions at prices no higher than the last sale price on the New York Stock Exchange. All of the repurchased shares were included in trading volume reported on 1995's consolidated tape and accounted for approximately 23% of such volume.

At February 29, 1996, there were 23 holders of record of the Company's Class A Common Stock and 1,390 holders of record of the Company's Class B Common Stock.

Both classes of the Company's Common Stock participate equally as to dividends. Quarterly dividends were paid at the rate of \$1.10 per share during 1995 and \$1.05 per share during 1994.

#### ITEM 6. SELECTED FINANCIAL DATA.

See the information for the years 1991 through 1995 contained in the table titled "Ten-Year Summary of Selected Historic Financial Data" which is included in this Annual Report on Form 10-K and listed in the index to financial information on page 21 hereof (with only the information for such years to be deemed filed as part of this Annual Report on Form 10-K).

#### ITEM 7. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS.

See the information contained under the heading "Management's Discussion and Analysis of Results of Operations and Financial Condition" which is included in this Annual Report on Form 10-K and listed in the index to financial information on page 21 hereof.

#### ITEM 8. FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA.

See the Company's Consolidated Financial Statements at December 31, 1995, and for the periods then ended, together with the report of Price Waterhouse LLP thereon and the information contained in Note N to said Consolidated Financial Statements titled "Summary of Quarterly Operating Results (Unaudited)," which are included in this Annual Report on Form 10-K and listed in the index to financial information on page 21 hereof.

#### ITEM 9. CHANGES IN AND DISAGREEMENTS WITH ACCOUNTANTS ON ACCOUNTING AND FINANCIAL DISCLOSURE.

Not applicable.

### PART III

#### ITEM 10. DIRECTORS AND EXECUTIVE OFFICERS OF THE REGISTRANT.

The information contained under the heading "Executive Officers" in Item 1 hereof, the information contained under the headings "Nominees for Election by Class A Stockholders" and "Nominees for Election by Class B Stockholders," and the information contained in the last two paragraphs under the heading "Stock Holdings of Certain Beneficial Owners and Management" in the

definitive Proxy Statement for the Company's 1996 Annual Meeting of Stockholders is incorporated herein by reference thereto.

ITEM 11. EXECUTIVE COMPENSATION.

The information contained under the headings "Compensation of Directors," "Executive Compensation," "Retirement Plans," "Compensation Committee Report on Executive Compensation," "Compensation Committee Interlocks and Insider Participation," and "Performance Graph" in the definitive Proxy Statement for the Company's 1996 Annual Meeting of Stockholders is incorporated herein by reference thereto.

ITEM 12. SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT.

The information contained under the heading "Stock Holdings of Certain Beneficial Owners and Management" in the definitive Proxy Statement for the Company's 1996 Annual Meeting of Stockholders is incorporated herein by reference thereto.

ITEM 13. CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS.

The information contained under the heading "Certain Transactions" in the definitive Proxy Statement for the Company's 1996 Annual Meeting of Stockholders is incorporated herein by reference thereto.

PART IV

ITEM 14. EXHIBITS, FINANCIAL STATEMENT SCHEDULES, AND REPORTS ON FORM 8-K.

(a) THE FOLLOWING DOCUMENTS ARE FILED AS PART OF THIS REPORT:

(i) Financial Statements and Financial Statement Schedules

As listed in the index to financial information on page 21 hereof.

(ii) Exhibits

As listed in the index to exhibits on page 46 hereof.

(b) REPORTS ON FORM 8-K.

No reports on Form 8-K were filed during the last quarter of the period covered by this report.

## SIGNATURES

PURSUANT TO THE REQUIREMENTS OF SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934, THE REGISTRANT HAS DULY CAUSED THIS REPORT TO BE SIGNED ON ITS BEHALF BY THE UNDERSIGNED, THEREUNTO DULY AUTHORIZED, ON MARCH 26, 1996.

THE WASHINGTON POST COMPANY  
(Registrant)

By John B. Morse, Jr.  
-----  
John B. Morse, Jr.

Vice President-Finance

PURSUANT TO THE REQUIREMENTS OF THE SECURITIES EXCHANGE ACT OF 1934, THIS REPORT HAS BEEN SIGNED BELOW BY THE FOLLOWING PERSONS ON BEHALF OF THE REGISTRANT AND IN THE CAPACITIES INDICATED ON MARCH 26, 1996:

Donald E. Graham	Chairman of the Board and Chief Executive Office (Principal Executive Officer) and Director
Alan G. Spoon	President, Chief Operating Officer and Director
Katharine Graham	Chairman of the Executive Committee of the Board and Director
John B. Morse, Jr.	Vice President-Finance (Principal Financial and Accounting Officer)
James E. Burke	Director
Martin Cohen	Director
George J. Gillespie, III	Director
Ralph E. Gomory	Director
Donald R. Keough	Director
Barbara Scott Preiskel	Director
William J. Ruane	Director
Richard D. Simmons	Director
George W. Wilson	Director

By John B. Morse, Jr.  
-----  
John B. Morse, Jr.

Attorney-in-Fact

An original power of attorney authorizing Donald E. Graham, Alan G. Spoon, Katharine Graham and John B. Morse, Jr., and each of them, to sign all reports required to be filed by the Registrant pursuant to the Securities Exchange Act of 1934 on behalf of the above-named directors and officers has been filed with the Securities and Exchange Commission.

## INDEX TO FINANCIAL INFORMATION

## THE WASHINGTON POST COMPANY

	PAGE
	----
Financial Statements and Schedules:	
Report of Independent Accountants . . . . .	22
Consolidated Statements of Income for the Three Fiscal Years	
Ended December 31, 1995 . . . . .	23
Consolidated Balance Sheets at December 31, 1995 and January 1, 1995 . . . . .	24
Consolidated Statements of Cash Flows for the Three Fiscal Years	
Ended December 31, 1995 . . . . .	26
Consolidated Statements of Changes in Shareholders' Equity for the Three Fiscal	
Years Ended December 31, 1995 . . . . .	27
Notes to Consolidated Financial Statements . . . . .	28
Financial Statement Schedules for the Three Fiscal Years Ended December 31, 1995 . . . .	38
II - Valuation and Qualifying Accounts	
Management's Discussion and Analysis of Results of Operations and Financial	
Condition (Unaudited) . . . . .	39
Ten-Year Summary of Selected Historical Financial Data (Unaudited) . . . . .	44

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All other schedules have been omitted either because they are not applicable or because the required information is included in the consolidated financial statements or the notes thereto referred to above.

To The Board of Directors and Shareholders of  
The Washington Post Company

In our opinion, the consolidated financial statements, including the financial statement schedule, referred to under Item 14(a)(i) on page 19 and listed in the index on page 21 present fairly, in all material respects, the financial position of The Washington Post Company and its subsidiaries at December 31, 1995 and January 1, 1995, and the results of their operations and their cash flows for each of the three fiscal years in the period ended December 31, 1995, in conformity with generally accepted accounting principles. These financial statements are the responsibility of the Company's management; our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits of these statements in accordance with generally accepted auditing standards which require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, and evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for the opinion expressed above.

As discussed in Note E to the financial statements, the Company adopted, effective at the beginning of 1993, Statement of Financial Accounting Standards No. 109, "Accounting for Income Taxes."

PRICE WATERHOUSE LLP

Washington, D.C.  
January 30, 1996

## CONSOLIDATED STATEMENTS OF INCOME

(IN THOUSANDS, EXCEPT SHARE AMOUNTS)	FISCAL YEAR ENDED		
	DECEMBER 31, 1995	JANUARY 1, 1995	JANUARY 2, 1994
<b>OPERATING REVENUES</b>			
Advertising . . . . .	\$ 1,094,620	\$1,026,672	\$ 913,529
Circulation and subscriber . . . . .	453,330	438,500	444,385
Other . . . . .	171,499	148,806	140,277
	1,719,449	1,613,978	1,498,191
<b>OPERATING COSTS AND EXPENSES</b>			
Operating . . . . .	948,088	861,464	790,256
Selling, general, and administrative . . . . .	403,064	390,296	393,196
Depreciation and amortization of property, plant, and equipment . . . . .	65,850	61,950	59,543
Amortization of goodwill and other intangibles . . . . .	31,429	25,393	16,216
	1,448,431	1,339,103	1,259,211
<b>INCOME FROM OPERATIONS</b> . . . . .	271,018	274,875	238,980
Equity in earnings (losses) of affiliates . . . . .	24,512	7,325	(1,994)
Interest income . . . . .	7,974	9,196	11,085
Interest expense . . . . .	(5,600)	(5,590)	(4,983)
Other income (expense), net . . . . .	13,492	1,116	20,379
<b>INCOME BEFORE INCOME TAXES AND CUMULATIVE EFFECT OF CHANGE IN ACCOUNTING PRINCIPLE</b> . . . . .	311,396	286,922	263,467
<b>PROVISION FOR INCOME TAXES</b> . . . . .	121,300	117,250	109,650
<b>INCOME BEFORE CUMULATIVE EFFECT OF CHANGE IN ACCOUNTING PRINCIPLE</b> . . . . .	190,096	169,672	153,817
<b>CUMULATIVE EFFECT OF CHANGE IN METHOD OF ACCOUNTING FOR INCOME TAXES</b> . . . . .	--	--	11,600
<b>NET INCOME</b> . . . . .	\$ 190,096	\$ 169,672	\$ 165,417
<b>EARNINGS PER SHARE:</b>			
<b>BEFORE CUMULATIVE EFFECT OF CHANGE IN ACCOUNTING PRINCIPLE</b> . . . . .	\$ 17.15	\$ 14.65	\$ 13.10
<b>CUMULATIVE EFFECT OF CHANGE IN ACCOUNTING PRINCIPLE</b> . . . . .	--	--	.98
<b>NET INCOME</b> . . . . .	\$ 17.15	\$ 14.65	\$ 14.08

The information on pages 28 through 37 is an integral part of the financial statements.

CONSOLIDATED BALANCE SHEETS

(IN THOUSANDS, EXCEPT SHARE AMOUNTS)	DECEMBER 31, 1995	JANUARY 1, 1995
-----		
ASSETS		
CURRENT ASSETS		
Cash and cash equivalents . . . . .	\$ 146,901	\$ 117,269
Investments in marketable debt securities . . . . .	12,756	24,570
Accounts receivable, net . . . . .	200,698	175,441
Inventories . . . . .	26,766	20,378
Other current assets . . . . .	19,449	38,221
	-----	-----
	406,570	375,879
INVESTMENTS IN AFFILIATES . . . . .	189,053	170,754
PROPERTY, PLANT, AND EQUIPMENT		
Buildings . . . . .	190,543	185,193
Machinery, equipment, and fixtures . . . . .	664,403	629,043
Leasehold improvements . . . . .	33,805	33,287
	-----	-----
	888,751	847,523
Less accumulated depreciation and amortization . . . . .	(535,691)	(499,172)
	-----	-----
	353,060	348,351
Land . . . . .	32,513	32,562
Construction in progress . . . . .	71,786	30,483
	-----	-----
	457,359	411,396
GOODWILL AND OTHER INTANGIBLES, less accumulated amortization of \$177,932 and \$155,161 . . . . .	472,291	512,405
DEFERRED CHARGES AND OTHER ASSETS . . . . .	207,620	226,434
	-----	-----
	<u>\$1,732,893</u>	<u>\$1,696,868</u>
	=====	=====

The information on pages 28 through 37 is an integral part of the financial statements.

(IN THOUSANDS, EXCEPT SHARE AMOUNTS)	DECEMBER 31, 1995	JANUARY 1, 1995
<hr/>		
LIABILITIES AND SHAREHOLDERS' EQUITY		
CURRENT LIABILITIES		
Accounts payable and accrued liabilities . . . . .	\$ 172,004	\$ 186,129
Federal and state income taxes . . . . .	3,494	6,593
Deferred subscription revenue . . . . .	82,457	80,351
Current portion of long-term debt . . . . .	50,222	--
	-----	-----
	308,177	273,073
OTHER LIABILITIES . . . . .	205,869	217,461
LONG-TERM DEBT . . . . .	--	50,297
DEFERRED INCOME TAXES . . . . .	34,643	29,104
	-----	-----
	548,689	569,935
	-----	-----
COMMITMENTS AND CONTINGENCIES		
SHAREHOLDERS' EQUITY		
Preferred stock, \$1 par value, 1,000,000 shares authorized . . . . .	--	--
Common stock		
Class A common stock, \$1 par value, 7,000,000 shares authorized; 1,804,250 and 1,843,250 shares issued and outstanding . . . . .	1,804	1,843
Class B common stock, \$1 par value, 40,000,000 shares authorized; 18,195,750 and 18,156,750 shares issued; 9,201,163 and 9,502,804 shares outstanding . . . . .	18,196	18,157
Capital in excess of par value . . . . .	24,941	21,273
Retained earnings . . . . .	1,832,706	1,691,497
Cumulative foreign currency translation adjustment . . . . .	5,537	5,328
Unrealized gain on available-for-sale securities (net of taxes) . . . . .	3,224	2,933
Cost of 8,994,587 and 8,653,946 shares of Class B common stock held in treasury . . . . .	(702,204)	(614,098)
	-----	-----
	1,184,204	1,126,933
	-----	-----
	\$1,732,893	\$1,696,868
	=====	=====

The information on pages 28 through 37 is an integral part of the financial statements.

## CONSOLIDATED STATEMENTS OF CASH FLOWS

(IN THOUSANDS)	FISCAL YEAR ENDED		
	DECEMBER 31, 1995	JANUARY 1, 1995	JANUARY 2, 1994
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>			
Net income	\$ 190,096	\$ 169,672	\$ 165,417
Adjustments to reconcile net income to net cash provided by operating activities:			
Cumulative effect of change in accounting principle	--	--	(11,600)
Depreciation and amortization of property, plant, and equipment	65,850	61,950	59,543
Amortization of goodwill and other intangibles	31,429	25,393	16,216
Gain from disposition of businesses, net	(1,341)	--	(13,371)
Equity in (earnings) losses of affiliates, net of distributions	(18,090)	(4,333)	4,737
Provision for deferred income taxes	5,408	(6,882)	(1,669)
Change in assets and liabilities:			
(Increase) in accounts receivable, net	(25,579)	(34,543)	(12,270)
(Increase) decrease in inventories	(6,388)	(3,959)	3,839
(Decrease) increase in accounts payable and accrued liabilities	(15,507)	17,376	(17,054)
(Decrease) increase in income taxes payable	(3,099)	(9,133)	2,859
Decrease (increase) in other assets and other liabilities, net	13,074	(20,192)	(19,061)
Other	10,605	9,110	4,831
Net cash provided by operating activities	246,458	204,459	182,417
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>			
Net proceeds from sale of business	32,743	--	64,947
Purchases of property, plant, and equipment	(121,697)	(74,642)	(79,139)
Purchases of marketable debt securities	(55,649)	(38,994)	(520,114)
Maturities and sales of marketable debt securities	67,453	274,776	509,937
Investments in certain businesses	(1,757)	(281,937)	(1,591)
Other	552	(1,124)	663
Net cash (used) by investing activities	(78,355)	(121,921)	(25,297)
<b>CASH FLOWS FROM FINANCING ACTIVITIES:</b>			
Principal payments on debt	--	(1,400)	--
Dividends paid	(48,887)	(48,721)	(49,376)
Common shares repurchased	(89,584)	(86,660)	(23,133)
Other	--	--	61
Net cash (used) by financing activities	(138,471)	(136,781)	(72,448)
<b>NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS</b>			
	29,632	(54,243)	84,672
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	117,269	171,512	86,840
CASH AND CASH EQUIVALENTS AT END OF YEAR	\$ 146,901	\$ 117,269	\$ 171,512
<b>SUPPLEMENTAL CASH FLOW INFORMATION:</b>			
Cash paid during the year for:			
Income taxes	\$ 122,000	\$ 134,700	\$ 110,300
Interest	\$ 5,102	\$ 5,200	\$ 5,600

The information on pages 28 through 37 is an integral part of the financial statements.

CONSOLIDATED STATEMENTS OF CHANGES IN  
SHAREHOLDERS' EQUITY

(IN THOUSANDS, EXCEPT SHARE AMOUNTS)	CLASS A COMMON STOCK	CLASS B COMMON STOCK	CAPITAL IN EXCESS OF PAR VALUE	RETAINED EARNINGS	CUMULATIVE FOREIGN CURRENCY TRANSLATION ADJUSTMENT	UNREALIZED GAIN ON AVAILABLE- FOR-SALE SECURITIES	TREASURY STOCK
BALANCE JANUARY 3, 1993 . . . . .	\$1,843	\$18,157	\$18,747	\$ 1,454,505	\$ 4,939	\$ --	\$(505,186)
Net income for the year . . . . .				165,417			
Dividends -- \$4.20 per share . . . . .				(49,376)			
Repurchase of 99,800 shares of Class B common stock . . . . .							(23,133)
Issuance of 15,030 shares of Class B common stock, net of restricted stock award forfeitures . . . . .			2,480				930
Change in foreign currency translation adjustment . . . . .					(2,031)		
Other . . . . .			127				
BALANCE JANUARY 2, 1994 . . . . .	1,843	18,157	21,354	1,570,546	2,908	--	(527,389)
Net income for the year . . . . .				169,672			
Dividends -- \$4.20 per share . . . . .				(48,721)			
Repurchase of 366,500 shares of Class B common stock . . . . .							(86,660)
Restricted stock award forfeitures of 811 shares, net of issuance of Class B common stock . . . . .			(130)				(49)
Change in foreign currency translation adjustment . . . . .					2,420		
Unrealized gain on available-for-sale securities (net of taxes) . . . . .						2,933	
Other . . . . .			49				
BALANCE JANUARY 1, 1995 . . . . .	1,843	18,157	21,273	1,691,497	5,328	2,933	(614,098)
Net income for the year . . . . .				190,096			
Dividends -- \$4.40 per share . . . . .				(48,887)			
Repurchase of 361,106 shares of Class B common stock . . . . .							(89,584)
Issuance of 20,465 shares of Class B common stock, net of restricted stock award forfeitures . . . . .			3,403				1,478
Change in foreign currency translation adjustment . . . . .					209		
Unrealized gain on available-for-sale securities (net of taxes) . . . . .						291	
Conversion of Class A common stock to Class B common stock . . . . .	(39)	39					
Other . . . . .			265				
BALANCE DECEMBER 31, 1995 . . . . .	\$1,804	\$18,196	\$24,941	\$ 1,832,706	\$ 5,537	\$3,224	\$(702,204)

The information on pages 28 through 37 is an integral part of the financial statements.

## Notes to Consolidated Financial Statements

## (A) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The Washington Post Company (the company) operates principally in four areas of the media business: newspaper publishing, television broadcasting, magazine publishing, and cable television. Segment data is set forth in Note M.

**FISCAL YEAR.** The company reports on a 52-53 week fiscal year ending on the Sunday nearest December 31. The fiscal years 1995, 1994, and 1993, which ended December 31, 1995, January 1, 1995, and January 2, 1994, respectively, included 52 weeks. With the exception of the newspaper publishing operations, subsidiaries of the company report on a calendar-year basis.

**PRINCIPLES OF CONSOLIDATION.** The accompanying financial statements include the accounts of the company and its subsidiaries; significant intercompany transactions have been eliminated. Certain prior year amounts have been reclassified to conform with the current year presentation.

**USE OF ESTIMATES.** The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the amounts reported in the financial statements. Actual results could differ from those estimates.

**CASH EQUIVALENTS.** Short-term investments with original maturities of 90 days or less are considered cash equivalents. The carrying amount reported approximates fair value.

**INVESTMENTS IN MARKETABLE SECURITIES.** Marketable securities held to maturity consist of debt instruments that mature over 90 days from the purchase date and are stated at cost plus accrued interest, which approximates fair value. Other investments in marketable equity securities available for sale are classified in "Deferred charges and other assets" in the Consolidated Balance Sheets. Unrealized gains or losses (net of taxes) relating to such investments are reported separately in the "Unrealized gain on available-for-sale securities (net of taxes)" in the Consolidated Balance Sheets.

**INVENTORIES.** Inventories are valued at the lower of cost or market. Cost of newsprint is determined by the first-in, first-out method, and cost of magazine paper is determined by the specific-cost method.

**INVESTMENTS IN AFFILIATES.** The company uses the equity method of accounting for its investments in and earnings or losses of affiliates.

**PROPERTY, PLANT, AND EQUIPMENT.** Property, plant, and equipment is recorded at cost and includes interest capitalized in connection with major long-term construction projects. Replacements and major improvements are capitalized; maintenance and repairs are charged to operations as incurred.

Depreciation is calculated using the straight-line method over the estimated useful lives of the property, plant, and equipment: 3 to 12 years for machinery and equipment, 20 to 50 years for buildings, and 5 to 20 years for land improvements. The costs of leasehold improvements are amortized over the lesser of the useful lives or the terms of the respective leases.

**GOODWILL AND OTHER INTANGIBLES.** Goodwill and other intangibles represent the unamortized excess of the cost of acquiring subsidiary companies over the fair values of such companies' net tangible assets at the dates of acquisition. Goodwill and other intangibles acquired prior to October 30, 1970, the effective date of Accounting Principles Board (APB) Opinion No. 17, are not being amortized because in the opinion of the company there has been no diminution of the value of such assets. Goodwill and other intangibles acquired subsequently are being amortized by use of the straight-line method over various periods up to 40 years.

The company periodically evaluates the realizability of goodwill based upon projected undiscounted cash flows and operating income for each subsidiary. The company believes that no material impairment exists at December 31, 1995.

**PROGRAM RIGHTS.** The broadcast subsidiaries are parties to agreements that entitle them to show syndicated and other programs on television. The cost of such program rights is recognized as the gross amount of the related liability when the programs are available for broadcasting. The cost is charged to operations using accelerated and straight-line rates which appropriately match the cost of programming with associated revenues. The unamortized cost of such rights and the liability for future payments under these agreements are included in the Consolidated Balance Sheets.

**DEFERRED SUBSCRIPTION REVENUE AND MAGAZINE SUBSCRIPTION PROCUREMENT COSTS.** Deferred subscription revenue, which primarily represents amounts received from customers in advance of magazine and newspaper deliveries, is included in revenues over the subscription term. Deferred subscription revenue to be earned after one year is included in "Other liabilities" in the Consolidated Balance Sheets. Subscription procurement costs are charged to operations as incurred.

**INCOME TAXES.** The provision for income taxes is determined in accordance with Statement of Financial Accounting Standards No. 109 (FAS 109), "Accounting for Income Taxes," which requires the use of the asset and liability approach. Under this approach, deferred taxes represent the expected future tax consequences of temporary differences between the carrying amounts and tax bases of assets and liabilities.

**FOREIGN CURRENCY TRANSLATION.** Gains and losses on foreign currency transactions and the translation of the accounts of the company's foreign operations where the U.S. dollar is the functional currency are recognized currently in the Consolidated Statements of Income. Gains and losses on translation of the accounts of the company's foreign operations where the local currency is the functional currency and the company's equity investments in its foreign affiliates are accumulated and reported separately in the "Cumulative foreign currency translation adjustment" in the Consolidated Balance Sheets.

**POSTRETIREMENT BENEFITS OTHER THAN PENSIONS.** The company provides certain health care and life insurance benefits for retired employees. The expected cost of providing these postretirement benefits is accrued over the years that employees render services.

**NEW ACCOUNTING STANDARDS.** The company will adopt Statement of Financial Accounting Standards No. 123, "Accounting for Stock-Based Compensation," and No. 121, "Accounting for Impairment of Long-Lived Assets and for Long-Lived Assets to Be Disposed Of," beginning with the company's first quarter of 1996. The adoption of these standards will not have a material effect on the company's financial position or results of operations.

**(B) INVESTMENTS IN MARKETABLE DEBT SECURITIES**

The company's marketable debt securities at December 31, 1995, and January 1, 1995, include the following (in thousands):

	1995	1994
U.S. Government and Government agency obligations . . . . .	\$ 12,756	\$ 9,844
Commercial paper . . . . .	--	14,726
	<u>\$ 12,756</u>	<u>\$ 24,570</u>

**(C) ACCOUNTS RECEIVABLE AND ACCOUNTS PAYABLE AND ACCRUED LIABILITIES**

Accounts receivable at December 31, 1995, and January 1, 1995, consist of the following (in thousands):

	1995	1994
Accounts receivable, less estimated returns, doubtful accounts and allowances of \$41,964 and \$39,943 . . . . .	\$ 188,845	\$ 165,352
Other . . . . .	11,853	10,089
	<u>\$ 200,698</u>	<u>\$ 175,441</u>

Accounts payable and accrued liabilities at December 31, 1995, and January 1, 1995, consist of the following (in thousands):

	1995	1994
Accounts payable and accrued expenses . . . . .	\$ 97,520	\$ 117,514
Accrued payroll and related benefits . . .	40,781	40,143
Accrued interest expense . . . . .	4,232	4,246
Deferred tuition revenue . . . . .	15,862	14,752
Due to affiliates (newsprint) . . . . .	13,609	9,474
	<u>\$ 172,004</u>	<u>\$ 186,129</u>

**(D) INVESTMENTS IN AFFILIATES**

The company's investments in affiliates at December 31, 1995, and January 1, 1995, include the following (in thousands):

	1995	1994
Cowles Media Company . . . . .	\$ 83,097	\$ 81,514
Newsprint mills . . . . .	77,018	60,782
Other . . . . .	28,938	28,458
	-----	-----
	\$ 189,053	\$ 170,754
	=====	=====

The company's investments in affiliates include a 28 percent interest in the stock of Cowles Media Company, which owns and operates the Minneapolis Star Tribune and several other smaller properties.

The company's interest in newsprint mills includes a 49 percent interest in the common stock of Bowater Mersey Paper Company Limited, which owns and operates a newsprint mill in Nova Scotia; 35 percent limited partnership interests in both Bear Island Paper Company, which owns and operates a newsprint mill near Richmond, Virginia; and Bear Island Timberlands Company, which owns timberland and supplies Bear Island Paper Company with a major portion of its wood requirements. In 1993 the company owned a one-third limited partnership interest in both Bear Island Timberlands Company and Bear Island Paper Company. Operating costs and expenses of the company include newsprint supplied by Bowater, Inc. (parent to Bowater Mersey Paper Company) and Bear Island Paper Company and used in operations, the cost of which was approximately \$73,600,000 in 1995, \$53,200,000 in 1994, and \$52,500,000 in 1993.

The company's other investments represent a 50 percent common stock interest in the International Herald Tribune newspaper, published near Paris, France, and a 50 percent common stock interest in the Los Angeles Times-Washington Post News Service, Inc.

Summarized financial data for the affiliates' operations are as follows (in thousands):

	1995	1994	1993
<b>FINANCIAL POSITION</b>			
Working capital . . . . .	\$ (82,505)	\$ (125,667)	\$ (67,923)
Property, plant, and equipment . . . . .	415,874	407,235	422,606
Total assets . . . . .	791,748	749,165	732,940
Long-term debt . . . . .	165,284	180,988	200,105
Net equity . . . . .	265,918	213,484	172,332
<b>RESULTS OF OPERATIONS</b>			
Operating revenues . . . . .	\$ 904,482	\$ 766,232	\$ 610,617
Operating income . . . . .	120,843	46,741	43,569
Net income . . . . .	69,070	29,235	7,218

The following table summarizes the status and results of the company's investments in affiliates (in thousands):

	1995	1994
Beginning investment . . . . .	\$ 170,754	\$ 155,251
Additional investment . . . . .	--	8,750
Equity in earnings . . . . .	24,512	7,325
Dividends and distributions received . . . . .	(6,422)	(2,992)
Foreign currency translation . . . . .	209	2,420
Ending investment . . . . .	\$ 189,053	\$ 170,754

At January 1, 1995, the unamortized excess of the company's investments over its equity in the underlying net assets of its affiliates at the dates of acquisition was approximately \$81,100,000. Amortization included in "Equity in earnings (losses) of affiliates" in the Consolidated Statements of Income was approximately \$2,600,000 for the years ended December 31, 1995, January 1, 1995, and January 2, 1994.

#### (E) INCOME TAXES

Income taxes are based on the provisions of FAS 109, which was adopted at the beginning of 1993. The cumulative effect of adopting this standard was an increase in 1993 net income of \$11,600,000, and is shown as the "Cumulative effect of change in method of accounting for income taxes" in the Consolidated Statements of Income.

The provision for income taxes consists of the following (in thousands):

	CURRENT	DEFERRED
<b>1995</b>		
U.S. Federal . . . . .	\$ 96,630	\$ 3,525
Foreign . . . . .	608	1,215
State and local . . . . .	18,654	668
	\$ 115,892	\$ 5,408
<b>1994</b>		
U.S. Federal . . . . .	\$ 103,182	\$ (6,356)
Foreign . . . . .	509	323
State and local . . . . .	20,441	(849)
	\$ 124,132	\$ (6,882)
<b>1993</b>		
U.S. Federal . . . . .	\$ 85,082	\$ (535)
Foreign . . . . .	6,913	(657)
State and local . . . . .	19,324	(477)
	\$ 111,319	\$ (1,669)

During 1993 the company sold its cable franchises in the United Kingdom. This transaction increased 1993 foreign taxes by approximately \$6,800,000.

The provision for income taxes exceeds the amount of income tax determined by applying the U.S. Federal statutory rate of 35 percent to income before taxes as a result of the following (in thousands):

	1995	1994	1993
U.S. Federal statutory taxes	\$ 108,989	\$ 100,423	\$ 92,213
State and local taxes net of U.S. Federal income tax benefit . .	12,559	12,735	12,251
Amortization of goodwill not deductible for income tax purposes . .	2,373	3,146	2,433
Other, net . . . . .	(2,621)	946	2,753
	-----	-----	-----
Provision for income taxes . . . . .	\$ 121,300	\$ 117,250	\$ 109,650
	=====	=====	=====

Deferred income taxes at December 31, 1995, January 1, 1995, and January 2, 1994, consist of the following (in thousands):

	1995	1994	1993
Accrued postretirement benefits . . . . .	\$ 47,167	\$ 45,568	\$ 42,336
Other benefit obligations . . . . .	20,963	22,903	17,760
Accounts receivable . . .	6,765	6,559	6,368
Other . . . . .	9,134	7,664	3,855
Deferred tax asset . . .	84,029	82,694	70,319
Property, plant, and equipment . . . . .	42,159	44,250	48,275
Prepaid pension cost . .	55,574	48,732	39,769
Affiliate operations . .	14,165	12,671	12,211
Investment tax credit . .	2,301	3,013	3,760
Other . . . . .	4,473	3,132	--
Deferred tax liability . .	118,672	111,798	104,015
Deferred income taxes . . . . .	\$ 34,643	\$ 29,104	\$ 33,696

## (F) DEBT

Long-term debt of the company as of December 31, 1995, and January 1, 1995, is summarized as follows (in thousands):

	1995	1994
10.1 percent unsecured European Currency Unit notes, \$50,000,000 face amount due in 1996 . . . . .	\$ 50,222	\$ 50,297
Less: Amount due within one year . . . . .	(50,222)	--
	\$ --	\$ 50,297

## (G) CAPITAL STOCK, STOCK OPTIONS AND STOCK AWARDS

**CAPITAL STOCK.** Each share of Class A common stock and Class B common stock participates equally in dividends. The Class B stock has limited voting rights and as a class has the right to elect 30 percent of the board of directors; the Class A stock has unlimited voting rights including the right to elect a majority of the Board of Directors.

During 1995, 1994, and 1993 the company purchased a total of 361,106, 366,500, and 99,800 shares, respectively, of its Class B common stock at a cost of approximately \$89,584,000, \$86,660,000, and \$23,133,000.

**STOCK OPTIONS.** The Employee Stock Option Plan, which was adopted in 1971 and amended in 1993, reserves 1,900,000 shares of the company's Class B common stock for options to be granted under the plan. The purchase price of the shares covered by an option cannot be less than the fair value on the granting date. At December 31, 1995, there were 659,475 shares reserved for issuance under the Stock Option Plan, of which 168,525 shares were subject to options outstanding and 490,950 shares were available for future grants.

Changes in options outstanding for the years ended December 31, 1995, and January 1, 1995, were as follows:

	1995		1994	
	NUMBER OF SHARES	AVERAGE OPTION PRICE	NUMBER OF SHARES	AVERAGE OPTION PRICE
Beginning of year . . . . .	164,500	\$255.35	155,000	\$255.95
Granted . . . . .	9,000	298.75	12,000	242.00
Exercised . . . . .	(3,475)	204.81	--	--
Canceled . . . . .	(1,500)	268.50	(2,500)	231.70
End of year . . . . .	168,525	\$258.59	164,500	\$255.35

Of the shares covered by options outstanding at the end of 1995, 90,400 are now exercisable, 12,500 will become exercisable in 1996, 8,125 will become exercisable in 1997, 5,250 will become exercisable in 1998, and 52,250 will become exercisable in 1999.

STOCK AWARDS. In 1982 the company adopted a Long-Term Incentive Compensation Plan that, among other provisions, authorizes the awarding of stock to key employees. Stock awards made under the Incentive Compensation Plan are subject to the general restriction that stock awarded to a participant will be forfeited and revert to company ownership if the participant's employment terminates before the end of a specified period of service to the company. At December 31, 1995, there were 125,362 shares reserved for issuance under the Incentive Compensation Plan. Of this number, 31,378 shares were subject to awards outstanding, and 93,984 shares were available for future awards. Activity related to stock awards for the years ended December 31, 1995, and January 1, 1995, was as follows:

	1995		1994	
	NUMBER OF SHARES	AVERAGE AWARD PRICE	NUMBER OF SHARES	AVERAGE AWARD PRICE
AWARDS OUTSTANDING				
Beginning				
of year . . . . .	26,860	\$214.79	27,955	\$214.61
Awarded . . . . .	17,753	244.90	472	237.84
Vested . . . . .	(12,472)	198.50	(284)	201.79
Forfeited . . . . .	(763)	233.23	(1,283)	222.05
	-----		-----	
End of year . . . . .	31,378	\$237.85	26,860	\$214.79
	=====		=====	

For the share awards outstanding at December 31, 1995, the aforementioned restriction will lapse in January 1997 for 13,917 shares and in January 1999 for 17,461 shares.

AVERAGE NUMBER OF SHARES OUTSTANDING. Earnings per share are based on the weighted average number of shares of common stock outstanding during each year, adjusted for the dilutive effect of shares issuable under outstanding stock options, and awards made under the Incentive Compensation Plan. The average number of shares outstanding was 11,086,000 for 1995, 11,582,000 for 1994, and 11,750,000 for 1993.

#### (H) RETIREMENT PLANS

The company and its subsidiaries have various funded and unfunded pension and incentive savings plans and in addition contribute to several multi-employer plans on behalf of certain union-represented employee groups. Substantially all of the company's employees, including some located in foreign countries, are covered by these plans. Pension benefit for all retirement plans combined was \$600,000 in 1995, \$1,600,000 in 1994, and \$2,300,000 in 1993.

The costs for the company's defined benefit pension plans are actuarially determined and include amortization of prior service costs over various periods, generally not exceeding 20 years. The company's policy is to fund the costs accrued for its defined benefit plans.

The following table sets forth the funded status of the defined benefit plans and amounts recognized in "Deferred charges and other assets" in the Consolidated Balance Sheets at December 31, 1995, and January 1, 1995 (in thousands):

	1995	1994
Actuarial present value of accumulated plan benefits, including vested benefits of \$179,123 and \$162,068 . . . . .	\$ 183,573 =====	\$ 167,341 =====
Plan assets at fair value, primarily listed securities . . . . .	\$ 610,560	\$ 455,456
Projected benefit obligation for service rendered to date . . . . .	(227,793) -----	(206,870) -----
Plan assets in excess of projected benefit obligation . . . . .	382,767	248,586
Prior service cost not yet recognized in periodic pension cost . . . . .	12,185	13,317
Less unrecognized net gain from past experience different from that assumed . . . . .	(201,024)	(79,795)
Less unrecognized net asset (transition amount) being recognized over approximately 17 years . . . . .	(53,602) -----	(61,268) -----
Prepaid pension cost . . . . .	\$ 140,326 =====	\$ 120,840 =====

The net pension credit for the years ended December 31, 1995, January 1, 1995, and January 2, 1994, includes the following components (in thousands):

	1995	1994	1993
Service cost for benefits earned during the period . . . . .	\$ 10,623	\$ 9,117	\$ 8,805
Interest cost on projected benefit obligation . . . . .	15,430	14,022	12,683
Actual return on plan assets . . . . .	(162,253)	(7,211)	(35,086)
Net amortization and deferral . . . . .	116,812	(36,751)	(5,839)
Net pension credit . . . . .	\$ (19,388) =====	\$ (20,823) =====	\$ (19,437) =====

The weighted average discount rate and rate of increase in future compensation levels used for 1995, 1994, and 1993 in determining the actuarial present value of the projected benefit obligation were 7.5 percent and 4 percent, respectively. The expected long-term rate of return on assets was 9 percent in 1995, 1994, and 1993.

Contributions to multi-employer pension plans, which are generally based on hours worked, amounted to \$1,800,000 in 1995, \$1,700,000 in 1994, and \$1,900,000 in 1993.

The costs of unfunded retirement plans are charged to expense when accrued. The company's liability for such plans, which is included in "Other liabilities" in the Consolidated Balance Sheets, was \$50,700,000 at December 31, 1995, and \$48,700,000 at January 1, 1995.

(I) POSTRETIREMENT BENEFITS OTHER THAN PENSIONS

The company and its subsidiaries provide health care and life insurance benefits to certain retired employees. These employees become eligible for benefits after meeting minimum age and service requirements.

The following table sets forth the amounts included in "Other liabilities" in the Consolidated Balance Sheets at December 31, 1995, and January 1, 1995 (in thousands):

	1995	1994
-----		
Accumulated postretirement benefit obligation:		
Retirees . . . . .	\$ 48,178	\$ 50,737
Fully eligible active plan participants . . . . .	7,356	6,936
Other active plan participants . . . . .	33,538	44,194
	-----	-----
	89,072	101,867
Unrecognized prior service costs arising from plan amendments . . . . .	3,017	2,143
Unrecognized net gain from past experience different from that assumed. . . . .	17,268	739
	-----	-----
Accrued postretirement benefit cost . . . . .	\$ 109,357	\$ 104,749
	=====	=====

Net periodic postretirement benefit cost for the years ended December 31, 1995, January 1, 1995, and January 2, 1994, includes the following components (in thousands):

	1995	1994	1993
Service cost for benefits earned during the period . . . . .	\$ 2,719	\$ 3,373	\$2,894
Interest cost on accumulated post-retirement benefit obligation . . . . .	6,515	7,419	6,880
Amortization of prior service costs . . . . .	(290)	(214)	(214)
Amortization of gains . . . . .	(1,296)	--	--
Net periodic postretirement benefit cost . . . . .	<u>\$ 7,648</u>	<u>\$10,578</u>	<u>\$9,560</u>

For 1995 the accumulated postretirement benefit obligation was determined using a discount rate of 7.5 percent and a health care cost trend rate of 12% for pre-age-65 benefits, decreasing to 5.5 percent in the year 2015 and thereafter; and a rate of 11.4 percent for post-age-65 benefits, decreasing to 5.5 percent in the year 2015 and thereafter. For 1994 and 1993 the accumulated postretirement benefit obligation was determined using a discount rate of 8 percent and a health care cost trend rate of approximately 14 percent for pre-age-65 benefits, decreasing to 6.5 percent in the year 2022 and thereafter; and rates of approximately 11 to 14 percent for post-age-65 benefits, decreasing to 6.5 percent in the year 2022 and thereafter.

The effect on the accumulated postretirement benefit obligation at December 31, 1995, of a 1 percent increase each year in the health care cost trend rate used would result in increases of approximately \$11,300,000 in the obligation and \$1,200,000 in the aggregate service and interest components of the 1995 expense.

The company's policy is to fund the above-mentioned benefits as claims and premiums are paid. The cash expenditures for postretirement benefits were \$2,980,000 in 1995, \$3,262,000 in 1994, and \$2,830,000 in 1993.

#### (J) LEASE AND OTHER COMMITMENTS

The company leases primarily real property under operating agreements. Many of the leases contain renewal options and escalation clauses that require payments of additional rent to the extent of increases in the related operating costs.

At December 31, 1995, future minimum rental payments under noncancelable operating leases are as follows (in thousands):

1996 . . . . .	\$ 18,133
1997 . . . . .	15,685
1998 . . . . .	12,759
1999 . . . . .	10,627
2000 . . . . .	12,816
Thereafter . . . . .	32,772
	<u>\$102,792</u>

Minimum payments have not been reduced by minimum sublease rentals of \$3,700,000 due in the future under noncancelable subleases.

Rent expense under operating leases included in operating costs and expenses was approximately \$22,900,000 in 1995, \$22,600,000 in 1994, and \$22,200,000 in 1993. Sublease income was approximately \$1,600,000 in 1995, \$1,500,000 in 1994, and 1,300,000 in 1993.

The company's broadcast subsidiaries are parties to certain agreements which commit them to purchase programming to be produced in future years. At December 31, 1995, such commitments amounted to approximately \$71,800,000. If such programs are not produced, the company's commitment will expire without obligation.

#### (K) ACQUISITIONS AND DISPOSITIONS

In April 1994 the company acquired substantially all of the assets comprising the businesses of television stations KPRC-TV, the NBC affiliate in Houston, Texas, and KSAT-TV, the ABC affiliate in San Antonio, Texas, for approximately \$253,000,000 in cash, including related expenses. The transaction was accounted for as a purchase and the results of operations of the television stations were included with those of the company for the period subsequent to the date of acquisition.

The following statements present the company's unaudited pro forma condensed consolidated income statements for the years ended January 1, 1995, and January

2, 1994, as if the acquisition of the television stations had occurred at the beginning of each year. Amounts reflect an allocation of the purchase price to the acquired net tangible assets, with the excess being amortized over a period of 20 years. The revenues and results of operations presented in the pro forma income statements do not necessarily reflect the results of operations that would actually have been obtained if the acquisition had occurred at the beginning of each year.

PRO FORMA INCOME STATEMENTS  
FOR THE YEAR ENDED

(IN THOUSANDS, EXCEPT  
PER SHARE AMOUNTS)

	JANUARY 1, 1995	JANUARY 2, 1994
Operating revenues . . . . .	\$1,633,345	\$1,563,052
Net income . . . . .	\$ 169,865	\$ 168,614
Earnings per share . . . . .	\$ 14.67	\$ 14.35

In January 1995 the company sold substantially all of its 70 percent limited partnership interest in American Personal Communications (APC) to its partner, APC, Inc., and others, for approximately \$33,000,000. The proceeds approximate the amounts the company had cumulatively invested in the partnership since it was formed in August 1990. The resulting gain, which is included in "Other income (expense), net" in the Consolidated Statements of Income, increased net income by \$8.4 million and earnings per share by \$0.75.

In September 1995 the company wrote-off its remaining investment in Mammoth Micro Productions, a producer and publisher of multimedia CD-ROM titles, originally acquired in 1994 for approximately \$23,000,000. The loss resulting from the write-off, which is included in "Operating costs and expenses" in the Consolidated Statements of Income, decreased net income by \$5.6 million and earnings per share by \$0.51.

In September 1993 the company sold its cable franchises in the United Kingdom. The resulting gain, which is included in "Other income (expense), net" in the Consolidated Statements of Income, increased net income by \$13,000,000 and earnings per share by \$1.14 in 1993.

In early 1996 the company purchased two businesses for approximately \$60,000,000, a cable system in Texarkana serving about 24,000 subscribers, and a commercial printing operation in the Maryland suburbs of Washington, D.C.

#### (L) CONTINGENCIES

The company and its subsidiaries are parties to various civil lawsuits that have arisen in the ordinary course of their businesses, including actions for libel and invasion of privacy. Management does not believe that any litigation pending against the company will have a material adverse effect on its business or financial condition.

#### (M) BUSINESS SEGMENTS

The company operates principally in four areas of the media business: newspaper publishing, television broadcasting, magazine publishing, and cable television.

Newspaper operations involve the publication of newspapers in the Washington, D.C., area and Everett, Washington, and newsprint warehousing and recycling facilities.

Broadcast operations are conducted primarily through six VHF television stations. All stations are network-affiliated, with revenues derived primarily from sales of advertising time.

Magazine operations consist of the publication of a weekly news magazine, Newsweek, which has one domestic and three international editions. Revenues from both newspaper and magazine publishing operations are derived from advertising and, to a lesser extent, from circulation.

Cable television operations consist of over 50 cable systems offering basic cable and pay television services to more than 518,000 subscribers in 15 midwestern, western, and southern states. Prior to September 1993, cable television operations also included services provided in the United Kingdom. The principal source of revenues is monthly subscription fees charged for services.

Other Businesses include the operations of educational centers engaged in preparing students for admissions tests and licensing examinations (including preparation and publishing of training materials), an engineering firm which provides services to the telecommunications industry, and a regional sports cable system. The results of APC and Mammoth Micro Productions are included in other businesses prior to their disposition in January 1995 and September 1995, respectively.

Income from operations is the excess of operating revenues over operating expenses including corporate expenses, which are allocated based on relative operating revenues to operations of the segments. In computing income from operations by segment, the effects of equity in earnings of affiliates, interest income, interest expense, other income and expense items, and income taxes are not included.

Identifiable assets by segment are those assets used in the company's operations in each business segment. Investments in affiliates are discussed in Note D. Corporate assets are principally cash and cash equivalents and investments in marketable debt securities.

(IN THOUSANDS)	NEWSPAPER PUBLISHING	BROADCASTING	MAGAZINE PUBLISHING	CABLE TELEVISION	OTHER BUSINESSES	CONSOLIDATED
<b>1995</b>						
Operating revenues . . . . .	\$729,172	\$306,108	\$352,619	\$194,142	\$137,408	\$1,719,449
Income (loss) from operations . . . . .	\$109,737	\$132,351	\$ 15,008	\$ 41,019	\$(27,097)	\$ 271,018
Equity in earnings of affiliates . . . . .						24,512
Interest expense . . . . .						(5,600)
Other income, net . . . . .						21,466
Income before income taxes . . . . .						\$ 311,396
Identifiable assets . . . . .	\$399,090	\$387,462	\$204,947	\$322,443	\$ 73,055	\$1,386,997
Investments in affiliates . . . . .						91,242
Corporate assets . . . . .						254,654
Total assets . . . . .						\$1,732,893
Depreciation and amortization of property, plant, and equipment . . . . .	\$ 18,248	\$ 9,958	\$ 4,633	\$ 28,819	\$ 4,192	\$ 65,850
Amortization of goodwill and other intangibles . . . . .	\$ 800	\$ 11,253		\$ 12,150	\$ 7,226	\$ 31,429
Capital expenditures . . . . .	\$ 61,879	\$ 9,265	\$ 4,145	\$ 40,050	\$ 6,358	\$ 121,697
<b>1994</b>						
Operating revenues . . . . .	\$717,280	\$260,252	\$337,602	\$182,140	\$116,704	\$1,613,978
Income (loss) from operations . . . . .	\$134,415	\$107,656	\$ 14,159	\$ 41,464	\$(22,819)	\$ 274,875
Equity in earnings of affiliates . . . . .						7,325
Interest expense . . . . .						(5,590)
Other income, net . . . . .						10,312
Income before income taxes . . . . .						\$ 286,922
Identifiable assets . . . . .	\$349,194	\$425,789	\$187,052	\$326,645	\$100,028	\$1,388,708
Investments in affiliates . . . . .						170,754
Corporate assets . . . . .						137,406
Total assets . . . . .						\$1,696,868
Depreciation and amortization of property, plant, and equipment . . . . .	\$ 18,086	\$ 8,123	\$ 5,075	\$ 26,912	\$ 3,754	\$ 61,950
Amortization of goodwill and other intangibles . . . . .	\$ 800	\$ 7,725		\$ 12,149	\$ 4,719	\$ 25,393
Capital expenditures . . . . .	\$ 20,681	\$ 8,881	\$ 23,028	\$ 18,860	\$ 3,192	\$ 74,642
<b>1993</b>						
Operating revenues . . . . .	\$692,287	\$177,415	\$332,506	\$185,721	\$110,262	\$1,498,191
Income (loss) from operations . . . . .	\$123,151	\$ 65,306	\$ 18,011	\$ 41,618	\$ (9,106)	\$ 238,980
Equity in losses of affiliates . . . . .						(1,994)
Interest expense . . . . .						(4,983)
Other income, net . . . . .						31,464
Income before income taxes . . . . .						\$ 263,467
Identifiable assets . . . . .	\$329,799	\$144,622	\$152,462	\$416,589	\$ 71,059	\$1,114,531
Investments in affiliates . . . . .						155,251
Corporate assets . . . . .						352,722
Total assets . . . . .						\$1,622,504
Depreciation and amortization of property, plant, and equipment . . . . .	\$ 16,768	\$ 5,276	\$ 6,266	\$ 28,052	\$ 3,181	\$ 59,543
Amortization of goodwill and other intangibles . . . . .	\$ 800	\$ 670		\$ 12,247	\$ 2,499	\$ 16,216
Capital expenditures . . . . .	\$ 24,422	\$ 6,599	\$ 4,472	\$ 38,802	\$ 4,844	\$ 79,139

## (N) SUMMARY OF QUARTERLY OPERATING RESULTS (UNAUDITED)

Quarterly results of operations for the years ended December 31, 1995, and January 1, 1995, are as follows (in thousands, except per share amounts):

	FIRST QUARTER	SECOND QUARTER	THIRD QUARTER	FOURTH QUARTER
-----				
1995				
Operating revenues				
Advertising . . . . .	\$252,210	\$284,954	\$250,011	\$307,445
Circulation and subscriber . . . . .	108,466	114,079	113,355	117,430
Other . . . . .	40,875	37,961	54,553	38,111
	-----	-----	-----	-----
	401,551	436,994	417,919	462,986
	-----	-----	-----	-----
Operating costs and expenses				
Operating . . . . .	221,158	226,879	240,912	259,140
Selling, general, and administrative . . . . .	98,013	106,053	96,606	102,391
Depreciation and amortization of property, plant, and equipment . . . . .	16,374	16,370	16,379	16,728
Amortization of goodwill and other intangibles . . . . .	7,673	8,956	8,315	6,485
	-----	-----	-----	-----
	343,218	358,258	362,212	384,744
	-----	-----	-----	-----
Income from operations . . . . .	58,333	78,736	55,707	78,242
Other income (expense)				
Equity in earnings of affiliates . . . . .	772	8,858	6,268	8,614
Interest income . . . . .	2,334	2,032	1,860	1,748
Interest expense . . . . .	(1,431)	(1,368)	(1,388)	(1,413)
Other . . . . .	14,395	(869)	716	(751)
	-----	-----	-----	-----
Income before income taxes . . . . .	74,403	87,389	63,163	86,440
Provision for income taxes . . . . .	30,505	35,875	21,370	33,550
	-----	-----	-----	-----
Net income . . . . .	\$ 43,898	\$ 51,514	\$ 41,793	\$52,890
	=====	=====	=====	=====
Earnings per share . . . . .	\$ 3.91	\$ 4.65	\$ 3.79	\$ 4.80
	=====	=====	=====	=====
Average number of shares outstanding . . . . .	11,220	11,084	11,019	11,020

	FIRST QUARTER	SECOND QUARTER	THIRD QUARTER	FOURTH QUARTER
-----				
1994				
Operating revenues				
Advertising . . . . .	\$212,195	\$261,682	\$245,042	\$307,752
Circulation and subscriber . . . . .	109,165	110,098	107,522	111,715
Other . . . . .	37,094	33,033	47,262	31,417
	-----	-----	-----	-----
	358,454	404,813	399,826	450,884
	-----	-----	-----	-----
Operating costs and expenses				
Operating . . . . .	199,553	216,229	215,295	230,386
Selling, general, and administrative . . . . .	88,957	97,160	95,045	109,134
Depreciation and amortization of property, plant, and equipment . . . . .	14,710	15,360	15,663	16,217
Amortization of goodwill and other intangibles . . . . .	4,031	6,502	7,570	7,290
	-----	-----	-----	-----
	307,251	335,251	333,573	363,027
	-----	-----	-----	-----
Income from operations . . . . .	51,203	69,562	66,253	87,857
Other income (expense)				
Equity in (losses) earnings of affiliates . . . . .	(5,385)	2,211	11,091	(592)
Interest income . . . . .	3,565	2,030	1,427	2,174
Interest expense . . . . .	(1,435)	(1,413)	(1,332)	(1,410)
Other . . . . .	2,604	2	508	(1,998)
	-----	-----	-----	-----
Income before income taxes . . . . .	50,552	72,392	77,947	86,031
Provision for income taxes . . . . .	21,740	31,135	30,495	33,880
	-----	-----	-----	-----
Net income . . . . .	\$ 28,812	\$ 41,257	\$ 47,452	\$ 52,151
	=====	=====	=====	=====
Earnings per share . . . . .	\$ 2.46	\$ 3.54	\$ 4.13	\$ 4.56
	=====	=====	=====	=====
Average number of shares outstanding . . . . .	11,720	11,667	11,492	11,447

The sum of the four quarters may not necessarily be equal to the annual amounts reported in the Consolidated Statements of Income due to rounding.

## SCHEDULE II

THE WASHINGTON POST COMPANY  
SCHEDULE II-VALUATION AND QUALIFYING ACCOUNTS

COLUMN A	COLUMN B	COLUMN C	COLUMN D	COLUMN E
DESCRIPTION	BALANCE AT BEGINNING OF PERIOD	ADDITIONS - CHARGED TO COSTS AND EXPENSES	DEDUCTIONS	BALANCE AT END OF PERIOD
-----				
Year Ended January 2, 1994				
Allowance for doubtful accounts and returns	\$28,295,000	\$47,558,000	\$45,005,000	\$30,848,000
Allowance for advertising rate adjustments and discounts	7,005,000	9,073,000	8,324,000	7,754,000
	-----	-----	-----	-----
	\$35,300,000	\$56,631,000	\$53,329,000	\$38,602,000
	=====	=====	=====	=====
Year Ended January 1, 1995				
Allowance for doubtful accounts and returns	\$30,848,000	\$51,383,000	\$48,795,000	\$33,436,000
Allowance for advertising rate adjustments and discounts	7,754,000	6,600,000	7,847,000	6,507,000
	-----	-----	-----	-----
	\$38,602,000	\$57,983,000	\$56,642,000	\$39,943,000
	=====	=====	=====	=====
Year Ended December 31, 1995				
Allowance for doubtful accounts and returns	\$33,436,000	\$49,980,000	\$47,341,000	\$36,075,000
Allowance for advertising rate adjustments and discounts	6,507,000	7,253,000	7,871,000	5,889,000
	-----	-----	-----	-----
	\$39,943,000	\$57,233,000	\$55,212,000	\$41,964,000
	=====	=====	=====	=====

## MANAGEMENT'S DISCUSSION AND ANALYSIS OF RESULTS OF OPERATIONS AND FINANCIAL CONDITION

THIS ANALYSIS SHOULD BE READ IN CONJUNCTION WITH THE CONSOLIDATED FINANCIAL STATEMENTS AND THE NOTES THERETO.

## RESULTS OF OPERATIONS - 1995 COMPARED TO 1994

Net income in 1995 was \$190.1 million, an increase of 12 percent over net income of \$169.7 million in 1994. Earnings per share rose 17 percent to \$17.15, from \$14.65 in 1994. The company's 1995 net income includes \$8.4 million (\$0.75 per share) from the sale of the company's investment in American PCS, L.P. (APC), as well as an after-tax charge of \$5.6 million (\$0.51 per share) relating to the write-off of the company's interest in Mammoth Micro Productions. Earnings in 1994 included an after-tax gain of \$8.1 million (\$0.70 per share) from the sale of land at one of the company's newsprint affiliates. Excluding these items, net income and earnings per share increased 16 percent and 21 percent, respectively, in 1995.

Revenues for 1995 totaled \$1.719 billion, an increase of 7 percent from \$1.614 billion in 1994. Advertising revenues increased 7 percent in 1995, and circulation and subscriber revenues increased 3 percent. Other revenues increased 15 percent. Advertising revenues in the broadcast division, which included two additional television stations in Houston and San Antonio acquired in April of 1994, rose 18 percent in 1995. Newsweek also contributed to the improvement in advertising revenues with a 7 percent increase over 1994. The increase in circulation and subscriber revenues was principally due to growth at the cable division. Other revenue rose in 1995 due to growth in fees for engineering services at MLJ (Moffet, Larson & Johnson, Inc.) and higher tuition revenue at Kaplan Educational Centers (Kaplan).

Costs and expenses for the year increased 8 percent to \$1.448 billion, from \$1.339 billion in 1994. Approximately one-third of the increase is attributable to the higher cost of newsprint and magazine paper, while the remainder of the increase reflects normal increases in the costs of operations as well as the write-off of Mammoth Micro Productions mentioned previously.

Operating income declined 1 percent to \$271.0 million, from \$274.9 million in 1994.

**NEWSPAPER DIVISION.** Newspaper division revenues increased 2 percent to \$729.2 million, from \$717.3 million. Advertising revenue at the newspaper division rose 1 percent over last year. At The Washington Post, advertising revenues increased 1 percent as higher rates offset a decline in volume. Retail revenues at The Washington Post declined 5 percent as a result of a 10 percent decline in inches. Classified revenues rose 7 percent, primarily as a result of improved recruitment related volume in the year. Other advertising revenues were flat; general advertising inches declined 3 percent and preprint volume at The Post increased 7 percent versus 1994. Circulation revenues for the newspaper division rose 2 percent in 1995 due to a home delivery price increase. For the 12-month period ended September 30, 1995, daily and Sunday circulation at The Washington Post declined 2 and 1 percent, respectively. The Washington Post's share of the market declined slightly with 49.5 percent penetration in its daily editions and 65.1 percent penetration in its Sunday editions.

Newspaper division operating margin in 1995 was 15 percent, down from 19 percent in the prior year. The previously mentioned increases in advertising and circulation revenues were offset by higher newsprint expense, which increased 29 percent. Newsprint prices have been increasing steadily since mid-1994 and may rise in 1996. These increases will continue to have a significant impact on the operating results at the newspaper division in 1996.

**BROADCAST DIVISION.** Revenues at the broadcast division increased 18 percent over last year. National and local advertising revenues increased 5 percent and 18 percent, respectively. Increased revenues for 1995 in a broad range of categories, including auto and truck advertising, more than offset a \$12 million decline in political advertising versus 1994.

Approximately two-fifths of these increases were attributable to the inclusion of a full twelve months of revenue for KSAT and KPRC in 1995 versus only eight and one-half months' revenue in 1994. Network revenues rose 88 percent in 1995 as a result of the renegotiation of network affiliation contracts in 1995 and the second half of 1994.

Viewership remained strong for the original four television stations. Three stations were ranked number one in the latest ratings period, sign-on to sign-off, in their markets; one station was ranked number two. With respect to the stations acquired in 1994, San Antonio was ranked number two, sign-on to sign-off, while Houston was ranked number three.

Operating margin at the broadcast division increased to 43 percent, from 41 percent in 1994. Excluding amortization of goodwill and intangibles, operating margins for 1995 and 1994 were 47 percent and 44 percent, respectively. Increases in advertising and network compensation accounted for most of the improvement in margins as expenses remained stable.

MAGAZINE DIVISION. Newsweek revenues in 1995 increased 4 percent due primarily to increased advertising revenues at both the domestic and international editions. Advertising revenues rose 7 percent overall, 6 percent at the domestic edition, and 11 percent at the international editions. These improvements were due to better page volume at slightly higher rates. Circulation revenues for 1995 were essentially even with the prior year. In 1995 the domestic and international editions published 51 weekly issues versus 52 issues in 1994.

At Newsweek the operating margin remained at 4 percent. The higher costs of magazine paper, distribution, and subscription acquisition offset much of the revenue increase.

CABLE DIVISION. Revenues at the cable division increased 7 percent in 1995 over the prior year. The number of basic subscribers increased 4 percent to 518,000, all of which were from internal growth. All revenue categories - basic, tier, pay, pay-per-view, advertising, and other - showed improvement from 1994.

Operating margin at the cable division was 21 percent, compared to 23 percent in 1994. However, cable cash flow increased 2 percent to \$85.2 million, from \$83.6 million in 1994. Programming costs continued to increase due to the increased number of subscribers and license fee increases by programming suppliers.

OTHER BUSINESSES. In 1995 revenues from other businesses, including Kaplan, MLJ, PASS Sports, LEGI-SLATE, and Digital Ink, increased 18 percent to \$137.4 million, from \$116.7 million in 1994. Half of the increase relates to MLJ, where fees for engineering services almost tripled in 1995. Most of the remainder is due to Kaplan, which experienced an 11 percent increase in revenues, mostly post-graduate school courses and new products.

Other businesses recorded an operating loss in 1995 of \$27.1 million, compared with a loss of \$22.8 million in 1994. The 1995 results include the write-off of Mammoth Micro Productions as previously mentioned. The 1994 results include operating expenses of APC, which was disposed of in January 1995. If all costs associated with these units are excluded from both years, other businesses operating losses amounted to \$4.8 and \$7.3 million in 1995 and 1994, respectively.

EQUITY IN EARNINGS AND LOSSES OF AFFILIATES. The company's equity in earnings of affiliates for 1995 was \$24.5 million, compared with \$7.3 million in 1994. The improved results are derived from the company's newsprint mills, which are benefiting from higher newsprint prices. The 1994 results included an \$8.1 million after-tax gain from the sale of land at one of the company's newsprint affiliates.

NON-OPERATING ITEMS. Interest income, net of interest expense, was \$2.4 million, compared with \$3.6 million in 1994. The decrease was a result of lower average invested cash balances. Other income in 1995 was \$13.5 million, compared with income of \$1.1 million in 1994. The gain from the sale of the company's investment in APC is included in the 1995 amount.

INCOME TAXES The effective tax rate in 1995 decreased to 39.0 percent, from 40.9 percent in 1994.

#### RESULTS OF OPERATIONS - 1994 COMPARED TO 1993

Net income in 1994 was \$169.7 million, an increase of 3 percent over net income of \$165.4 million in 1993. Earnings per share rose 4 percent to \$14.65, from \$14.08 in 1993. Earnings in 1994 included an after-tax gain of \$8.1 million (\$0.70 per share) from the sale of a large tract of land at the company's Canadian newsprint affiliate. The company's 1993 earnings included a one-time credit of \$11.6 million (\$0.98 per share) related to a change in accounting for income taxes and an after-tax gain of \$13.4 million (\$1.14 per share) from the sale of the company's cable franchises in the United Kingdom. Excluding these items net income and earnings per share increased 15 percent and 17 percent, respectively, in 1994.

Revenues for 1994 totaled \$1.614 billion, an increase of 8 percent from \$1.498 billion in 1993. Advertising revenues increased 12 percent in 1994, while circulation and subscriber revenues decreased 1 percent. Other revenues increased 6 percent. Advertising revenues in the broadcast division, which included two additional television stations in Houston and San Antonio acquired in April of 1994, rose 47 percent in 1994. The Washington Post newspaper also contributed to the improvement in advertising revenues with a 4.5 percent increase over 1993. Circulation and subscriber revenues decreased, principally due to rate reregulation affecting the cable division in late-1993 and again in mid-1994.

Operating costs and expenses for the year increased 6 percent to \$1.339 billion, from \$1.259 billion in 1993. Approximately two-thirds of the increase is attributable to new businesses, while the remainder of the increase reflects normal increases in the costs of operations as well as continued investment in personal communications services during the year.

Operating income rose 15 percent to \$274.9 million, from \$239.0 million in 1993.



**NEWSPAPER DIVISION.** Newspaper division revenues increased 4 percent to \$717.3 million, from \$692.3 million. Advertising revenue at the newspaper division rose 5 percent over 1993. Most of the improvement was at The Washington Post, where advertising revenues increased 4.5 percent. Retail revenues at The Washington Post declined 2 percent as a result of a 6 percent decline in inches. Classified revenues rose 9 percent, primarily as a result of improved recruitment-related volume during the year. Other advertising revenues increased 8 percent; general advertising inches and preprint volume at The Washington Post increased 8 percent and 16 percent, respectively, over 1993. Circulation revenues for the newspaper division remained at 1993 levels. For the 12-month period ended September 30, 1994, daily and Sunday circulation at The Washington Post were essentially unchanged. The Washington Post maintained its share of the market with just over 50 percent household penetration by its daily editions and 66 percent household penetration by its Sunday editions.

Newspaper division operating margin in 1994 was 19 percent, up from 18 percent in the prior year. The previously mentioned increases in advertising revenues were offset partially by normal increases in payroll and fringe benefits and higher distribution costs. Average newsprint prices and total newsprint expense remained unchanged from last year.

**BROADCAST DIVISION.** Revenues at the broadcast division increased 47 percent over 1993. National and local advertising revenues, which included approximately \$13 million in political advertising and significantly improved auto and truck advertising, increased 45 percent and 46 percent, respectively. Approximately two-thirds of these increases were attributable to the stations acquired in April 1994. Network revenues more than doubled in 1994 as a result of the addition of the new stations and renegotiation of network affiliation contracts.

Viewership remained strong for the original four television stations. These stations were ranked number one in the latest ratings period, sign-on to sign-off, in their respective markets. The newly acquired television station in San Antonio was also ranked number one, sign-on to sign-off, while the station acquired in Houston was ranked number three.

Operating margin at the broadcast division increased to 41 percent, from 37 percent in 1993. Excluding amortization of goodwill and intangibles, operating margins for 1994 and 1993 were 44 percent and 37 percent, respectively. Increases in advertising, particularly political advertising, along with increases in network compensation accounted for most of the improvement in margins.

**MAGAZINE DIVISION.** Newsweek revenues in 1994 increased almost 2 percent due primarily to increased advertising revenues at the international editions. Advertising revenues rose 1 percent overall, with a 9 percent increase at the international editions offset partially by a 2 percent decrease at the domestic edition. Although the weakened dollar had a negative impact on overall operating results, the international editions had increases in both page volume and rates. The decrease at the domestic edition was due primarily to lower rates. Circulation revenues increased 2 percent, with better rates at both domestic and international editions offset partially by lower volumes. In 1994 the domestic edition published the same number of weekly issues (52) and published one additional special newsstand-only issue, compared with 1993. The international edition included 52 weekly issues in 1994, compared to 51 issues in 1993.

At Newsweek the operating margin decreased slightly to 4 percent from 5 percent in 1993, due primarily to higher subscription acquisition costs and general operating expense offset partially by lower advertising costs.

**CABLE DIVISION.** Revenues at the cable division decreased 2 percent in 1994. However, the prior year included the operations in the United Kingdom that were sold in September 1993. Excluding these operations from 1993 results, revenues for the cable division remained essentially unchanged in 1994. The number of basic subscribers increased 3 percent to 498,000, all of which were from internal growth. Increases in revenues from pay, pay-per-view, advertising, and other revenues were offset by reduced basic and tier revenue resulting from two rounds of industry reregulation. Rate reductions, effective under reregulation, went into effect on September 1, 1993, and again on July 14, 1994.

Operating margin at the cable division was 23 percent, compared to almost 25 percent in 1993, excluding United Kingdom operations from 1993 results. Domestic cable cash flow decreased almost 3 percent to \$83.6 million, from \$85.9 million in 1993. Programming costs continued to increase due to the increased number of subscribers and continued license fee increases by programming suppliers.

**OTHER BUSINESSES.** In 1994 revenues from other businesses, including Kaplan, MLJ, PASS Sports, LEGI-SLATE, Digital Ink, and Mammoth Micro Productions, increased 6 percent to \$116.7 million, from \$110.3 million in 1993, due principally to Kaplan, which experienced an 8 percent increase in revenues from pre-college and pre-graduate school courses.

Other businesses recorded an operating loss in 1994 of \$22.8 million, compared with a loss of \$9.1 million in 1993. The increased losses were primarily attributable to APC, as well as the company's investments in the development of electronic technologies, including CD-ROM and computer online businesses.



**EQUITY IN EARNINGS AND LOSSES OF AFFILIATES.** The company's equity in earnings of affiliates for 1994 was \$7.3 million, compared with a loss of \$2.0 million in 1993. The improved results were primarily related to an \$8.1 million after-tax gain from the sale of land at one of the company's newsprint affiliates.

**NON-OPERATING ITEMS.** Interest income, net of interest expense, was \$3.6 million, compared with \$6.1 million in 1993. The decrease was a result of lower invested cash balances partially offset by higher interest rates. Other income in 1994 was \$1.1 million, compared with income of \$20.4 million in 1993. In 1993 other income included a \$20.2 million gain on the sale of the company's cable franchises in the United Kingdom.

**INCOME TAXES.** The effective tax rate in 1994 decreased to 40.9 percent, from 41.6 percent in 1993.

**FINANCIAL CONDITIONS: CAPITAL RESOURCES AND LIQUIDITY**

During the period 1993 through 1995 the company spent approximately \$760.1 million on purchases of additional plant, property, and equipment, investments in new businesses, and the repurchase of Class B common stock.

In April 1994 the company acquired substantially all of the assets comprising the businesses of television stations KPRC-TV, an NBC affiliate in Houston, Texas, and KSAT-TV, an ABC affiliate in San Antonio, Texas, for approximately \$253 million in cash. Additionally, the company acquired an 80 percent interest in Mammoth Micro Productions, a producer and publisher of multimedia CD-ROM titles, for approximately \$23 million in cash. As previously mentioned, this investment was written off in 1995. In January 1995 the company divested substantially all of its 70 percent limited partnership interest in APC to APC, Inc., and others. The sales price was approximately \$33 million, an amount that does not exceed the amounts the company had invested in the partnership since it was formed in August 1990. In September 1993 the company divested its cable franchises in the United Kingdom for approximately \$65 million.

During 1995, 1994, and 1993 the company repurchased 361,106, 366,500, and 99,800 shares, respectively, of its Class B common stock at a cost of \$89.6 million, \$86.7 million, and \$23.1 million, respectively. Sixty-three thousand of these shares were purchased from The Washington Post Company Profit Sharing Plan in 1994. The 1995 purchases completed the repurchase of one million Class B shares authorized by the Board of Directors in May 1990. Approximately 765,000 Class B shares remain to be purchased pursuant to a January 1995 Board authorization to repurchase an additional one million Class B shares. The annual dividend rate for 1996 was increased to \$4.60 per share, from \$4.40 per share in 1995, and \$4.20 per share in 1994.

The company estimates that in 1996 it will spend approximately \$150 million for plant and equipment, principally for various projects at the newspaper and cable divisions and the continued development of electronic technologies in its new media businesses. This estimate includes about \$50 million to be expended as part of a \$250 million project to provide new production facilities for The Washington Post newspaper. In 1995 approximately \$45 million was expended in conjunction with this project, which is expected to be completed in late 1998.

Early in 1996 the company purchased two businesses for approximately \$60 million, a cable system in Texarkana serving about 24,000 subscribers and a commercial printing operation located in the Maryland suburbs of Washington, D.C. In addition, in late February 1996 the company acquired a cable system in Columbus, Mississippi, serving about 15,700 subscribers for approximately \$23 million consisting of cash and shares of non-convertible, redeemable preferred stock of the company. The company has also reached agreements in principle to purchase cable systems serving 49,000 subscribers in two states for approximately \$80 million, and to exchange the assets of certain cable systems with Tele-Communications, Inc. (TCI). According to the terms of the TCI agreement, the exchange will result in an aggregate increase of about 23,000 subscribers for the company. The purchases are expected to be completed in the first half of 1996, and the exchange is expected to be completed before the end of the year.

At December 31, 1995, the company had \$147 million in cash and cash equivalents, \$13 million in marketable debt securities, and \$50 million in long-term debt. The company expects in 1996 to fund the majority of its estimated capital expenditures and business acquisitions through internally generated funds. In early 1996 the company established a five-year, \$300 million revolving credit facility with a group of banks to provide for general corporate purposes and support the issuance of short-term promissory notes. In management's opinion, the company will have ample liquidity to meet its various cash needs in 1996 as outlined above.

As indicated previously, the newspaper division anticipates an increase in newsprint expense during 1996, which will impact its results significantly. As a result of the company's investments in newsprint paper mills, which are included in equity in income of affiliates, the company expects that a significant portion of the increased costs will continue to be offset by its share of increased profits at the newsprint affiliates.

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## TEN-YEAR SUMMARY OF SELECTED HISTORICAL FINANCIAL DATA

See Notes to Consolidated Financial Statements for the summary of significant accounting policies and additional information relative to the years 1993-1995.

(IN THOUSANDS, EXCEPT PER SHARE AMOUNTS)	1995	1994	1993
<b>RESULTS OF OPERATIONS</b>			
Operating revenues . . . . .	\$1,719,449	\$1,613,978	\$1,498,191
Income from operations . . . . .	\$ 271,018	\$ 274,875	\$ 238,980
Income before cumulative effect of changes in accounting principle . . . . .	\$ 190,096	\$ 169,672	\$ 153,817
Cumulative effect of change in method of accounting for income taxes . . . . .	--	--	11,600
Cumulative effect of change in method of accounting for postretirement benefits other than pensions . . . . .	--	--	--
Net income . . . . .	<u>\$ 190,096</u>	<u>\$ 169,672</u>	<u>\$ 165,417</u>
<b>PER SHARE AMOUNTS</b>			
Earnings per share			
Income before cumulative effect of changes in accounting principle . . . . .	\$ 17.15	\$ 14.65	\$ 13.10
Cumulative effect of change in method of accounting for income taxes . . . . .	--	--	0.98
Cumulative effect of change in method of accounting for postretirement benefits other than pensions . . . . .	--	--	--
Net income . . . . .	<u>\$ 17.15</u>	<u>\$ 14.65</u>	<u>\$ 14.08</u>
Cash dividends . . . . .	\$ 4.40	\$ 4.20	\$ 4.20
Shareholders' equity . . . . .	\$ 107.60	\$ 99.32	\$ 92.84
AVERAGE NUMBER OF SHARES OUTSTANDING . . . . .	11,086	11,582	11,750
<b>FINANCIAL POSITION</b>			
Current assets . . . . .	\$ 406,570	\$ 375,879	\$ 625,574
Working capital . . . . .	98,393	102,806	367,041
Property, plant, and equipment . . . . .	457,359	411,396	363,718
Total assets . . . . .	1,732,893	1,696,868	1,622,504
Long-term debt . . . . .	--	50,297	51,768
Shareholders' equity . . . . .	1,184,204	1,126,933	1,087,419

1992	1991	1990	1989	1988	1987	1986
\$1,450,867	\$1,380,261	\$1,438,640	\$1,444,094	\$1,367,613	\$1,315,422	\$1,215,064
\$ 232,112	\$ 192,866	\$ 281,768	\$ 313,691	\$ 233,290	\$ 257,073	\$ 228,986
\$ 127,796	\$ 118,721	\$ 174,576	\$ 197,893	\$ 269,117	\$ 186,743	\$ 100,173
--	--	--	--	--	--	--
--	(47,897)	--	--	--	--	--
\$ 127,796	\$ 70,824	\$ 174,576	\$ 197,893	\$ 269,117	\$ 186,743	\$ 100,173
=====	=====	=====	=====	=====	=====	=====
\$ 10.80	\$ 10.00	\$ 14.45	\$ 15.50	\$ 20.91	\$ 14.52	\$ 7.80
--	--	--	--	--	--	--
--	(4.04)	--	--	--	--	--
\$ 10.80	\$ 5.96	\$ 14.45	\$ 15.50	\$ 20.91	\$ 14.52	\$ 7.80
=====	=====	=====	=====	=====	=====	=====
\$ 4.20	\$ 4.20	\$ 4.00	\$ 1.84	\$ 1.56	\$ 1.28	\$ 1.12
\$ 84.17	\$ 78.12	\$ 76.31	\$ 75.40	\$ 67.50	\$ 47.80	\$ 34.04
11,830	11,876	12,081	12,768	12,873	12,861	12,842
\$ 524,975	\$ 472,219	\$ 471,669	\$ 553,188	\$ 493,736	\$ 226,523	\$ 219,422
242,627	183,959	175,807	283,118	235,698	(50,290)	(22,647)
390,804	390,313	394,979	370,597	352,113	371,080	343,702
1,568,121	1,487,661	1,496,509	1,532,211	1,422,267	1,194,196	1,145,227
51,842	51,915	126,988	152,061	154,751	155,791	336,140
993,005	924,285	905,112	941,522	868,240	614,009	436,590

## INDEX TO EXHIBITS

EXHIBIT NUMBER -----	DESCRIPTION -----
3.1 ---	Certificate of Incorporation of the Company as amended through May 12, 1988, and the Certificate of Designation for the Company's Series A Preferred Stock filed January 22, 1996.
3.2 ---	By-Laws of the Company as amended through September 9, 1993 (incorporated by reference to Exhibit 3 to the Company's Quarterly Report on Form 10-Q for the quarter ended October 3, 1993).
4.1 ---	Credit Agreement dated as of January 31, 1996, among the Company, Citibank, N.A., Wachovia Bank of Georgia, N.A., and the other Lenders named therein.
10.1 ---	The Washington Post Company Annual Incentive Compensation Plan (adopted January 9, 1974) as amended through January 4, 1982 (incorporated by reference to Exhibit 10.10 to the Company's Annual Report on Form 10-K for the fiscal year ended January 3, 1982).*
10.2 ---	The Washington Post Company Long-Term Incentive Compensation Plan (adopted December 11, 1981) as amended through March 13, 1992 (incorporated by reference to Exhibit 10.2 to the Company's Annual Report on Form 10-K for the fiscal year ended December 29, 1991).*
10.3 ---	The Washington Post Company Stock Option Plan as amended and restated through May 13, 1993 (incorporated by reference to Exhibit 10 to the Company's Quarterly Report on Form 10-Q for the quarter ended April 4, 1993).*
10.4 ---	The Washington Post Company Supplemental Executive Retirement Plan as amended and restated effective December 31, 1993 (incorporated by reference to Exhibit 10.4 to the Company's Annual Report on Form 10-K for the fiscal year ended January 2, 1994).*
10.5 ---	Letter Agreement between the Company and Richard D. Simmons dated May 9, 1991, and the amendment thereto dated June 30, 1994 (incorporated by reference to Exhibit 10.5 to the Company's Annual Report on Form 10-K for the fiscal year ended January 1, 1995).*
11 ---	Calculation of earnings per share of common stock.
21 ---	List of subsidiaries of the Company.
23 ---	Consent of independent accountants.
24 ---	Power of attorney dated March 14, 1996.
27 ---	Financial Data Schedule.

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 \* A management contract or compensatory plan or arrangement required to be included as an exhibit hereto pursuant to Item 14(c) of Form 10-K.

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THE WASHINGTON POST COMPANY  
INCORPORATED UNDER THE LAWS OF THE STATE OF DELAWARE

CERTIFICATE OF INCORPORATION

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AS AMENDED THROUGH MAY 12, 1988

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CERTIFICATE OF INCORPORATION  
OF  
THE WASHINGTON POST COMPANY  
AS AMENDED THROUGH MAY 12, 1988

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FIRST: The name of the corporation (hereinafter called the Company) is

THE WASHINGTON POST COMPANY

SECOND: The respective names of the County and of the City within the County in which the registered office of the Company is to be located in the State of Delaware are the County of New Castle and the City of Wilmington. The name of the registered agent of the Company is The Corporation Trust Company. The street and number of said registered office and the address by street and number of said registered agent is No. 100 West Tenth Street, in the City of Wilmington.

THIRD: The nature of the business of the Company and the objects and purposes to be transacted, promoted or carried on by it are as follows:

(1) To publish any newspaper owned by the Company as an independent newspaper dedicated to the welfare of the community and the nation, in keeping with the principles of a free press; and

(2) To engage in any lawful act or activity for which corporations may be organized under the General Corporation Law of the State of Delaware.

Notwithstanding any provision of this Certificate of Incorporation, the Company shall not have power to carry on the business of constructing, maintaining or operating public utilities within the State of Delaware; nor shall anything herein be deemed to authorize the Company to carry on any business or exercise any power in any state, district, territory, possession or country which under the laws thereof the Company may not lawfully carry on or exercise.

FOURTH: The total number of shares of all classes of stock which the Company shall have authority to issue is 48,000,000, consisting of 1,000,000 shares of Preferred Stock, par value \$1.00 per share (hereinafter called the Preferred Stock), 7,000,000 shares of Class A Common Stock, par value \$1.00 per share (hereinafter called the Class A Stock), and 40,000,000 shares of Class B Common Stock, par value \$1.00 per share (hereinafter called the Class B Stock, and the Class A Stock and the Class B Stock being hereinafter collectively called the Common Stock).

The designations and the powers, preferences and rights, and the qualifications, limitations or restrictions thereof, of each class of stock of the Company which are fixed by this Certificate of Incorporation, and the express grant of authority to the Board of Directors to fix by resolution or resolutions the designations, and the powers, preferences and rights, and the qualifications, limitations or restrictions thereof, of the Preferred Stock which are not fixed by this Certificate of Incorporation, are as follows:

A. Preferred Stock

(1) Shares of Preferred Stock may be issued from time to time in one or more series, each such series to have such distinctive designation as shall be stated and expressed in the resolution or resolutions adopted by the Board of Directors providing for the initial issuance of shares of such series, and authority is

expressly vested in the Board of Directors, by such resolution or resolutions providing for the initial issuance of shares of each series:

(a) To fix the distinctive designation of such series and the number of shares which shall constitute such series, which number may be increased or decreased (but not below the number of shares thereof then outstanding) from time to time by action of the Board of Directors;

(b) To fix (i) the dividend rate of such series, (ii) any limitations, restrictions or conditions on the payment of dividends, including whether dividends shall be cumulative and, if so, from which date or dates, (iii) the relative rights of priority, if any, of payment of dividends on shares of that series and (iv) the form of dividends, which shall be payable either (A) in cash only, or (B) in stock only, or (C) partly in cash and partly in stock, or (D) in stock or, at the option of the holder, in cash (and in such case to prescribe the terms and conditions of exercising such option), and to make provision in case of dividends payable in stock for adjustment of the dividend rate in such events as the Board of Directors shall determine;

(c) To fix the price or prices at which, and the terms and conditions on which, the shares of such series may be redeemed by the Company;

(d) To fix the amount or amounts payable upon the shares of such series in the event of any liquidation, dissolution or winding up of the Company and the relative rights of priority, if any, of payment upon shares of such series;

(e) To determine whether or not the shares of such series shall be entitled to the benefit of a sinking fund to be applied to the purchase or redemption of such series and, if so entitled, the amount of such fund and the manner of its application;

(f) To determine whether or not the shares of such series shall be made convertible into, or exchangeable for, shares of any other class or classes of stock of the Company or shares of any other series of Preferred Stock, and, if made so convertible or exchangeable, the conversion price or prices, or the rate or rates of exchange, and the adjustments thereof, if any, at which such conversion or exchange may be made, and any other terms and conditions of such conversion or exchange;

(g) To determine whether or not the shares of such series shall have any voting powers and, if voting powers are so granted, the extent of such voting powers; provided, however, that so long as any Class A Stock shall be outstanding the holders of the Class A Stock shall always have the absolute right under all conditions and circumstances to elect a majority of the directors; and provided, further, that the voting powers of all shares of Preferred Stock on all matters other than the election of directors shall be limited (except as otherwise provided by statute) to the right to vote *pari passu* with the holders of Class B Stock on such matters as the holders of the Class B Stock shall be entitled to vote. Subject to the foregoing and except as otherwise provided by statute, the holders of shares of Preferred Stock, as such holders, shall not have any right to vote in the election of directors or for any other purpose; and such holders shall not be entitled to notice of any meeting of stockholders at which they are not entitled to vote;

(h) To determine whether or not the issue of any additional shares of such series or of any other series in addition to such series shall be subject to restrictions in addition to the restrictions, if any, on the issue of additional shares imposed in the resolution or resolutions fixing the terms of any outstanding series of Preferred Stock theretofore issued pursuant to this Section A and, if subject to additional restrictions, the extent of such additional restrictions; and

(i) Generally to fix the other rights, and any qualifications, limitations or restrictions of such rights, of such series; provided, however, that no such rights, qualifications, limitations or restrictions shall be in conflict with this Certificate of Incorporation or any amendment hereof.

(2) Before any dividends shall be declared or paid or any distribution ordered or made upon the Common Stock (other than a dividend payable in Common Stock), the Company shall comply with the dividend and sinking fund provisions, if any, of any resolution or resolutions providing for the issue of any series of Preferred Stock any shares of which shall at the time be outstanding. Subject to the foregoing sentence, the holders of Common Stock shall be entitled, to the exclusion of the holders of Preferred Stock of any and all series, to receive such dividends as from time to time may be declared by the Board of Directors.

(3) Upon any liquidation, dissolution or winding up of the Company, the holders of Preferred Stock of each series shall be entitled to receive the amounts to which such holders are entitled as fixed with respect to such series, including all dividends accumulated to the date of final distribution, before any payment or distribution of assets of the Company shall be made to or set apart for the holders of Common Stock; and after such payments shall have been made in full to the holders of Preferred Stock, the holders of Common Stock shall be entitled to receive any and all assets remaining to be paid or distributed to stockholders and the holders of Preferred Stock shall not be entitled to share therein. For the purposes of this paragraph, the voluntary sale, conveyance, lease, exchange or transfer of all or substantially all the property or assets of the Company or a consolidation or merger of the Company with one or more other corporations (whether or not the Company is the corporation surviving such consolidation or merger) shall not be deemed to be a liquidation, dissolution or winding up, voluntary or involuntary.

(4) Subject to such limitations (if any) as may be fixed by the Board of Directors with respect to such series of Preferred Stock in accordance with paragraph (1) of this Section A, Preferred Stock of each series may be redeemed at any time in whole or from time to time in part, at the option of the Company, by vote of the Board of Directors, at the redemption price thereof fixed in accordance with said paragraph (1). If less than all the outstanding shares of Preferred Stock of such series are to be redeemed, the shares to be redeemed shall be determined in such manner as the Board of Directors shall prescribe. At such time or times prior to the date fixed for redemption as the Board of Directors shall determine, written notice shall be mailed to each holder of record of shares to be redeemed, in a postage prepaid envelope addressed to such holder at his address as shown by the records of the Company, notifying such holder of the election of the Company to redeem such shares and stating the date fixed for the redemption thereof and calling upon such holder to surrender to the Company on or after said date, at a place designated in such notice, his certificate or certificates representing the number of shares specified in such notice of redemption. On and after the date fixed in such notice of redemption, each holder of shares of Preferred Stock to be redeemed shall present and surrender his certificate or certificates for such shares to the Company at the place designated in such notice and thereupon the redemption price of such shares shall be paid to or on the order of the person whose name appears on the records of the Company as the holder of the shares designated for redemption. In case less than all the shares represented by any such certificate are redeemed a new certificate shall be issued representing the unredeemed shares. From and after the date fixed in any such notice as the date of redemption (unless default shall be made by the Company in payment of the redemption price) all dividends on the shares of Preferred Stock designated for redemption in such notice shall cease to accrue and all rights of the holders thereof as stockholders of the Company, other than to receive the redemption price, shall terminate and such shares shall not thereafter be transferred (except with the consent of the Company) on the books of the Company and such shares shall not be deemed to be outstanding for any purpose whatsoever. At any time after the mailing of any such notice of redemption the Company may deposit the redemption price of the shares designated therein for redemption with a bank or trust company in the Borough of Manhattan, City and State of New York, or in the City of Washington, D. C., having capital and surplus of at least \$25,000,000, in trust for the benefit of the respective holders of the shares designated for redemption but not yet redeemed. From and after the making of such deposit the sole right of the holders of such shares shall be the right either to receive the redemption price of such shares on and after such redemption date, or, in the case of shares having conversion rights, the right to convert the same at any time at or before the earlier of the close of business on such redemption date or such prior date and time at which the right to convert shall have expired; and except for these rights, the shares of Preferred Stock so designated for redemption shall not be deemed to be outstanding for any purpose whatsoever.

(5) Shares of any series of Preferred Stock which have been redeemed (whether through the operation of a sinking fund or otherwise) or purchased by the Company, or which, if convertible, have been converted into shares of stock of the Company of any other class or classes, may, upon appropriate filing and recording to the extent required by law, have the status of authorized and unissued shares of Preferred Stock and may be reissued as a part of such series or of any other series of Preferred Stock, subject to such limitations (if any) as may be fixed by the Board of Directors with respect to such series of Preferred Stock in accordance with paragraph (1) of this Section A.

#### B. Common Stock

(1) Except as otherwise provided by (a) the Board of Directors in fixing the voting rights of any series of the Preferred Stock in accordance with Section A of this Article FOURTH, (b) this Section B or (c) statute, voting power in the election of directors and for all other purposes shall be vested exclusively in the holders of Class A Stock. Any director elected by the holders of Class A Stock (and any successor to such director) shall be subject to removal without cause and to replacement from time to time by the affirmative vote or written consent of the holders of a majority of the outstanding shares of Class A Stock. Every holder of stock of a class entitled to vote upon a matter shall be entitled to one vote for each share of stock of such class standing in his name upon the books of the Company. Except as otherwise provided by this Section B and by Section C of this Article FOURTH, there shall be no distinction whatever between the rights accorded to the holders of Class A Stock and Class B Stock.

(2) Holders of Class B Stock shall be entitled to vote as specified below:

(a) with regard to the election of directors, holders of Class B Stock shall be entitled, voting separately as a class, to elect 30 percent of the directors (rounding the number of such directors to the next highest whole number if such percentage is not equal to a whole number of directors) and no more, to remove any director elected by the holders of Class B Stock (and any successor to such director) and, in the manner provided in the by-laws of the Company, to replace any director so removed; and

(b) upon the following transactions, but only to the extent that any national securities exchange on which the Class B Stock shall be listed shall require a vote of the Class B Stock as a condition to the listing on such exchange of the shares to be issued in such transaction, the holders of Class B Stock shall be entitled to vote as a separate class, and the holders of any series of Preferred Stock which shall be entitled to vote thereon shall be entitled to vote together with the holders of Class B Stock as a separate class; provided, however, that if any such vote by the holders of Class B Stock shall be required as provided in this paragraph (b), the holders of Class A Stock, in addition to their powers under any other provision of this Article FOURTH, shall be entitled to vote thereon separately as a class, and in such event approval under this paragraph (b) shall require the affirmative vote of each such class:

(i) the reservation of any shares of capital stock of the Company for issuance upon the exercise of options granted or to be granted to officers, directors or key employees; and

(ii) the acquisition of the stock or assets of another company if either:

a. any director, officer or holder of 10% or more of the shares of any class of voting stock of the Company has an interest, directly or indirectly, in the company or assets to be acquired or in the consideration to be paid in the transaction;

b. the issuance or potential issuance of Common Stock and/or securities convertible into Common Stock in the transaction could result in an increase of 20% or more in the aggregate outstanding shares of Common Stock; or

c. the aggregate market value of the Common Stock issuable or potentially issuable and of any other consideration to be paid in the transaction equals 20% or more of the aggregate market value of the shares of Common Stock outstanding immediately prior to the transaction.

If at any time there shall not be any Class A Stock outstanding, the provisions of this Certificate of Incorporation which provide limited and separate voting rights for the holders of the Class B Stock shall cease to be of any effect, and such holders shall thereafter have general voting power in the election of directors and in all other matters upon which stockholders of the Company are entitled to vote pursuant to this Certificate of Incorporation, the by-laws of the Company or statute.

(3) A holder of shares of Class A Stock shall be entitled at any time and from time to time to convert any or all such shares held by him into shares of Class B Stock in the ratio of one share of Class B Stock for one share of Class A Stock. Each conversion of shares of Class A Stock into shares of Class B Stock made pursuant to the provisions of this paragraph (3) shall be effected by the surrender of the certificate representing the shares to be converted at the office of the Secretary of the Company (or at such additional place or places as may from time to time be designated by the Secretary or any Assistant Secretary of the Company) in such form and accompanied by all stock transfer tax stamps, if any, as shall be requisite for such transfer, and upon such surrender the holder of such shares shall be entitled to become, and shall be registered on the books of the Company as, the holder of the number of shares of Class B Stock issuable upon such conversion, and each such share of Class A Stock shall be converted into one share of Class B Stock, as the Class B Stock shall then be constituted, and thereupon there shall be issued and delivered to such holder or other named person, as the case may be, promptly at such office or other designated place, a certificate or certificates for such number of shares of Class B Stock.

(4) Upon the affirmative vote or the written consent of the holders of a majority of the outstanding shares of Class A Stock, all or any part of the entire class of outstanding Class A Stock shall be converted, effective upon the date specified in such vote or consent, into shares of Class B Stock in the ratio of one share of Class B Stock for one share of Class A Stock. Any conversion pursuant to this paragraph (4) of less than all the outstanding shares of Class A Stock shall be effected through the conversion of an equal percentage of such shares held by each holder of Class A Stock (including any holder who shall not have given his affirmative vote or written consent). Any fractional share of Class A Stock resulting from the application of such percentage shall not be eliminated and shall exist as a fractional share of Class A Stock and the holder thereof shall be entitled to exercise voting rights, to receive dividends thereon, to participate in any of the assets of the Company in the event of liquidation and to all other rights in respect of Class A Stock to the extent of such fractional share; but any fractional share of Class B Stock shall be eliminated and in lieu thereof the Company shall issue scrip or pay cash as provided in paragraph (5) of this Section B. Upon the effective date of any conversion pursuant to this paragraph (4), certificates representing the shares of Class A Stock so converted shall thereafter represent a like number of shares of Class B Stock, and each holder thereof shall be registered on the books of the Company as the record holder of such number of shares of Class B Stock. Upon presentation and surrender of said certificates at the office of the Secretary of the Company (or at such additional place or places as may from time to time be designated by the Secretary or any Assistant Secretary of the Company) the Company shall issue or cause to be issued certificates representing the whole number of shares of Class B Stock resulting from such conversion, and shall issue scrip or pay cash in lieu of any fractional share eliminated upon such conversion, and shall issue or cause to be issued certificates representing the number of whole shares and any fractional shares of Class A Stock remaining after such conversion.

(5) Fractional shares of Class A Stock shall be issued upon and in connection with any conversion, split-up, merger, consolidation, reclassification, stock dividend or other change in so far as the same shall affect Class A Stock. A certificate for a fractional share of Class A Stock so issued shall entitle the holder to exercise voting rights, to receive dividends thereon, to participate in any of the assets of the Company in the event of liquidation and to all other rights in respect of Class A Stock to the extent of such fractional share. No fractional share of stock of any other class of the Company now or hereafter authorized shall be issuable upon or in connection with any other conversion, split-up, merger, consolidation, reclassification, stock

dividend or change involving stock of such other class; in lieu of any such fractional share, the person entitled to an interest in respect of such a fractional share shall be entitled, as determined from time to time by the Board of Directors, to either (i) a scrip certificate for such fractional share with such terms and conditions as the Board of Directors shall prescribe or (ii) the cash equivalent of any such fractional share based upon the market value of shares of such class at the date on which rights in respect of any such fractional share shall accrue, as determined in good faith by the Board of Directors.

(6) Subject to the prior rights of the holders of the Preferred Stock contained in this Article FOURTH, when and as dividends are declared, whether payable in cash, in property or in shares of stock of the Company (except as hereinafter provided in this paragraph (6)), the holders of Class A Stock and the holders of Class B Stock shall be entitled to share equally, share for share, in such dividends. A dividend payable in shares of Class A Stock to the holders of Class A Stock and in shares of Class B Stock to the holders of Class B Stock shall be deemed to be shared equally among both classes. No dividends shall be declared or paid in shares of Class A Stock except to holders of Class A Stock, but dividends may be declared and paid, as determined by the Board of Directors, in shares of Class B Stock to all holders of Common Stock.

(7) In the event of any liquidation, dissolution or winding up of the Company, either voluntary or involuntary, after payment shall have been made to the holders of the Preferred Stock of the full amount to which they shall be entitled pursuant to paragraph (3) of Section A of this Article FOURTH, the holders of Common Stock shall be entitled, to the exclusion of the holders of the Preferred Stock of any and all series, to share, ratably according to the number of shares of Common Stock held by them, in all remaining assets of the Company available for distribution to its stockholders.

#### C. Issuance of Stock; Negation of Preemptive Rights

Without the affirmative vote or written consent of the holders of a majority of the outstanding shares of Class A Stock, the Company shall not issue or sell any shares of Class A Stock or any obligation or security that shall be convertible into, or exchangeable for, or entitle the holder thereof to subscribe for or purchase, any shares of Class A Stock. Except as expressly provided in this Section C or as the Board of Directors in its discretion may by resolution determine, no holder of stock of the Company of any class shall have any right to subscribe for or purchase any shares of stock of the Company of any class now or hereafter authorized or any obligations or securities which the Company may hereafter issue or sell that shall be convertible into, or exchangeable for, or entitle the holders thereof to subscribe for or purchase, any shares of any such class of stock of the Company.

#### D. Rights or Options

Subject to Section C of this Article FOURTH, the Company shall have the power to create and issue, whether or not in connection with the issue and sale of any shares of stock or other securities of the Company, rights or options entitling the holders thereof to purchase from the Company any shares of its capital stock of any class or classes at the time authorized, such rights or options to be evidenced by or in such instrument or instruments as shall be approved by the Board of Directors. The terms upon which, the time or times, which may be limited or unlimited in duration, at or within which, and the price or prices at which any such rights or options may be issued and any such shares may be purchased from the Company upon the exercise of any such right or option shall be such as shall be fixed and stated in a resolution or resolutions adopted by the Board of Directors providing for the creation and issue of such rights or options, and, in every case, set forth or incorporated by reference in the instrument or instruments evidencing such rights or options. In the absence of actual fraud in the transaction, the judgment of the Board of Directors as to the consideration for the issuance of such rights or options and the sufficiency thereof shall be conclusive.

#### E. Unclaimed Dividends

Any and all right, title, interest and claim in or to any dividends declared, or other distributions made, by the Company, whether in cash, stock or otherwise, which are unclaimed by the stockholder entitled

thereto for a period of three years after the close of business on the payment date, shall be and be deemed to be extinguished and abandoned; and such unclaimed dividends or other distributions in the possession of the Company, its transfer agents or other agents or depositories shall at such time become the absolute property of the Company, free and clear of any and all claims of any persons or other entities whatsoever.

FIFTH: The private property of the stockholders of the Company shall not be subject to the payment of corporate debts to any extent whatsoever.

SIXTH: Whenever a compromise or arrangement is proposed between this corporation and its creditors or any class of them and/or between this corporation and its stockholders or any class of them, any court of equitable jurisdiction within the State of Delaware may, on the application in a summary way of this corporation or of any creditor or stockholder of this corporation or on the application of any receiver or receivers appointed for this corporation under the provisions of Section 291 of Title 8 of the Delaware Code or on the application of trustees in dissolution or of any receiver or receivers appointed for this corporation under the provisions of Section 279 of Title 8 of the Delaware Code order a meeting of the creditors or class of creditors and/or of the stockholders or class of stockholders of this corporation, as the case may be, to be summoned in such manner as the said court directs. If a majority in number representing three-fourths in value of the creditors or class of creditors, and/or of the stockholders or class of stockholders of this corporation, as the case may be, agree to any compromise or arrangement and to any reorganization of this corporation as consequence of such compromise or arrangement, the said compromise or arrangement and the said reorganization shall, if sanctioned by the court to which the said application has been made, be binding on all the creditors or class of creditors, and/or on all the stockholders or class of stockholders, of this corporation, as the case may be, and also on this corporation.

SEVENTH: In furtherance and not in limitation of the powers conferred by the laws of the State of Delaware, the Board of Directors, subject to the provisions of this Certificate of Incorporation, is expressly authorized and empowered:

(a) To make, alter, amend or repeal the by-laws of the Company in any manner not inconsistent with the laws of the State of Delaware or this Certificate of Incorporation, subject to the power of the stockholders to amend, alter or repeal the by-laws made by the Board of Directors or to limit or restrict the power of the Board of Directors so to make, alter, amend or repeal the by-laws; provided, however, that so long as any Class A Stock shall remain outstanding the minimum number of directors shall be the lowest number required for the holders of Class A Stock to have the absolute power under all conditions and circumstances to elect a majority of the directors.

(b) Subject to the applicable provisions of the by-laws, to determine, from time to time, whether and to what extent and at what times and places and under what conditions and regulations the accounts and books and documents of the Company, or any of them, shall be open to the inspection of the stockholders, and no stockholder shall have any right to inspect any account or book or document of the Company, except as conferred by the laws of the State of Delaware, unless and until authorized so to do by resolution adopted by the Board of Directors or the stockholders of the Company entitled to vote in respect thereof.

(c) Without the assent or vote of the stockholders, to authorize and issue obligations of the Company, secured or unsecured, to include therein such provisions as to redeemability, convertibility or otherwise, as the Board of Directors in its sole discretion may determine, and to authorize the mortgaging or pledging, as security therefor, of any property of the Company, real or personal, including after-acquired property.

(d) To fix and determine, and to vary the amount of, the working capital of the Company; to determine whether any, and if any, what part of any, accumulated profits shall be declared in dividends and paid to the stockholders; to determine the time or times for the declaration and payment of dividends; to direct and to determine the use and disposition of any surplus or net profits over and

above the capital stock paid in; and in its discretion the Board of Directors may use or apply any such surplus or accumulated profits in the purchase or acquiring of bonds or other pecuniary obligations of the Company to such extent, in such manner and upon such terms as the Board of Directors may deem expedient.

(e) To sell, lease or otherwise dispose of, from time to time, any part or parts of the properties of the Company and to cease to conduct the business connected therewith or again to resume the same, as it may deem best.

In addition to the powers and authorities hereinbefore or by statute expressly conferred upon it, the Board of Directors may exercise all such powers and do all such acts and things as may be exercised or done by the Company, subject, nevertheless, to the provisions of the laws of the State of Delaware, of this Certificate of Incorporation and of the by-laws of the Company.

EIGHTH: No contract or transaction between the Company and one or more of its directors or officers, or between the Company and any other corporation, partnership, association or other organization in which one or more of its directors or officers are directors or officers or have a financial interest, shall be void or voidable solely for such reason, or solely because such director or officer is present at or participates in the meeting of the Board of Directors or committee thereof which authorizes such contract or transaction, or solely because such director is counted in determining the presence of a quorum at such meeting and votes upon the authorization of such contract or transaction, if (a) the material facts as to such director's or officer's relationship or interest and as to the contract or transaction are disclosed or are known to the Board of Directors or the committee, and the Board of Directors or the committee in good faith authorizes the contract or transaction by the affirmative vote of a majority of the disinterested members thereof, even though such disinterested members be less than a quorum, or (b) the material facts as to such director's or officer's relationship or interest and as to the contract or transaction are disclosed or are known to the stockholders entitled to vote thereon, and the contract or transaction is specifically approved in good faith by vote of such stockholders, or (c) the contract or transaction is fair as to the Company as of the time it is authorized, approved or ratified by the Board of Directors, a committee thereof, or the stockholders. Common or interested directors may be counted in determining the presence of a quorum at a meeting of the Board of Directors or of a committee which authorizes the contract or transaction.

NINTH: Limitation of Liability; Indemnification.

A. Limitation of Directors' Liability.

To the fullest extent that the General Corporation Law of the State of Delaware, as it exists on the date hereof or as it may hereafter be amended, permits the limitation or elimination of the liability of directors, no director of the Company shall be liable to the Company or its stockholders for monetary damages for breach of fiduciary duty as a director. No amendment to or repeal of this Section A of this Article shall apply to or have any effect on the liability or alleged liability of any director of the Company for or with respect to any acts or omissions of such director occurring prior to such amendment or repeal.

B. Indemnification.

1. Right to Indemnification. The Company shall to the fullest extent permitted by applicable law as then in effect indemnify any person (the "Indemnitee") who was or is involved in any manner (including, without limitation, as a party or witness) or is threatened to be made so involved in any threatened, pending or completed investigation, claim, action, suit or proceeding, whether civil, criminal, administrative or investigative (including, without limitation, any action, suit or proceeding by or in the right of the Company to procure a judgment in its favor) (a "Proceeding") by reason of the fact that he is or was a director, officer, employee or agent of the Company, or is or was serving at the request of the Company as a director, officer, employee or agent of another corporation, partnership, joint venture, trust or other enterprise (including, without limitation, any employee benefit plan) against all expenses (including attorneys' fees), judgments,

finances and amounts paid in settlement actually and reasonably incurred by him in connection with such Proceeding. Such indemnification shall be a contract right and shall include the right to receive payment in advance of any expenses incurred by the Indemnitee in connection with such Proceeding, consistent with the provisions of applicable law as then in effect.

2. Insurance, Contracts and Funding. The Company may purchase and maintain insurance to protect itself and any Indemnitee against any expenses, judgments, fines and amounts paid in settlement as specified in Section B-1 of this Article or incurred by any Indemnitee in connection with any Proceeding referred to in Section B-1 of this Article, to the fullest extent permitted by applicable law as then in effect. The Company may enter into contracts with any director, officer, employee or agent of the Company in furtherance of the provisions of this Article and may create a trust fund, grant a security interest or use other means (including, without limitation, a letter of credit) to ensure the payment of such amounts as may be necessary to effect indemnification as provided in this Article.

3. Indemnification Not Exclusive Right. The right of indemnification provided in this Article shall not be exclusive of any other rights to which those seeking indemnification may otherwise be entitled, and the provisions of this Article shall inure to the benefit of the heirs and legal representatives of any person entitled to indemnity under this Article and shall be applicable to proceedings commenced or continuing after the adoption of this Article, whether arising from acts or omissions occurring before or after such adoption.

4. Advancement of Expenses; Procedures; Presumptions and Effects of Certain Proceedings, Remedies. In furtherance but not in limitation of the foregoing provisions, the following procedures, presumptions and remedies shall apply with respect to advancement of expenses and the right to indemnification under this Article:

(a) Advancement of Expenses. All reasonable expenses incurred by or on behalf of an Indemnitee in connection with any Proceeding shall be advanced to the Indemnitee by the Company within 20 days after the receipt by the Company of a statement or statements from the Indemnitee requesting such advance or advances from time to time, whether prior to or after final disposition of such Proceeding. Such statement or statements shall reasonably evidence the expenses incurred by the Indemnitee and, if required by law at the time of such advance, shall include or be accompanied by an undertaking by or on behalf of the Indemnitee to repay the amounts advanced if it should ultimately be determined that the Indemnitee is not entitled to be indemnified against such expenses pursuant to this Article.

(b) Procedure for Determination of Entitlement to Indemnification. (i) To obtain indemnification under this Article, an Indemnitee shall submit to the Secretary of the Company a written request, including such documentation as is reasonably available to the Indemnitee and reasonably necessary to determine whether and to what extent the Indemnitee is entitled to indemnification (the "Supporting Documentation"). The determination of the Indemnitee's entitlement to indemnification shall be made not later than 60 days after receipt by the Company of the written request for indemnification together with the Supporting Documentation. The Secretary of the Company shall, promptly upon receipt of such a request for indemnification, advise the Board of Directors in writing that the Indemnitee has requested indemnification.

(ii) The Indemnitee's entitlement to indemnification under this Article shall be determined in one of the following ways: (A) by a majority vote of the Disinterested Directors (as hereinafter defined), if they constitute a quorum of the Board of Directors; (B) by a written opinion of Independent Counsel (as hereinafter defined) if a quorum of the Board of Directors consisting of Disinterested Directors is not obtainable or, even if obtainable, a majority of such Disinterested Directors so directs; (C) by the stockholders of the Company entitled to vote (but only if a majority of the Disinterested Directors, if they constitute a quorum of the Board of Directors, presents the issue of entitlement to indemnification to such stockholders for their determination); or (D) as provided in Section B-4(c) of this Article.

(iii) In the event the determination of entitlement to indemnification is to be made by Independent Counsel pursuant to Section B-4(b)(ii) of this Article, a majority of the Disinterested Directors shall select the Independent Counsel, but only an Independent Counsel to which the Indemnitee does not reasonably object.

(c) Presumptions and Effect of Certain Proceedings. Except as otherwise expressly provided in this Article, the Indemnitee shall be presumed to be entitled to indemnification under this Article upon submission of a request for indemnification together with the Supporting Documentation in accordance with Section B-4(b)(i), and thereafter the Company shall have the burden of proof to overcome that presumption in reaching a contrary determination. In any event, if the person or persons empowered under Section B-4(b) of this Article to determine entitlement to indemnification shall not have been appointed or shall not have made a determination within 60 days after the receipt by the Company of the request therefor together with the Supporting Documentation, the Indemnitee shall be entitled to indemnification unless (A) the Indemnitee misrepresented or failed to disclose a material fact in making the request for indemnification or in the Supporting Documentation or (B) such indemnification is prohibited by law. The termination of any Proceeding described in Section B-1, or of any claim, issue or matter therein, by judgment, order, settlement or conviction, or upon a plea of nolo contendere or its equivalent, shall not, of itself, adversely affect the right of the Indemnitee to indemnification or create a presumption that the Indemnitee did not act in good faith and in a manner which he reasonably believed to be in or not opposed to the best interests of the Company or, with respect to any criminal Proceeding, that the Indemnitee had reasonable cause to believe that his conduct was unlawful.

(d) Remedies of Indemnitee. (i) In the event that a determination is made pursuant to Section B-4(b) of this Article that the Indemnitee is not entitled to indemnification under this Article, (A) the Indemnitee shall be entitled to seek an adjudication of his entitlement to such indemnification either, at the Indemnitee's sole option, in (x) an appropriate court of the State of Delaware or any other court of competent jurisdiction or (y) an arbitration to be conducted by a single arbitrator pursuant to the rules of the American Arbitration Association; (B) any such judicial proceeding or arbitration shall be de novo and the Indemnitee shall not be prejudiced by reason of such adverse determination; and (C) in any such judicial proceeding or arbitration the Company shall have the burden of proving that the Indemnitee is not entitled to indemnification under this Article.

(ii) If a determination shall have been made or deemed to have been made, pursuant to Section B-4(b) or (c), that the Indemnitee is entitled to indemnification, the Company shall be obligated to pay the amounts constituting such indemnification within five days after such determination has been made or deemed to have been made and shall be conclusively bound by such determination unless (A) the Indemnitee misrepresented or failed to disclose a material fact in making the request for indemnification or in the Supporting Documentation or (B) such indemnification is prohibited by law. In the event that (C) advancement of expenses is not timely made pursuant to Section B-4(a) or (D) payment of indemnification is not made within five days after a determination of entitlement to indemnification has been made or deemed to have been made pursuant to Section B-4(b) or (c), the Indemnitee shall be entitled to seek judicial enforcement of the Company's obligation to pay to the Indemnitee such advancement of expenses or indemnification. Notwithstanding the foregoing, the Company may bring an action, in an appropriate court of the State of Delaware or any other court of competent jurisdiction, contesting the right of the Indemnitee to receive indemnification hereunder due to the occurrence of an event described in subclause (A) or (B) of this clause (ii) (a "Disqualifying Event"); provided, however, that in any such action the Company shall have the burden of proving the occurrence of such Disqualifying Event.

(iii) The Company shall be precluded from asserting in any judicial proceeding or arbitration commenced pursuant to this Section B-4(d) that the procedures and presumptions of this Article are not valid, binding and enforceable and shall stipulate in any such court or before any such arbitrator that the Company is bound by all the provisions of this Article.

(iv) In the event that the Indemnitee, pursuant to this Section B-4(d), seeks a judicial adjudication of or an award in arbitration to enforce his rights under, or to recover damages for breach of, this Article, the Indemnitee shall be entitled to recover from the Company, and shall be indemnified by the Company against, any expenses actually and reasonably incurred by him if the Indemnitee prevails in such judicial adjudication. If it shall be determined in such judicial adjudication or arbitration that the Indemnitee is entitled to receive part but not all of the indemnification or advancement of expenses sought, the expenses incurred by the Indemnitee in connection with such judicial adjudication or arbitration shall be prorated accordingly.

(e) Definitions. For purposes of this Section B-4:

(i) "Disinterested Director" means a director of the Company who is not or was not a party to the Proceeding in respect of which indemnification is sought by the Indemnitee.

(ii) "Independent Counsel" means a law firm or a member of a law firm that neither presently is, nor in the past five years has been, retained to represent (A) the Company or the Indemnitee in any matter material to either such party or (B) any other party to the Proceeding giving rise to a claim for indemnification under this Article. Notwithstanding the foregoing, the term "Independent Counsel" shall not include any person who, under the applicable standards of professional conduct then prevailing under the law of the State of Delaware, would have a conflict of interest in representing either the Company or the Indemnitee in an action to determine the Indemnitee's rights under this Article.

5. Severability. If any provision or provisions of this Article shall be held to be invalid, illegal or unenforceable for any reason whatsoever: (a) the validity, legality and enforceability of the remaining provisions of this Article (including, without limitation, all portions of any paragraph of this Article containing any such provision held to be invalid, illegal or unenforceable that are not themselves invalid, illegal or unenforceable) shall not in any way be affected or impaired thereby; and (b) to the fullest extent possible, the provisions of this Article (including, without limitation, all portions of any paragraph of this Article containing any such provision held to be invalid, illegal or unenforceable that are not themselves invalid, illegal or unenforceable) shall be construed so as to give effect to the intent manifested by the provision held invalid, illegal or unenforceable.

TENTH: To the extent deemed necessary or appropriate by the Board of Directors to enable the Company to engage in any business or activity directly or indirectly conducted by it in compliance with the laws of the United States of America as now in effect or as they may hereafter from time to time be amended, the Company may adopt such by-laws as may be necessary or advisable to comply with the provisions and avoid the prohibitions of any such law. Without limiting the generality of the foregoing, such by-laws may restrict or prohibit the transfer of shares of capital stock of the Company to, and the voting of such stock by, aliens or their representatives, or corporations organized under the laws of any foreign country or their representatives, or corporations directly or indirectly controlled by aliens or by any such corporation or representative.

ELEVENTH: The Company reserves the right at any time and from time to time to amend, alter, change or repeal any provision contained in this Certificate of Incorporation in the manner now or hereafter prescribed by law, and all rights, preferences and privileges of whatsoever nature conferred upon stockholders, directors or any other persons whomsoever by and pursuant to this Certificate of Incorporation in its present form or as hereinafter amended are granted subject to the right reserved in this Article ELEVENTH.

CERTIFICATE OF DESIGNATION  
of  
SERIES A PREFERRED STOCK  
of  
THE WASHINGTON POST COMPANY

Pursuant to Section 151(g) of the General Corporation Law of the State of Delaware, The Washington Post Company (the "Company"), a corporation organized and existing under the General Corporation Law of the State of Delaware, in accordance with the provisions of Section 103 thereof, DOES HEREBY CERTIFY:

That, pursuant to the authority conferred upon the Board of Directors of the Company by Article Fourth of the Certificate of Incorporation of the Company, the Board of Directors of the Company on May 11, 1995, adopted the following resolution creating a series of Preferred Stock of the Company designated as Series A Preferred Stock:

RESOLVED, that, pursuant to the authority vested in the Board of Directors of the Company in accordance with the provisions of Article Fourth of the Certificate of Incorporation of the Company, a series of Preferred Stock of the Company is hereby created and that the designation and number of shares thereof and the voting powers, preferences and relative, participating, optional and other special rights of the shares of such series, and the qualifications, limitations or restrictions thereof are as follows:

SECTION 1. Designation and Number of Shares. The shares of such series shall be designated as "Series A Preferred Stock", par value \$1.00 per share. The number of shares initially constituting the Series A Preferred Stock shall be 23,000. The number of authorized shares of Preferred Stock of the Company and of Series A Preferred Stock may be increased or decreased (but not below the number of shares thereof then outstanding) pursuant to the Certificate of Incorporation of the Company and the General Corporation Law of the State of Delaware without the affirmative vote of the holders of the outstanding shares of Series A Preferred Stock.

SECTION 2. Dividends. Subject to the prior and superior rights of the holders of shares of any series of Preferred Stock of the Company or other class of stock of

the Company hereafter authorized which shall rank prior and superior to the shares of Series A Preferred Stock with respect to dividends, the holders of shares of the Series A Preferred Stock shall be entitled to receive, when, as and if declared by the Board of Directors, out of the assets of the Company legally available therefor, quarterly dividends payable in cash on February 15, May 15, August 15 and November 15 of each year, or such other dates as the Board of Directors shall approve, in the amount of \$20.00 per share (or a pro rata reduced amount if such shares have not been issued and outstanding for an entire quarter). Each such dividend shall be paid to the holders of record of shares of Series A Preferred Stock as they appear on the stock register of the Company on such record date, not exceeding 60 days preceding the payment date thereof, as shall be fixed by the Board of Directors. Dividends on account of arrears for any past dividend periods may be declared and paid at any time, without reference to any regular dividend payment date, to holders of record on such date, not exceeding 60 days preceding the payment date thereof, as may be fixed by the Board of Directors of the Company. Holders of Series A Preferred Stock shall not be entitled to any dividend, whether payable in cash, property or stock, in excess of full cumulative dividends as provided herein. No interest, or sum of money in lieu of interest, shall be payable in respect of any dividend payment or payments on the Series A Preferred Stock which may be in arrears.

SECTION 3. Voting Rights. The holders of shares of Series A Preferred Stock shall not have any voting rights, either general or special, except as provided in Section 10 hereof and as may otherwise be required by law.

SECTION 4. Certain Restrictions. (a) Whenever quarterly dividends payable on shares of Series A Preferred Stock as provided in Section 2 are payable but in arrears for any prior quarter, thereafter and until all accrued and unpaid dividends, whether or not declared, on shares of Series A Preferred Stock outstanding shall have been paid in full, the Company shall not, unless full dividends (including any dividends in arrears) are contemporaneously declared and paid on shares of Series A Preferred Stock

(i) declare or pay dividends on, make any other distributions on, or redeem or purchase or otherwise acquire for consideration any shares of stock ranking junior (either as to dividends or upon liquidation, dissolution or winding up) to the Series A Preferred Stock; provided, that the Company may at any time redeem, purchase or otherwise acquire shares of any such junior stock in exchange for, or out of the net

cash proceeds from the sale of, other shares of any such junior stock;

(ii) declare or pay dividends on or make any other distributions on any shares of stock ranking on a parity (either as to dividends or upon liquidation, dissolution or winding up) with the Series A Preferred Stock, except dividends paid ratably on the Series A Preferred Stock and all such parity stock on which dividends are payable or in arrears in proportion to the total amounts to which the holders of all such shares are then entitled; or

(iii) redeem or purchase or otherwise acquire for consideration shares of any stock ranking on a parity (either as to dividends or upon liquidation, dissolution or winding up) with the Series A Preferred Stock; provided that the Company may at any time redeem, purchase or otherwise acquire shares of any such parity stock in exchange for shares of any stock of the Company ranking junior (either as to dividends or upon dissolution, liquidation or winding up) to the Series A Preferred Stock;

provided that the Company may at any time declare dividends or distributions paid in shares of, or options, warrants or rights to subscribe for or purchase shares of, Common Stock or any other stock of the Company ranking junior to the Series A Preferred Stock as to dividends and upon liquidation, dissolution or winding up.

(b) The Company shall not permit any subsidiary of the Company to purchase or otherwise acquire for consideration any shares of stock of the Company unless the Company could, under paragraph (a) of this Section 4, purchase or otherwise acquire such shares at such time and in such manner.

SECTION 5. Liquidation, Dissolution or Winding Up. (a)

Subject to the prior and superior rights of the holders of shares of any series of Preferred Stock or other class of stock of the Company hereafter authorized which shall rank prior and superior to the shares of Series A Preferred Stock upon liquidation, dissolution or winding up, the holders of the shares of Series A Preferred Stock shall be entitled to receive and to be paid out of the assets of the Company available for distribution to its stockholders, the amount of \$1,000.00 per share, plus an amount equal to the sum of all accrued and unpaid dividends (whether or not earned or declared) for the then-current dividend period and all dividend periods prior thereto, upon the liquidation, dissolution or winding up of the Company, whether voluntary or involuntary.

(b) Neither the sale of all or substantially all of the property and assets of the Company, nor the merger or consolidation of the Company into or with any other corporation nor the merger or consolidation of any other corporation into or with the Company shall be deemed to be a dissolution, liquidation or winding up, voluntary or involuntary, for the purposes of this Section 5.

(c) After the payment to the holders of the shares of Series A Preferred Stock of the full preferential amounts provided for in this Section 5, the holders of the Series A Preferred Stock, as such, shall have no right or claim to any of the remaining assets of the Company.

(d) In the event the assets of the Company available for distribution to the holders of shares of Series A Preferred Stock, upon any dissolution, liquidation or winding up of the Company, whether voluntary or involuntary, shall be insufficient to pay in full all amounts to which such holders are entitled pursuant to paragraph (a) of this Section 5, no such distribution shall be made on account of any shares of any other series of Preferred Stock or other class of stock of the Company ranking as to any such distribution on a parity with the shares of Series A Preferred Stock upon such dissolution, liquidation or winding up unless proportionate distributive amounts shall be paid on account of the shares of Series A Preferred Stock, ratably, in proportion to the full distributive amounts for which holders of all such parity shares are respectively entitled upon such dissolution, liquidation or winding up.

(e) Subject to the rights of the holders of the shares of any series or class of stock ranking on a parity with or prior to the shares of Series A Preferred Stock upon liquidation, dissolution or winding up, upon any liquidation, dissolution or winding up of the Company, after payment shall have been made in full to the holders of the shares of Series A Preferred Stock as provided in this Section 5, but not prior thereto, any other series or class of stock ranking junior to the shares of Series A Preferred Stock upon liquidation, dissolution or winding up shall, subject to the respective terms and provisions (if any) applying thereto, be entitled to receive any and all assets remaining to be paid or distributed, and the holders of the shares of Series A Preferred Stock shall not be entitled to share therein.

SECTION 6. Redemption. The shares of the Series A Preferred Stock shall not be redeemable prior to October 1, 2015. On and after October 1, 2015, the Company, at its option, may redeem shares of the Series A Preferred Stock,

as a whole or in part, at any time or from time to time, at a redemption price per share of \$1,000.00 plus, in each case, accrued and unpaid dividends thereon to the date fixed for redemption. The procedure for such redemption shall be in accordance with the provisions of Article Fourth of the Certificate of Incorporation of the Company. No interest, or sum of money in lieu of interest, shall be payable in respect of the amounts otherwise payable upon the redemption of any shares of Series A Preferred Stock not timely redeemed by the holder thereof.

SECTION 7. No Conversion Rights. The holders of shares of the Series A Preferred Stock shall not have any rights to convert such shares into or exchange such shares for shares of any other class or of any other series of any class of stock of the Company.

SECTION 8. Ranking; Right to Authorize Senior Series or Classes of Stock. The Company shall have the right at any time and from time to time to authorize and issue any series of Preferred Stock and other classes of stock which shall rank prior and superior to the Series A Preferred Stock as to dividends or as to the distribution of assets upon liquidation, dissolution or winding up of the Company, or both. In the absence of a provision expressly providing for such priority in the Certificate of Incorporation, as amended, or the Certificate of Designation providing for such series or classes, as applicable, all other series of Preferred Stock of the Company hereafter issued and all series of all other classes of capital stock of the Company hereafter authorized and issued which have a preference as to dividends or as to the distribution of assets upon liquidation, dissolution or winding up of the Company shall rank pari passu with the Series A Preferred Stock as to dividends and as to the distribution of assets upon liquidation, dissolution or winding up of the Company.

SECTION 9. Reacquired Shares. Any shares of Series A Preferred Stock purchased, redeemed or otherwise acquired by the Company in any manner whatsoever shall be retired and canceled promptly after the acquisition thereof. All such shares shall upon their cancellation become authorized but unissued shares of Preferred Stock, without designation as to series, until such shares are once more designated as part of a particular series by the Board pursuant to the provisions of Article Fourth of the Certificate of Incorporation.

SECTION 10. Amendment. None of the powers, preferences and relative, participating, optional and other special rights of the Series A Preferred Stock as provided herein shall be amended in any manner which would alter or change the powers, preferences, rights or privileges of the

holders of Series A Preferred Stock so as to affect them adversely without the affirmative vote of the holders of a majority of the outstanding shares of Series A Preferred Stock, voting as a separate class.

IN WITNESS WHEREOF, the Company has caused this Certificate to be duly executed in its corporate name on this 22nd day of January 1996.

THE WASHINGTON POST COMPANY,

by

/s/ John B. Morse, Jr.  
-----  
Name: John B. Morse, Jr.  
Title: Vice President

[Seal]

Attest:

/s/ Diana M. Daniels  
-----  
Name: Diana M. Daniels  
Title: Secretary

U.S. \$300,000,000

CREDIT AGREEMENT

Dated as of January 31, 1996

Among

THE WASHINGTON POST COMPANY

as Borrower

and

THE INITIAL LENDERS NAMED HEREIN

as Initial Lenders

and

CITIBANK, N.A.

as Administrative Agent

and

WACHOVIA BANK OF GEORGIA, N.A.

as Managing Agent

## TABLE OF CONTENTS

Page

## ARTICLE I

## DEFINITIONS AND ACCOUNTING TERMS

SECTION 1.01.	Certain Defined Terms . . . . .	1
SECTION 1.02.	Computation of Time Periods . . . . .	16
SECTION 1.03.	Accounting Terms . . . . .	16

## ARTICLE II

## AMOUNTS AND TERMS OF THE ADVANCES

SECTION 2.01.	The Advances . . . . .	16
SECTION 2.02.	Making the Revolving Credit Advances and Swing Line Advances . . . . .	17
SECTION 2.03.	The Competitive Bid Advances . . . . .	20
SECTION 2.04.	Fees . . . . .	24
SECTION 2.05.	Termination, Reduction or Increase of the Commitments . . . . .	24
SECTION 2.06.	Repayment . . . . .	27
SECTION 2.07.	Interest on Revolving Credit Advances and Swing Line Advances . . . . .	27
SECTION 2.08.	Interest Rate Determination . . . . .	28
SECTION 2.09.	Optional Conversion of Revolving Credit Advances . . . . .	29
SECTION 2.10.	Optional Prepayments of Revolving Credit Advances and Swing Line Advances . . . . .	29
SECTION 2.11.	Increased Costs . . . . .	30
SECTION 2.12.	Illegality . . . . .	31
SECTION 2.13.	Payments and Computations . . . . .	32
SECTION 2.14.	Taxes . . . . .	33
SECTION 2.15.	Sharing of Payments, Etc. . . . .	35
SECTION 2.16.	Use of Proceeds . . . . .	36

## ARTICLE III

## CONDITIONS TO EFFECTIVENESS AND LENDING

SECTION 3.01.	Conditions Precedent to Effectiveness of Sections 2.01 and 2.03 . . . . .	36
SECTION 3.02.	Conditions Precedent to Each Revolving Credit Borrowing and Each Swing Line Borrowing . . . . .	37
SECTION 3.03.	Conditions Precedent to Each Competitive Bid Borrowing . . . . .	37
SECTION 3.04.	Determinations Under Section 3.01 . . . . .	38

ARTICLE IV

REPRESENTATIONS AND WARRANTIES

SECTION 4.01. Representations and Warranties of the Borrower . . . . . 38

ARTICLE V

COVENANTS OF THE BORROWER

SECTION 5.01. Affirmative Covenants . . . . . 40
SECTION 5.02. Negative Covenants . . . . . 42
SECTION 5.03. Financial Covenant . . . . . 44

ARTICLE VI

EVENTS OF DEFAULT

SECTION 6.01. Events of Default . . . . . 44

ARTICLE VII

THE AGENT

SECTION 7.01. Authorization and Action . . . . . 46
SECTION 7.02. Agent's Reliance, Etc. . . . . 47
SECTION 7.03. Citibank and Affiliates . . . . . 47
SECTION 7.04. Lender Credit Decision . . . . . 47
SECTION 7.05. Indemnification . . . . . 48
SECTION 7.06. Successor Agent . . . . . 48
SECTION 7.07. Co-Agent . . . . . 48

ARTICLE VIII

MISCELLANEOUS

SECTION 8.01. Amendments, Etc. . . . . 49
SECTION 8.02. Notices, Etc. . . . . 49
SECTION 8.03. No Waiver; Remedies . . . . . 50

	PAGE
SECTION 8.04. Costs and Expenses . . . . .	50
SECTION 8.05. Right of Set-off . . . . .	51
SECTION 8.06. Binding Effect . . . . .	51
SECTION 8.07. Assignments and Participations . . . . .	51
SECTION 8.08. Confidentiality . . . . .	55
SECTION 8.09. Governing Law . . . . .	55
SECTION 8.10. Execution in Counterparts . . . . .	55
SECTION 8.11. Jurisdiction, Etc. . . . .	55
SECTION 8.12. Waiver of Jury Trial . . . . .	56

## Schedules

Schedule I - List of Applicable Lending Offices

Schedule 5.02(a) - Existing Liens

## Exhibits

Exhibit A-1 - Form of Revolving Credit Note

Exhibit A-2 - Form of Competitive Bid Note

Exhibit B-1 - Form of Notice of Revolving Credit Borrowing

Exhibit B-2 - Form of Notice of Competitive Bid Borrowing

Exhibit C - Form of Assignment and Acceptance

Exhibit D - Form of Assumption Agreement

Exhibit E - Form of Opinion of Counsel for the Borrower

## CERDIT AGREEMENT

Dated as of January 31, 1996

The Washington Post Company, a Delaware corporation (the "Borrower"), the banks, financial institutions and other institutional lenders (the "Initial Lenders") listed on the signature pages hereof, Citibank, N.A. ("Citibank"), as administrative agent (the "Agent") for the Lenders (as hereinafter defined), and Wachovia Bank of Georgia, N.A. ("Wachovia"), as managing agent (the "Co-Agent") for the Lenders, agree as follows:

## ARTICLE I

## DEFINITIONS AND ACCOUNTING TERMS

SECTION 1.01. Certain Defined Terms. As used in this Agreement, the following terms shall have the following meanings (such meanings to be equally applicable to both the singular and plural forms of the terms defined):

"Advance" means a Revolving Credit Advance, a Swing Line Advance or a Competitive Bid Advance.

"Affiliate" means, as to any Person, any other Person that, directly or indirectly, controls, is controlled by or is under common control with such Person or is a director or executive officer of such Person. For purposes of this definition, the term "control" (including the terms "controlling", "controlled by" and "under common control with") of a Person means the possession, direct or indirect, of the power to vote 10% or more of the Voting Stock of such Person or to direct or cause the direction of the management and policies of such Person, whether through the ownership of Voting Stock, by contract or otherwise.

"Agent's Account" means the account of the Agent maintained by the Agent at Citibank with its office at 399 Park Avenue, New York, New York 10043, Account No. 3685-2248, Attention: Bruce MacKenzie.

"Applicable Lending Office" means, with respect to each Lender, such Lender's Domestic Lending Office in the case of a Base Rate Advance and such Lender's Eurodollar Lending Office in the case of a Eurodollar Rate Advance and, in the case of a Competitive Bid Advance, the office of such Lender notified by such Lender to the Agent as its Applicable Lending Office with respect to such Competitive Bid Advance.

"Applicable Margin" means, as of any date, a percentage per annum determined by reference to the Performance Level in effect on such date as set forth below:

Performance Level	Applicable Margin for Base Rate Advances	Applicable Margin for Eurodollar Rate Advances
I	0%	0.115%
II	0%	0.130%
III	0%	0.160%
IV	0%	0.250%
V	0%	0.300%

"Applicable Percentage" means, as of any date, a percentage per annum determined by reference to the Performance Level in effect on such date as set forth below:

Performance Level	Applicable Percentage
I	0.060%
II	0.070%
III	0.090%
IV	0.125%
V	0.175%

"Assignment and Acceptance" means an assignment and acceptance entered into by a Lender and an Eligible Assignee, accepted and approved by the Agent and approved by the Borrower, in substantially the form of Exhibit C hereto.

"Assuming Lender" means an Eligible Assignee not previously a Lender that becomes a Lender hereunder pursuant to Section 2.05(b).

"Assumption Agreement" means an agreement in substantially the form of Exhibit D hereto by which an Eligible Assignee agrees to become a Lender hereunder pursuant to Section 2.05(b), in each case agreeing to be bound by all obligations of a Lender hereunder.

"Base Rate" means a fluctuating interest rate per annum in effect from time to time, which rate per annum shall at all times be equal to the higher of:

(a) the rate of interest announced publicly by Citibank in New York, New York, from time to time, as Citibank's base rate; and

(b) 1/2 of one percent per annum above the Federal Funds Rate.

"Base Rate Advance" means a Revolving Credit Advance that bears interest as provided in Section 2.07(a)(i).

"Borrowing" means a Revolving Credit Borrowing, a Swing Line Borrowing or a Competitive Bid Borrowing.

"Business Day" means a day of the year on which banks are not required or authorized by law to close in New York City and, if the applicable Business Day relates to any Eurodollar Rate Advances, on which dealings are carried on in the London interbank market.

"Commercial Paper Rating" means, as of any date, the lowest rating that has been most recently announced by either S&P or Moody's, as the case may be, for short term public unsecured senior debt issued by the Borrower. For purposes of the foregoing, (a) if any rating established by S&P or Moody's shall be changed, such change shall be effective as of the date on which such change is first announced publicly by the rating agency making such change; and (b) if S&P or Moody's shall change the basis on which ratings are established, each reference to the Commercial Paper Rating announced by S&P or Moody's, as the case may be, shall refer to the then equivalent rating by S&P or Moody's, as the case may be.

"Commitment" means, with respect to any Lender at any time (i) the amount set forth opposite such Lender's name on the signature pages hereof, (ii) if such Lender has become a Lender hereunder pursuant to an Assumption Agreement, the amount set forth as its Commitment in such Assumption Agreement or (iii) if such Lender has entered into one or more Assignments and Acceptances, set forth for such Lender in the Register maintained by the Agent pursuant to Section 8.07(d), as such amount may be increased, terminated or reduced, as the case may be, at or prior to such time pursuant to Section 2.05.

"Commitment Date" has the meaning specified in Section 2.05(b)(i).

"Commitment Increase" has the meaning specified in Section 2.05(b)(i).

"Competitive Bid Advance" means an advance by a Lender to the Borrower as part of a Competitive Bid Borrowing resulting from the competitive bidding procedure described in Section 2.03 and refers to a Fixed Rate Advance or a LIBO Rate Advance.

"Competitive Bid Borrowing" means a borrowing consisting of simultaneous Competitive Bid Advances from each of the Lenders whose offer to make one or more Competitive Bid Advances as part of such borrowing has been accepted under the competitive bidding procedure described in Section 2.03.

"Competitive Bid Note" means a promissory note of the Borrower (bearing an original or facsimile signature) payable to the order of any Lender, in substantially the form of Exhibit A-2 hereto, evidencing the indebtedness of the Borrower to such Lender resulting from a Competitive Bid Advance made by such Lender.

"Confidential Information" means information that the Borrower furnishes to the Agent, Co-Agent or any Lender in a writing designated as confidential, but does not include any such information that is or becomes generally available to the public or that is or becomes available to the Agent or such Lender from a source other than the Borrower that is not, to the best of the Agent's, the Co-Agent's or such Lender's knowledge, acting in violation of a confidentiality agreement with or for the benefit of the Borrower.

"Consolidated" refers to the consolidation of accounts in accordance with GAAP.

"Continuing Directors" means individuals who at the date hereof are directors of the Borrower and any other director (i) whose election or nomination was approved by a majority of the then Continuing Directors or (b) who was nominated by management at a time when Continuing Directors constituted a majority of the board of directors of the Borrower.

"Convert", "Conversion" and "Converted" each refers to a conversion of Revolving Credit Advances of one Type into Revolving Credit Advances of the other Type pursuant to Section 2.08 or 2.09.

"Debt" of any Person means, without duplication, (a) all indebtedness of such Person for borrowed money, (b) all obligations of such Person for the deferred purchase price of property or services (other than trade payables not overdue by more than 120 days incurred in the ordinary course of such Person's business), (c) all obligations of such Person evidenced by notes, bonds, debentures or other similar instruments, (d) all obligations of such Person created or arising under any conditional sale or other title retention agreement with respect to property acquired by such Person (even though the rights and remedies of the seller or lender under such agreement in the event of default are limited to repossession or sale of such property), (e) all obligations of such Person as lessee under leases that have been or should be, in accordance with GAAP, recorded as capital leases, (f) all obligations, contingent or otherwise, of such Person in respect of acceptances, letters of credit or similar extensions of credit, (g) all Debt of others referred to in clauses (a) through (f) above or clause (h) below guaranteed directly or indirectly in any manner by such Person, or in effect guaranteed directly or indirectly by such Person through an agreement (1) to pay or purchase such Debt or to advance or supply funds for the payment or purchase of such Debt, (2) to purchase, sell or lease (as lessee or lessor) property, or to purchase or sell services, primarily for the purpose of enabling the debtor to make payment of such Debt or to assure the holder of such Debt against loss, (3) to supply funds to or in any other manner invest in the debtor (including any agreement to pay for property or services irrespective of whether such property is received or such services are rendered) or (4) otherwise to assure a creditor against loss, and (h) all Debt referred to in clauses (a) through (g) above secured by (or for which the holder of such Debt has an existing right, contingent or otherwise, to be secured by) any Lien on property (including, without limitation, accounts and contract rights) owned by such Person, even though such Person has not assumed or become liable for the payment of such Debt.

"Default" means any Event of Default or any event that would constitute an Event of Default but for the requirement that notice be given or time elapse or both.

"Domestic Lending Office" means, with respect to any Initial Lender, the office of such Lender specified as its "Domestic Lending Office" opposite its name on Schedule I hereto and, with respect to any other Lender, the office of such Lender specified as its "Domestic Lending Office" in the Assumption Agreement or in the Assignment and Acceptance pursuant to which it became a Lender, or such other office of such Lender as such Lender may from time to time specify to the Borrower and the Agent.

"Downgrade" means, with respect to any Lender, the lowest rating that has been most recently announced for any class of non-credit enhanced long-term senior unsecured debt issued by such Lender is lower than BBB- by S&P or Baa3 by Moody's.

"Effective Date" has the meaning specified in Section 3.01.

"Eligible Assignee" means (i) a Lender; (ii) an Affiliate of a Lender; (iii) a commercial bank organized under the laws of the United States, or any State thereof, and having total assets in excess of \$5,000,000,000; (iv) a savings and loan association or savings bank organized under the laws of the United States, or any State thereof, and having total assets in excess of \$5,000,000,000; (v) a commercial bank organized under the laws of any other country that is a member of the Organization for Economic Cooperation and Development or has concluded special lending arrangements with the International Monetary Fund associated with its General Arrangements to Borrow or of the Cayman Islands, or a political subdivision of any such country, and having total assets in excess of \$5,000,000,000 so long as such bank is acting through a branch or agency located in the United States or in the country in which it is organized or another country that is described in this clause (v); (vi) the central bank of any country that is a member of the Organization for Economic Cooperation and Development; and (vii) any other Person approved by the Agent and the Borrower, such approval not to be unreasonably withheld or delayed; provided, however, that neither the Borrower nor an Affiliate of the Borrower shall qualify as an Eligible Assignee.

"Environmental Action" means any action, suit, demand, demand letter, claim, notice of non-compliance or violation, notice of liability or potential liability, consent order or consent agreement relating in any way to any Environmental Law, Environmental Permit or Hazardous Materials or arising from alleged injury or threat of injury to health, safety or the environment, including, without limitation, (a) by any governmental or regulatory authority for enforcement, cleanup, removal, response, remedial or other actions or damages and (b) by any governmental or regulatory authority or any third party for damages, contribution, indemnification, cost recovery, compensation or injunctive relief.

"Environmental Law" means any federal, state, local or foreign statute, law, ordinance, rule, regulation, code, order, judgment or decree relating to pollution or protection of the environment, health, safety or natural resources, including, without limitation, those relating to the use, handling, transportation, treatment, storage, disposal, release or discharge of Hazardous Materials.

"Environmental Permit" means any permit, approval, identification number, license or other authorization required under any Environmental Law.

"ERISA" means the Employee Retirement Income Security Act of 1974, as amended from time to time, and the regulations promulgated and rulings issued thereunder.

"ERISA Affiliate" means any Person that for purposes of Title IV of ERISA is a member of the Borrower's controlled group, or under common control with the Borrower, within the meaning of Section 414(b) or (c) of the Internal Revenue Code or, solely for purposes of Sections 302 and 303 of ERISA and Section 412 of the Internal Revenue Code, is treated as a single employer under Section 414(b), (c), (m) and (o) of the Internal Revenue Code.

"ERISA Event" means (a) (i) the occurrence of a reportable event, within the meaning of Section 4043 of ERISA, with respect to any Plan unless the 30-day notice requirement with respect to such event has been waived by the PBGC, or (ii) the requirements of subsection (1) of Section 4043(b) of ERISA (without regard to subsection (2) of such Section) are met with a contributing sponsor, as defined in Section 4001(a)(13) of ERISA, of a Plan, and an event described in paragraph (9), (10), (11), (12) or (13) of Section 4043(c) of ERISA is reasonably expected to occur with respect to such Plan within the following 30 days; (b) the application for a minimum funding waiver with respect to a Plan; (c) the provision by the administrator of any Plan of a notice of intent to terminate such Plan pursuant to Section 4041(a)(2) of ERISA (including any such notice with respect to a plan amendment referred to in Section 4041(e) of ERISA); (d) the cessation of operations at a facility of the Borrower or any ERISA Affiliate in the circumstances described in Section 4062(e) of ERISA; (e) the withdrawal by the Borrower or any ERISA Affiliate from a Multiple Employer Plan during a plan year for which it was a substantial employer, as defined in Section 4001(a)(2) of ERISA; (f) the conditions for the imposition of a lien under Section 302(f) of ERISA shall have been met with respect to any Plan; (g) the adoption of an amendment to a Plan requiring the provision of security to such Plan pursuant to Section 307 of ERISA; or (h) the institution by the PBGC of proceedings to terminate a Plan pursuant to Section 4042 of ERISA, or the occurrence of any event or condition described in Section 4042 of ERISA that constitutes grounds for the termination of, or the appointment of a trustee to administer, a Plan.

"Eurocurrency Liabilities" has the meaning assigned to that term in Regulation D of the Board of Governors of the Federal Reserve System, as in effect from time to time.

"Eurocurrency Reserve Requirements" means the aggregate of the maximum reserve percentages (including any marginal, special, emergency or supplemental reserves) expressed as a decimal established by the Board of Governors of the Federal Reserve System and any other banking authority to which any Lender is subject and applicable to Eurocurrency Liabilities, or any similar category of assets or liabilities

relating to eurocurrency fundings. Eurocurrency Reserve Requirements shall be adjusted automatically on and as of the effective date of any change in any reserve percentage.

"Eurodollar Lending Office" means, with respect to any Initial Lender, the office of such Lender specified as its "Eurodollar Lending Office" opposite its name on Schedule I hereto and, with respect to any other Lender, the office of such Lender specified as its "Eurodollar Lending Office" in the Assumption Agreement or in the Assignment and Acceptance pursuant to which it became a Lender (or, if no such office is specified, its Domestic Lending Office), or such other office of such Lender as such Lender may from time to time specify to the Borrower and the Agent.

"Eurodollar Rate" means, for any Interest Period for each Eurodollar Rate Advance comprising part of the same Revolving Credit Borrowing, an interest rate per annum equal to the average (rounded upward to the nearest whole multiple of 1/16 of 1% per annum, if such average is not such a multiple) of the rate per annum at which deposits in U.S. dollars are offered to the principal office of each of the Reference Banks in London, England by prime banks in the London interbank market at 11:00 A.M. (London time) two Business Days before the first day of such Interest Period in an amount substantially equal to such Reference Bank's Eurodollar Rate Advance comprising part of such Revolving Credit Borrowing to be outstanding during such Interest Period and for a period equal to such Interest Period. The Eurodollar Rate for any Interest Period for each Eurodollar Rate Advance comprising part of the same Revolving Credit Borrowing shall be determined by the Agent on the basis of applicable rates furnished to and received by the Agent from the Reference Banks two Business Days before the first day of such Interest Period, subject, however, to the provisions of Section 2.08.

"Eurodollar Rate Advance" means a Revolving Credit Advance that bears interest as provided in Section 2.07(a)(ii).

"Events of Default" has the meaning specified in Section 6.01.

"Federal Funds Rate" means, for any period, a fluctuating interest rate per annum equal for each day during such period to the weighted average of the rates on overnight Federal funds transactions with members of the Federal Reserve System arranged by Federal funds brokers, as published for such day (or, if such day is not a Business Day, for the next preceding Business Day) by the Federal Reserve Bank of New York, or, if such rate is not so published for any day that is a Business Day, the average of the quotations for such day on such transactions received by the Agent from three Federal funds brokers of recognized standing selected by it with the consent of the Borrower.

"Fixed Rate Advances" has the meaning specified in Section 2.03(a)(i).

"GAAP" has the meaning specified in Section 1.03.

"Graham Interests" shall mean Katharine Graham and her siblings, their descendants and any relative by marriage of the foregoing, and any trust for the benefit of any of the foregoing whether as an income or residual beneficiary.

"Hazardous Materials" means (a) petroleum and petroleum products, byproducts or breakdown products, radioactive materials, asbestos-containing materials, polychlorinated biphenyls and radon gas and (b) any other chemicals, materials or substances designated, classified or regulated as hazardous or toxic under any Environmental Law and any pollutant or contaminant regulated under the Clean Water Act, 33 U.S.C. Sections 1251 et seq., or the Clean Air Act, 42 U.S.C. Sections 7401 et seq.

"Increase Date" has the meaning specified in Section 2.05(b)(i).

"Increasing Lender" has the meaning specified in Section 2.05(b)(i).

"Information Memorandum" means the information memorandum dated December 29, 1995 used by the Agent in connection with the syndication of the Commitments.

"Interest Period" means, for each Eurodollar Rate Advance comprising part of the same Revolving Credit Borrowing and each LIBO Rate Advance comprising part of the same Competitive Bid Borrowing, the period commencing on the date of such Eurodollar Rate Advance or LIBO Rate Advance or the date of the Conversion of any Base Rate Advance into such Eurodollar Rate Advance and ending on the last day of the period selected by the Borrower pursuant to the provisions below and, thereafter, with respect to Eurodollar Rate Advances, each subsequent period commencing on the last day of the immediately preceding Interest Period and ending on the last day of the period selected by the Borrower pursuant to the provisions below. The duration of each such Interest Period shall be one, two, three or six months or, if available to all the Lenders, nine or twelve months, as the Borrower may, upon notice received by the Agent not later than 11:00 A.M. (New York City time) on the third Business Day prior to the first day of such Interest Period, select; provided, however, that:

(i) the Borrower may not select any Interest Period that ends after the Termination Date in effect at the time of such selection;

(ii) Interest Periods commencing on the same date for Eurodollar Rate Advances comprising part of the same Revolving Credit Borrowing or for LIBO

Rate Advances comprising part of the same Competitive Bid Borrowing shall be of the same duration;

(iii) whenever the last day of any Interest Period would otherwise occur on a day other than a Business Day, the last day of such Interest Period shall be extended to occur on the next succeeding Business Day, provided, however, that, if such extension would cause the last day of such Interest Period to occur in the next following calendar month, the last day of such Interest Period shall occur on the next preceding Business Day; and

(iv) whenever the first day of any Interest Period occurs on a day of an initial calendar month for which there is no numerically corresponding day in the calendar month that succeeds such initial calendar month by the number of months equal to the number of months in such Interest Period, such Interest Period shall end on the last Business Day of such succeeding calendar month.

"Internal Revenue Code" means the Internal Revenue Code of 1986, as amended from time to time, and the regulations promulgated and rulings issued thereunder.

"Lenders" means the Initial Lenders, each Assuming Lender that shall become a party hereto pursuant to Section 2.05(b) and each Person that shall become a party hereto pursuant to Section 8.07.

"LIBO Rate" means, for any Interest Period for all LIBO Rate Advances comprising part of the same Competitive Bid Borrowing, an interest rate per annum equal to the average (rounded upward to the nearest whole multiple of 1/16 of 1% per annum, if such average is not such a multiple) of the rate per annum at which deposits in U.S. dollars are offered to the principal office of each of the Reference Banks in London, England by prime banks in the London interbank market at 11:00 A.M. (London time) two Business Days before the first day of such Interest Period in an amount substantially equal to the amount that would be the Reference Banks' respective ratable shares of such Borrowing if such Borrowing were to be a Revolving Credit Borrowing to be outstanding during such Interest Period and for a period equal to such Interest Period. The LIBO Rate for any Interest Period for each LIBO Rate Advance comprising part of the same Competitive Bid Borrowing shall be determined by the Agent on the basis of applicable rates furnished to and received by the Agent from the Reference Banks two Business Days before the first day of such Interest Period, subject, however, to the provisions of Section 2.08.

"LIBO Rate Advances" has the meaning specified in Section 2.03(a)(i).

"Lien" means any lien, security interest or other charge or encumbrance of any kind, or any other type of preferential arrangement, including, without limitation, the lien or retained security title of a conditional vendor and any easement, right of way or other encumbrance on title to real property.

"Margin Stock" has the meaning assigned to such term under Regulation U of the Board of Governors of the Federal Reserve System of the United States as from time to time in effect and all official rulings and interpretations thereunder or thereof.

"Material Adverse Change" means any material adverse change in the business, financial condition or results of operations of the Borrower and its Subsidiaries taken as a whole.

"Material Adverse Effect" means a material adverse effect on (a) the business, financial condition or results of operations of the Borrower and its Subsidiaries taken as a whole, (b) the rights and remedies of the Agent or any Lender under this Agreement or any Note or (c) the ability of the Borrower to perform its obligations under this Agreement or any Note.

"Moody's" means Moody's Investors Service, Inc.

"Multiemployer Plan" means a multiemployer plan, as defined in Section 4001(a)(3) of ERISA, to which the Borrower or any ERISA Affiliate is making or accruing an obligation to make contributions, or has within any of the preceding five plan years made or accrued an obligation to make contributions.

"Multiple Employer Plan" means a single employer plan, as defined in Section 4001(a)(15) of ERISA, that (a) is maintained for employees of the Borrower or any ERISA Affiliate and at least one Person other than the Borrower and the ERISA Affiliates or (b) was so maintained and in respect of which the Borrower or any ERISA Affiliate could have liability under Section 4064 or 4069 of ERISA in the event such plan has been or were to be terminated.

"Non-Recourse Debt" shall mean Debt of the Borrower or its Subsidiaries incurred (a) as to which neither the Borrower nor any of its Subsidiaries (i) provides credit support (including any undertaking, agreement or instrument which would constitute Debt) or has given or made other written assurances regarding repayment or the maintenance of capital or liquidity except such assurances as may be approved by the Required Lenders (such approval not to be unreasonably withheld or delayed), (ii) is directly or indirectly liable or (iii) constitutes the lender and (b) the obligees of which will have recourse solely to certain identified assets (the loss of which would not reasonably be expected to have a Material Adverse Effect) for repayment of the principal

of and interest on such Debt and any fees, indemnities, expenses, reimbursements or other amounts of whatever nature accrued or payable in connection with such Debt.

"Note" means a Revolving Credit Note or a Competitive Bid Note.

"Notice of Competitive Bid Borrowing" has the meaning specified in Section 2.03(a).

"Notice of Revolving Credit Borrowing" has the meaning specified in Section 2.02(a).

"Notice of Swing Line Borrowing" has the meaning specified in Section 2.02(b).

"PBGC" means the Pension Benefit Guaranty Corporation (or any successor).

"Performance Level" means, as of any date of the determination, the level set forth below as then in effect, as determined in accordance with the following provisions of this definition:

- Level I: Public Debt Rating of not lower than AA+ by S&P or not lower than Aa1 by Moody's.
- Level II: Public Debt Rating of lower than Level I but not lower than AA- by S&P or Aa3 by Moody's; or, if no Public Debt Rating is available from S&P or Moody's, Commercial Paper Rating of not lower than A-1+ by S&P and P-1 by Moody's.
- Level III: Public Debt Rating of lower than Level II but not lower than A- by S&P or A3 by Moody's; or, if no Public Debt Rating is available from S&P or Moody's, Commercial Paper Rating of not lower than A-2 from S&P and P-2 from Moody's.
- Level IV: Public Debt Rating of lower than Level III but not lower than BBB by S&P or Baa2 by Moody's or, if no Public Debt Rating is available from S&P or Moody's, Commercial Paper Rating of not lower than A-3 from S&P and P-3 by Moody's.
- Level V: Public Debt Rating or Commercial Paper Rating lower than Level IV or no Public Debt Rating or Commercial Paper Rating.

For purposes of the foregoing, (a) if only one of S&P and Moody's shall have in effect a Public Debt Rating, the Performance Level shall be determined by

reference to the available rating, (b) if the Public Debt Ratings established by S&P and Moody's shall fall within different Performance Levels, the Performance Level shall be based upon the higher rating, provided that if the lower of such ratings is more than one level below the higher of such ratings, the Performance Level shall be based on the level immediately above such lower rating, (c) if only one of S&P and Moody's shall have in effect a Commercial Paper Rating, the Performance Level shall be determined by reference to the available rating and (d) if the Commercial Paper Ratings established by S&P and Moody's shall fall within different Performance Levels, the Performance Level shall be based upon the lower rating.

"Permitted Liens" means any of the following:

(a) Liens for taxes, assessments and governmental charges or levies to the extent not required to be paid under Section 5.01(b) hereof;

(b) Liens imposed by law, such as materialmen's, mechanics', carriers', workmen's and repairmen's Liens and other similar Liens arising in the ordinary course of business securing obligations (other than Debt) that (i) are not overdue for a period of more than 120 days or (ii) are being contested in good faith and by proper proceedings and as to which appropriate reserves are being maintained in accordance with GAAP;

(c) Pledges or deposits to secure obligations under workers' compensation laws or similar legislation or to secure public or statutory obligations;

(d) Liens securing the performance of or payment in respect of, bids, tenders, government contracts (other than for the repayment of Debt), surety and appeal bonds and other obligations of a similar nature incurred in the ordinary course of business; and

(e) Easements, rights of way and other encumbrances on title to real property that do not materially adversely affect the use of such property for its present purposes.

"Person" means an individual, partnership, corporation (including a business trust), joint stock company, trust, unincorporated association, joint venture, limited liability company or other entity, or a government or any political subdivision or agency thereof.

"Plan" means a Single Employer Plan or a Multiple Employer Plan subject to the provisions of Title IV of ERISA or Section 412 of the Internal Revenue Code or Section 302 of ERISA.

"Pro Rata Share" of any amount means, with respect to any Lender at any time, the product of such amount times a fraction the numerator of which is the amount of such Lender's Commitment at such time and the denominator of which is the aggregate of the Commitments of the Lenders at such time.

"Public Debt Rating" means, as of any date, the lowest rating that has been most recently announced by either S&P or Moody's, as the case may be, for any class of non-credit enhanced long-term senior unsecured debt issued by the Borrower. For purposes of the foregoing, (a) if any rating established by S&P or Moody's shall be changed, such change shall be effective as of the date on which such change is first announced publicly by the rating agency making such change; and (b) if S&P or Moody's shall change the basis on which ratings are established, each reference to the Public Debt Rating announced by S&P or Moody's, as the case may be, shall refer to the then equivalent rating by S&P or Moody's, as the case may be.

"Reference Banks" means Citibank, Credit Suisse and Union Bank of Switzerland.

"Register" has the meaning specified in Section 8.07(d).

"Required Lenders" means at any time Lenders owed at least a majority in interest of the then aggregate unpaid principal amount of the Revolving Credit Advances owing to Lenders, or, if no such principal amount is then outstanding, Lenders having at least a majority in interest of the Commitments.

"Revolving Credit Advance" means an advance by a Lender to the Borrower as part of a Revolving Credit Borrowing and refers to a Base Rate Advance or a Eurodollar Rate Advance (each of which shall be a "Type" of Revolving Credit Advance).

"Revolving Credit Borrowing" means a borrowing consisting of simultaneous Revolving Credit Advances of the same Type made by each of the Lenders pursuant to Section 2.01.

"Revolving Credit Note" means a promissory note of the Borrower (bearing an original or facsimile signature) payable to the order of any Lender, in substantially the form of Exhibit A-1 hereto, evidencing the aggregate indebtedness of the Borrower to such Lender resulting from the Revolving Credit Advances made by such Lender.

"S&P" means Standard & Poor's Ratings Group, a division of McGraw-Hill, Inc.

"Shareholders' Equity" means "shareholders' equity" as such term is construed in accordance with GAAP and as reported in the Borrower's reports and registration statements filed with the Securities and Exchange Commission or any national securities exchange.

"Significant Subsidiary" shall mean any Subsidiary that would be a "significant subsidiary" within the meaning of Rule 1-02 of the SEC's Regulation S-X.

"Single Employer Plan" means a single employer plan, as defined in Section 4001(a)(15) of ERISA, that (a) is maintained for employees of the Borrower or any ERISA Affiliate and no Person other than the Borrower and the ERISA Affiliates or (b) was so maintained and in respect of which the Borrower or any ERISA Affiliate could have liability under Section 4069 of ERISA in the event such plan has been or were to be terminated.

"Subsidiary" of any Person means any corporation, partnership, joint venture, limited liability company, trust or estate of which (or in which) more than 50% of (a) the issued and outstanding capital stock having ordinary voting power to elect a majority of the Board of Directors of such corporation (irrespective of whether at the time capital stock of any other class or classes of such corporation shall or might have voting power upon the occurrence of any contingency), (b) the interest in the capital or profits of such limited liability company, partnership or joint venture or (c) the beneficial interest in such trust or estate is at the time directly or indirectly owned or controlled by such Person, by such Person and one or more of its other Subsidiaries or by one or more of such Person's other Subsidiaries.

"Swing Line Advance" means an advance made by any Swing Line Bank pursuant to Section 2.01(b) or any Lender pursuant to Section 2.02(b).

"Swing Line Bank" means each of Citibank and Wachovia.

"Swing Line Borrowing" means a borrowing consisting of a Swing Line Advance made by any Swing Line Bank.

"Swing Line Commitment" means with respect to any Swing Line Bank at any time the amount set forth opposite such Swing Line Bank's name on the signature pages hereof, as such amount may be increased, terminated or reduced, as the case may be, at or prior to such time pursuant to Section 2.05.

"Termination Date" means the earlier of January 31, 2001 and the date of termination in whole of the Commitments pursuant to Section 2.05 or 6.01.

"Unused Commitment" means, with respect to any Lender at any time, (a) such Lender's Commitment at such time minus (b) the sum of (i) the aggregate principal amount of all Revolving Credit Advances made by such Lender and outstanding at such time, plus (ii) such Lender's Pro Rata Share of (A) the aggregate principal amount of all Swing Line Advances then outstanding and (B) the aggregate principal amount of the Competitive Bid Advances then outstanding.

"Voting Stock" means capital stock issued by a corporation, or equivalent interests in any other Person, the holders of which are ordinarily, in the absence of contingencies, entitled to vote for the election of not less than a majority of the directors (or persons performing similar functions) of such Person, even if the right so to vote has been suspended by the happening of such a contingency.

SECTION 1.02. Computation of Time Periods. In this Agreement in the computation of periods of time from a specified date to a later specified date, the word "from" means "from and including" and the words "to" and "until" each mean "to but excluding".

SECTION 1.03. Accounting Terms. All terms of an accounting or financial nature shall be construed in accordance with generally accepted accounting principles ("GAAP"), as in effect from time to time; provided, however, that if the Borrower notifies the Agent that the Borrower wishes to amend any covenant in Article V or any related definition to eliminate the effect of any change in GAAP occurring after the date of this Agreement on the operation of such covenant, or if the Agent notifies the Borrower that the Required Lenders wish to amend Article V or any related definition for such purpose, then the Borrower's compliance with such covenant shall be determined on the basis of GAAP in effect immediately before the relevant change in GAAP became effective, until either such notice is withdrawn or such covenant is amended in a manner satisfactory to the Borrower and the Required Lenders.

## ARTICLE II

### AMOUNTS AND TERMS OF THE ADVANCES

SECTION 2.01. The Advances. (a) The Revolving Credit Advances. Each Lender severally agrees, on the terms and conditions hereinafter set forth, to make Revolving Credit Advances to the Borrower from time to time on any Business Day during the period from the Effective Date until the Termination Date in an amount for each such Advance not to exceed such Lender's Unused Commitment. Each Revolving Credit Borrowing shall be in an aggregate amount of \$5,000,000 or an integral multiple of \$1,000,000 in excess thereof (or, if less, an aggregate amount equal to the amount by which the aggregate amount of a proposed Competitive Bid Borrowing requested by the Borrower exceeds the aggregate amount of Competitive Bid Advances offered to be made by the Lenders and accepted by the Borrower in respect of such

Competitive Bid Borrowing, if such Competitive Bid Borrowing is made on the same date as such Revolving Credit Borrowing) and shall consist of Revolving Credit Advances of the same Type made on the same day by the Lenders ratably according to their respective Commitments. Within the limits of each Lender's Unused Commitment in effect from time to time, the Borrower may borrow under this Section 2.01(a), prepay pursuant to Section 2.10 and reborrow under this Section 2.01(a).

(b) The Swing Line Advances. Each Swing Line Bank severally agrees, on the terms and conditions hereinafter set forth, to make Swing Line Advances to the Borrower from time to time on any Business Day during the period from the date hereof until the Termination Date (i) in an aggregate amount not to exceed at any time outstanding \$100,000,000 (the "Swing Line Facility") and (ii) in an amount for each such Advance not to exceed the Unused Commitments of the Lenders on such Business Day. No Swing Line Advance shall be used for the purpose of funding the payment of principal of any other Swing Line Advance. Each Swing Line Borrowing shall be in an amount of \$5,000,000 or an integral multiple of \$1,000,000 in excess thereof and shall consist of a Base Rate Advance. Within the limits of the Swing Line Facility and within the limits referred to in clause (ii) above, the Borrower may borrow under this 2.01(b), prepay pursuant to Section 2.10 and reborrow under this Section 2.01(b).

SECTION 2.02. Making the Revolving Credit Advances and Swing Line Advances. (a) Each Revolving Credit Borrowing shall be made on notice, given not later than 11:00 A.M. (New York City time) on the third Business Day prior to the date of the proposed Revolving Credit Borrowing in the case of a Revolving Credit Borrowing consisting of Eurodollar Rate Advances, or the date of the proposed Revolving Credit Borrowing in the case of a Revolving Credit Borrowing consisting of Base Rate Advances, by the Borrower to the Agent, which shall give to each Lender prompt notice thereof by telecopier or telex. Each such notice of a Revolving Credit Borrowing (a "Notice of Revolving Credit Borrowing") shall be by telephone, confirmed at once in writing, or telecopier or telex in substantially the form of Exhibit B-1 hereto, specifying therein the requested (i) date of such Revolving Credit Borrowing, (ii) Type of Advances comprising such Revolving Credit Borrowing, (iii) aggregate amount of such Revolving Credit Borrowing, and (iv) in the case of a Revolving Credit Borrowing consisting of Eurodollar Rate Advances, initial Interest Period for each such Revolving Credit Advance. Each Lender shall, before 1:00 P.M. (New York City time) on the date of such Revolving Credit Borrowing, make available for the account of its Applicable Lending Office to the Agent at the Agent's Account, in same day funds, such Lender's ratable portion of such Revolving Credit Borrowing. After the Agent's receipt of such funds and upon fulfillment of the applicable conditions set forth in Article III, the Agent will make such funds available to the Borrower at the Agent's address referred to in Section 8.02; provided, however, that the Agent shall first make a portion of such funds equal to the aggregate principal amount of any Swing Line Advances made by the Swing Line Banks and by any other Lender and outstanding on the date of such Revolving Credit Borrowing, plus interest accrued and unpaid thereon to and as of

such date, available to the Swing Line Banks and such other Lenders for repayment of such Swing Line Advances.

(b) Each Swing Line Borrowing shall be made on notice, given not later than 3:00 P.M. (New York City time) on the date of the proposed Swing Line Borrowing by the Borrower to each Swing Line Bank and the Agent, of which the Agent shall give prompt notice to the Lenders. Each such notice of a Swing Line Borrowing (a "Notice of Swing Line Borrowing") shall be by telephone, confirmed at once in writing, or telecopier or telex, specifying therein the requested (i) date of such Borrowing, (ii) amount of such Borrowing and (iii) maturity of such Borrowing (which maturity shall be no later than the fifth Business Day after the requested date of such Borrowing). Each Swing Line Bank shall, before 5:00 P.M. (New York City time) on the date of such Swing Line Borrowing, make such Swing Line Bank's ratable portion of such Swing Line Borrowing available (based on the respective Swing Line Commitments of the Swing Line Banks) to the Agent at the Agent's Account, in same day funds. After the Agent's receipt of such funds and upon fulfillment of the applicable conditions set forth in Article III, the Agent will make such funds available to the Borrower at the Agent's address referred to in Section 8.02. Upon written demand by any Swing Line Bank with a Swing Line Advance, with a copy of such demand to the Agent, each other Lender will purchase from such Swing Line Bank, and such Swing Line Bank shall sell and assign to each such other Lender, such other Lender's Pro Rata Share of such outstanding Swing Line Advance, by making available for the account of its Applicable Lending Office to the Agent for the account of such Swing Line Bank, by deposit to the Agent's Account, in same day funds, an amount equal to the portion of the outstanding principal amount of such Swing Line Advance to be purchased by such Lender. The Borrower hereby agrees to each such sale and assignment. Each Lender agrees to purchase its Pro Rata Share of an outstanding Swing Line Advance on (i) the Business Day on which demand therefor is made by the Swing Line Bank which made such Advance, provided that notice of such demand is given not later than 11:00 A.M. (New York City time) on such Business Day or (ii) the first Business Day next succeeding such demand if notice of such demand is given after such time. Upon any such assignment by Swing Line Bank to any other Lender of a portion of a Swing Line Advance, such Swing Line Bank represents and warrants to such other Lender that such Swing Line Bank is the legal and beneficial owner of such interest being assigned by it, but makes no other representation or warranty and assumes no responsibility with respect to such Swing Line Advance, this Agreement, the Notes or the Borrower. If and to the extent that any Lender shall not have so made the amount of such Swing Line Advance available to the Agent, such Lender agrees to pay to the Agent forthwith on demand such amount together with interest thereon, for each day from the date such Lender is required to have made such amount available to the Agent until the date such amount is paid to the Agent, at the Federal Funds Rate. If such Lender shall pay to the Agent such amount for the account of such Swing Line Bank on any Business Day, such amount so paid in respect of principal shall constitute a Swing Line Advance made by such Lender on such Business Day for purposes of this Agreement, and the outstanding principal amount of the Swing Line Advance made by such Swing Line Bank shall be reduced by such amount on such Business day.

(c) Anything in subsection (a) above to the contrary notwithstanding, (i) the Borrower may not select Eurodollar Rate Advances for any Revolving Credit Borrowing if the aggregate amount of such Revolving Credit Borrowing is less than \$10,000,000 or if the obligation of the Lenders to make Eurodollar Rate Advances shall then be suspended pursuant to Section 2.08 or 2.12 and (ii) the Eurodollar Rate Advances may not be outstanding as part of more than fifteen separate Revolving Credit Borrowings.

(d) Each Notice of Revolving Credit Borrowing and Notice of Swing Line Borrowing shall be irrevocable and binding on the Borrower. In the case of any Revolving Credit Borrowing that the related Notice of Revolving Credit Borrowing specifies is to be comprised of Eurodollar Rate Advances, the Borrower shall indemnify each Lender against any loss, cost or expense incurred by such Lender as a result of any failure to fulfill on or before the date specified in such Notice of Revolving Credit Borrowing for such Revolving Credit Borrowing the applicable conditions set forth in Article III, including, without limitation, any loss (excluding loss of anticipated profits), cost or expense incurred by reason of the liquidation or reemployment of deposits or other funds acquired by such Lender to fund the Revolving Credit Advance to be made by such Lender as part of such Revolving Credit Borrowing when such Revolving Credit Advance, as a result of such failure, is not made on such date.

(e) Unless the Agent shall have received notice from a Lender or Swing Line Bank prior to the date of any Revolving Credit Borrowing or Swing Line Borrowing, as the case may be, that such Lender or Swing Line Bank will not make available to the Agent such Lender's or Swing Line Bank's ratable portion of such Revolving Credit Borrowing or Swing Line Borrowing, as the case may be, the Agent may assume that such Lender or Swing Line Bank has made such portion available to the Agent on the date of such Revolving Credit Borrowing or Swing Line Borrowing, as the case may be, in accordance with subsection (a) or (b) of this Section 2.02 and the Agent may, in reliance upon such assumption, make available to the Borrower on such date a corresponding amount. If and to the extent that such Lender or Swing Line Bank shall not have so made such ratable portion available to the Agent, such Lender or Swing Line Bank and the Borrower severally agree to repay to the Agent forthwith on demand such corresponding amount together with interest thereon, for each day from the date such amount is made available to the Borrower until the date such amount is repaid to the Agent, at (i) in the case of the Borrower, the interest rate applicable at the time to the Advances comprising such Borrowing and (ii) in the case of such Lender or Swing Line Bank, the Federal Funds Rate. If such Lender or Swing Line Bank shall repay to the Agent such corresponding amount, such amount so repaid shall constitute such Lender's Revolving Credit Advance as part of such Revolving Credit Borrowing or such Swing Line Bank's Swing Line Advance as part of such Swing Line Borrowing for purposes of this Agreement.

(f) The failure of any Lender or Swing Line Bank to make the Revolving Credit Advance or Swing Line Advance to be made by it as part of any Borrowing shall not relieve any other Lender or Swing Line Bank of its obligation, if any, hereunder to make its

Revolving Credit Advance or Swing Line Advance on the date of such Revolving Credit Borrowing or Swing Line Borrowing as the case may be, but no Lender or Swing Line Bank shall be responsible for the failure of any other Lender or Swing Line Bank to make the Revolving Credit Advance or Swing Line Advance to be made by such other Lender or Swing Line Bank on the date of any Revolving Credit Borrowing or Swing Line Borrowing, as the case may be.

SECTION 2.03. The Competitive Bid Advances. (a) Each Lender severally agrees that the Borrower may make Competitive Bid Borrowings under this Section 2.03 from time to time on any Business Day during the period from the date hereof until the date occurring 30 days prior to the Termination Date in the manner set forth below; provided that the amount of each Competitive Bid Borrowing shall not exceed the aggregate amount of the Unused Commitments of the Lenders on such Business Day.

(i) The Borrower may request a Competitive Bid Borrowing under this Section 2.03 by delivering to the Agent, by telecopier or telex, a notice of a Competitive Bid Borrowing (a "Notice of Competitive Bid Borrowing"), in substantially the form of Exhibit B-2 hereto, specifying therein the requested (v) date of such proposed Competitive Bid Borrowing, (w) aggregate amount of such proposed Competitive Bid Borrowing, (x) in the case of a Competitive Bid Borrowing consisting of LIBO Rate Advances, Interest Period, or in the case of a Competitive Bid Borrowing consisting of Fixed Rate Advances, maturity date for repayment of each Fixed Rate Advance to be made as part of such Competitive Bid Borrowing (which maturity date may not be earlier than the date occurring 30 days after the date of such Competitive Bid Borrowing or later than the earlier of (I) 360 days after the date of such Competitive Bid Borrowing and (II) the Termination Date), (y) interest payment date or dates relating thereto, and (z) other terms (if any) to be applicable to such Competitive Bid Borrowing, not later than 10:00 A.M. (New York City time) (A) at least one Business Day prior to the date of the proposed Competitive Bid Borrowing, if the Borrower shall specify in the Notice of Competitive Bid Borrowing that the rates of interest to be offered by the Lenders shall be fixed rates per annum (the Advances comprising any such Competitive Bid Borrowing being referred to herein as "Fixed Rate Advances") and (B) at least four Business Days prior to the date of the proposed Competitive Bid Borrowing, if the Borrower shall instead specify in the Notice of Competitive Bid Borrowing that the rates of interest to be offered by the Lenders are to be based on the LIBO Rate (the Advances comprising such Competitive Bid Borrowing being referred to herein as "LIBO Rate Advances"). Each Notice of Competitive Bid Borrowing shall be irrevocable and binding on the Borrower. The Agent shall in turn promptly notify each Lender of each request for a Competitive Bid Borrowing received by it from the Borrower by sending such Lender a copy of the related Notice of Competitive Bid Borrowing.

(ii) Each Lender may, if, in its sole discretion, it elects to do so, irrevocably offer to make one or more Competitive Bid Advances to the Borrower as part of such proposed Competitive Bid Borrowing at a rate or rates of interest specified by such Lender in its sole discretion, by notifying the Agent (which shall give prompt notice thereof to the Borrower), before 9:30 A.M. (New York City time) on the date of such proposed Competitive Bid Borrowing, in the case of a Competitive Bid Borrowing consisting of Fixed Rate Advances and before 10:00 A.M. (New York City time) three Business Days before the date of such proposed Competitive Bid Borrowing, in the case of a Competitive Bid Borrowing consisting of LIBO Rate Advances, of the minimum amount and maximum amount of each Competitive Bid Advance which such Lender would be willing to make as part of such proposed Competitive Bid Borrowing (which amounts may, subject to the proviso to the first sentence of this Section 2.03(a), exceed such Lender's Commitment), the rate or rates of interest therefor and such Lender's Applicable Lending Office with respect to such Competitive Bid Advance; provided that if the Agent in its capacity as a Lender shall, in its sole discretion, elect to make any such offer, it shall notify the Borrower of such offer at least 30 minutes before the time and on the date on which notice of such election is to be given to the Agent by the other Lenders. If any Lender shall elect not to make such an offer, such Lender shall so notify the Agent, before 10:00 A.M. (New York City time) on the date on which notice of such election is to be given to the Agent by the other Lenders, and such Lender shall not be obligated to, and shall not, make any Competitive Bid Advance as part of such Competitive Bid Borrowing; provided that the failure by any Lender to give such notice shall not cause such Lender to be obligated to make any Competitive Bid Advance as part of such proposed Competitive Bid Borrowing.

(iii) The Borrower shall, in turn, before 10:30 A.M. (New York City time) on the date of such proposed Competitive Bid Borrowing, in the case of a Competitive Bid Borrowing consisting of Fixed Rate Advances and before 11:00 A.M. (New York City time) three Business Days before the date of such proposed Competitive Bid Borrowing, in the case of a Competitive Bid Borrowing consisting of LIBO Rate Advances, either:

(x) cancel such Competitive Bid Borrowing by giving the Agent notice to that effect, or

(y) accept one or more of the offers made by any Lender or Lenders pursuant to paragraph (ii) above, in its sole discretion, by giving notice to the Agent of the amount of each Competitive Bid Advance (which amount shall be equal to or greater than the minimum amount, and equal to or less than the maximum amount, notified to the Borrower by the Agent on behalf of such Lender for such Competitive Bid Advance pursuant to paragraph (ii) above) to be made by each Lender as part of such Competitive Bid Borrowing, and reject any remaining offers made by Lenders pursuant to paragraph (ii) above by giving the

Agent notice to that effect. The Borrower shall accept the offers made by any Lender or Lenders to make Competitive Bid Advances in order of the lowest to the highest rates of interest offered by such Lenders. If two or more Lenders have offered the same interest rate, the amount to be borrowed at such interest rate will be allocated among such Lenders in proportion to the amount that each such Lender offered at such interest rate.

(iv) If the Borrower notifies the Agent that such Competitive Bid Borrowing is cancelled pursuant to paragraph (iii)(x) above, the Agent shall give prompt notice thereof to the Lenders and such Competitive Bid Borrowing shall not be made.

(v) If the Borrower accepts one or more of the offers made by any Lender or Lenders pursuant to paragraph (iii)(y) above, the Agent shall in turn promptly notify (A) each Lender that has made an offer as described in paragraph (ii) above, of the date and aggregate amount of such Competitive Bid Borrowing and whether or not any offer or offers made by such Lender pursuant to paragraph (ii) above have been accepted by the Borrower, (B) each Lender that is to make a Competitive Bid Advance as part of such Competitive Bid Borrowing, of the amount of each Competitive Bid Advance to be made by such Lender as part of such Competitive Bid Borrowing, and (C) each Lender that is to make a Competitive Bid Advance as part of such Competitive Bid Borrowing, upon receipt, that the Agent has received forms of documents appearing to fulfill the applicable conditions set forth in Article III. Each Lender that is to make a Competitive Bid Advance as part of such Competitive Bid Borrowing shall, before 12:00 noon (New York City time) on the date of such Competitive Bid Borrowing specified in the notice received from the Agent pursuant to clause (A) of the preceding sentence or any later time when such Lender shall have received notice from the Agent pursuant to clause (C) of the preceding sentence, make available for the account of its Applicable Lending Office to the Agent at the Agent's Account, in same day funds, such Lender's portion of such Competitive Bid Borrowing. Upon fulfillment of the applicable conditions set forth in Article III and after receipt by the Agent of such funds, the Agent will make such funds available to the Borrower at the Agent's address referred to in Section 8.02. Promptly after each Competitive Bid Borrowing the Agent will notify each Lender of the amount of the Competitive Bid Borrowing.

(vi) If the Borrower notifies the Agent that it accepts one or more of the offers made by any Lender or Lenders pursuant to paragraph (iii)(y) above, such notice of acceptance shall be irrevocable and binding on the Borrower. The Borrower shall indemnify each Lender against any loss, cost or expense incurred by such Lender as a result of any failure to fulfill on or before the date specified in the related Notice of Competitive Bid Borrowing for such Competitive Bid Borrowing the applicable conditions set forth in Article III, including, without limitation, any loss (excluding loss of anticipated profits), cost or expense incurred by reason of the liquidation or

reemployment of deposits or other funds acquired by such Lender to fund the Competitive Bid Advance to be made by such Lender as part of such Competitive Bid Borrowing when such Competitive Bid Advance, as a result of such failure, is not made on such date.

(b) Each Competitive Bid Borrowing shall be in an aggregate amount of \$10,000,000 or an integral multiple of \$1,000,000 in excess thereof and, following the making of each Competitive Bid Borrowing, the Borrower shall be in compliance with the limitation set forth in the proviso to the first sentence of subsection (a) above.

(c) Within the limits and on the conditions set forth in this Section 2.03, the Borrower may from time to time borrow under this Section 2.03, repay or prepay pursuant to subsection (d) below, and reborrow under this Section 2.03, provided that a Competitive Bid Borrowing shall not be made within one Business Day of the date of any other Competitive Bid Borrowing.

(d) The Borrower shall repay to the Agent for the account of each Lender that has made a Competitive Bid Advance, on the maturity date of each Competitive Bid Advance (such maturity date being that specified by the Borrower for repayment of such Competitive Bid Advance in the related Notice of Competitive Bid Borrowing delivered pursuant to subsection (a)(i) above and provided in the Competitive Bid Note evidencing such Competitive Bid Advance), the then unpaid principal amount of such Competitive Bid Advance. The Borrower shall have no right to prepay any principal amount of any Competitive Bid Advance unless, and then only on the terms, specified by the Borrower for such Competitive Bid Advance in the related Notice of Competitive Bid Borrowing delivered pursuant to subsection (a)(i) above and set forth in the Competitive Bid Note evidencing such Competitive Bid Advance.

(e) The Borrower shall pay interest on the unpaid principal amount of each Competitive Bid Advance from the date of such Competitive Bid Advance to the date the principal amount of such Competitive Bid Advance is repaid in full, at the rate of interest for such Competitive Bid Advance specified by the Lender making such Competitive Bid Advance in its notice with respect thereto delivered pursuant to subsection (a)(ii) above, payable on the interest payment date or dates specified by the Borrower for such Competitive Bid Advance in the related Notice of Competitive Bid Borrowing delivered pursuant to subsection (a)(i) above, as provided in the Competitive Bid Note evidencing such Competitive Bid Advance. The Borrower shall pay interest on the amount of overdue principal and, to the fullest extent permitted by law, interest in respect of each Competitive Bid Advance owing to a Lender, payable in arrears on the date or dates interest is payable thereon, at a rate per annum equal at all times to 1% per annum above the rate per annum required to be paid on such Competitive Bid Advance under the terms of the Competitive Bid Note evidencing such Competitive Bid Advance unless otherwise agreed in such Competitive Bid Note.

(f) The indebtedness of the Borrower resulting from each Competitive Bid Advance made to the Borrower as part of a Competitive Bid Borrowing shall be evidenced by a separate Competitive Bid Note of the Borrower payable to the order of the Lender making such Competitive Bid Advance.

SECTION 2.04. Fees. (a) Facility Fee. The Borrower agrees to pay to the Agent for the account of each Lender a facility fee on the aggregate amount of such Lender's Commitment in effect from time to time from the Effective Date in the case of each Initial Lender and from the later of the Effective Date and the effective date specified in the Assumption Agreement or in the Assignment and Acceptance, as the case may be, pursuant to which it became a Lender in the case of each other Lender until the Termination Date at a rate per annum equal to the Applicable Percentage in effect from time to time, payable in arrears quarterly on the last day of each March, June, September and December, commencing March 31, 1996, and on the Termination Date.

(b) Agent's Fees. The Borrower shall pay to the Agent for its own account such fees as may from time to time be agreed between the Borrower and the Agent.

SECTION 2.05. Termination, Reduction or Increase of the Commitments. (a) Termination or Reduction. The Borrower shall have the right, upon at least three Business Days' notice to the Agent, to terminate in whole or reduce ratably in part the respective Unused Commitments of the Lenders, provided that each partial reduction shall be in the aggregate amount of \$10,000,000 or an integral multiple of \$1,000,000 in excess thereof. The aggregate amount of the Commitments once reduced as provided in this Section 2.05(a), may not be reinstated, except as provided in Section 2.05(b) below.

(b) Increase in Aggregate of the Commitments. (i) The Borrower may at any time, by notice to the Agent, propose that the aggregate amount of the Commitments be increased (such aggregate amount being, a "Commitment Increase"), effective as at a date prior to the Termination Date (an "Increase Date") as to which agreement is to be reached by an earlier date specified in such notice (a "Commitment Date"); provided, however, that (A) the Borrower may not propose more than two Commitment Increases in any calendar year, (B) the minimum proposed Commitment Increase per notice shall be \$25,000,000, (C) in no event shall the aggregate amount of the Commitments at any time exceed \$500,000,000, (D) the applicable Performance Level on such Increase Date shall be Level I, Level II or Level III and (E) no Default shall have occurred and be continuing on such Increase Date. The Agent shall notify the Lenders thereof promptly upon its receipt of any such notice. The Agent agrees that it will cooperate with the Borrower in discussions with the Lenders and other Eligible Assignees with a view to arranging the proposed Commitment Increase through the increase of the Commitments of one or more of the Lenders (each such Lender that is willing to increase its Commitment hereunder being an "Increasing Lender") and the addition of one or more other Eligible Assignees as Assuming Lenders and as parties to this Agreement; provided, however, that it

shall be in each Lender's sole discretion whether to increase its Commitment hereunder in connection with the proposed Commitment Increase; and provided further that the minimum Commitment of each such Assuming Lender that becomes a party to this Agreement pursuant to this Section 2.05(b), shall be at least equal to \$15,000,000. If any of the Lenders agree to increase their respective Commitments by an aggregate amount in excess of the proposed Commitment Increase, the proposed Commitment Increase shall be allocated among such Lenders in proportion to their respective Commitments immediately prior to the Increase Date. If agreement is reached on or prior to the applicable Commitment Date with any Increasing Lenders and Assuming Lenders as to a Commitment Increase (which may be less than but not greater than specified in the applicable notice from the Borrower), such agreement to be evidenced by a notice in reasonable detail from the Borrower to the Agent on or prior to the applicable Commitment Date, such Assuming Lenders, if any, shall become Lenders hereunder as of the applicable Increase Date and the Commitments of such Increasing Lenders and such Assuming Lenders shall become or be, as the case may be, as of the Increase Date, the amounts specified in such notice; provided that:

(x) the Agent shall have received (with copies for each Lender, including each such Assuming Lender) by no later than 10:00 A.M. (New York City time) on the applicable Increase Date a certificate of a financial officer of the Borrower or the Secretary of the Borrower, (1) stating that the resolutions adopted by the Board of Directors of the Borrower on September 15, 1995 authorizing the Borrower to borrow money from time to time in an aggregate principal amount at any one time outstanding not in excess of \$500,000,000 remain in full force and effect and have not been modified or rescinded or attaching and certifying, if applicable, any amendments to such resolutions or supplemental borrowing resolutions and (2) specifying the aggregate principal amount of borrowed money or commitments of lenders to advance money under agreements entered into pursuant to such resolutions (including any such supplemental resolutions) other than this Agreement;

(y) each such Assuming Lender shall have delivered to the Agent, by no later than 10:00 A.M. (New York City time) on such Increase Date, an appropriate Assumption Agreement in substantially the form of Exhibit D hereto, duly executed by such Assuming Lender and the Borrower; and

(z) each such Increasing Lender shall have delivered to the Agent by, no later than 10:00 A.M. (New York City time) on such Increase Date, (A) its existing Revolving Credit Note and (B) confirmation in writing satisfactory to the Agent as to its increased Commitment.

(ii) In the event that the Agent shall have received notice from the Borrower as to its agreement to a Commitment Increase on or prior to the applicable Commitment Date and each of the actions provided for in clauses (x) through (z) above shall have occurred prior

to 10:00 A.M. (New York City time) on the applicable Increase Date to the satisfaction of the Agent, the Agent shall notify the Lenders (including any Assuming Lenders) and the Borrower of the occurrence of such Commitment Increase by telephone, confirmed at once in writing, telecopier, telex or cable and in any event no later than 1:00 P.M. (New York City time) on such Increase Date and shall record in the Register the relevant information with respect to each Increasing Lender and Assuming Lender. Each Increasing Lender and each Assuming Lender shall, before 2:00 P.M. (New York City time) on the applicable Increase Date, make available for the account of its Applicable Lending Office to the Agent at the Agent's Account, in same day funds, in the case of such Assuming Lender, an amount equal to such Assuming Lender's ratable portion of the Revolving Credit Borrowings then outstanding (calculated based on its Commitment as a percentage of the aggregate Commitments outstanding after giving effect to the relevant Commitment Increase) and, in the case of such Increasing Lender, an amount equal to the excess of (i) such Increasing Lender's ratable portion of the Revolving Credit Borrowings then outstanding (calculated based on its Commitment as a percentage of the aggregate Commitments outstanding after giving effect to the relevant Commitment Increase) over (ii) such Increasing Lender's Pro Rata Share of the Revolving Credit Borrowings then outstanding (calculated based on its Commitment (without giving effect to the relevant Commitment Increase) as a percentage of the aggregate Commitments (without giving effect to the relevant Commitment Increase)). After the Agent's receipt of such funds from each such Increasing Lender and each such Assuming Lender, the Agent will promptly thereafter cause to be distributed like funds to the other Lenders for the account of their respective Applicable Lending Offices in an amount to each other Lender such that the aggregate amount of the outstanding Revolving Credit Advances owing to each Lender after giving effect to such distribution equals such Lender's Pro Rata Share of the Revolving Credit Borrowings then outstanding (calculated based on its Commitment as a percentage of the aggregate Commitments outstanding after giving effect to the relevant Commitment Increase). Within five Business Days after the Borrower receives notice from the Agent, the Borrower, at its own expense, shall execute and deliver to the Agent, Revolving Credit Notes payable to the order of each Assuming Lender, if any, and, each Increasing Lender, dated as of the applicable Increase Date, in a principal amount equal to such Lender's Commitment after giving effect to the relevant Commitment Increase, and substantially in the form of Exhibit A-1 hereto. The Agent, upon receipt of such Revolving Credit Notes, shall promptly deliver such Revolving Credit Notes to the respective Assuming Lenders and Increasing Lenders.

(iii) In the event that the Agent shall not have received notice from the Borrower as to such agreement on or prior to the applicable Commitment Date or the Borrower shall, by notice to the Agent prior to the applicable Increase Date, withdraw its proposal for a Commitment Increase or any of the actions provided for above in clauses (i)(x) through (i)(z) shall not have occurred by 10:00 A.M. (New York City time) on the such Increase Date, such proposal by the Borrower shall be deemed not to have been made. In such event, any actions theretofore taken under clauses (i)(x) through (i)(z) above shall be deemed to be of no effect and all the rights and obligations of the parties shall continue as if no such proposal had been made.

## SECTION 2.06. Repayment. (a) Revolving Credit Advances.

The Borrower shall repay to the Agent for the ratable account of the Lenders on the Termination Date the aggregate principal amount of the Revolving Credit Advances then outstanding.

## (b) Swing Line Advances. The Borrower shall repay

to the Agent for the account of the Swing Line Banks and each other Lender which has made a Swing Line Advance the outstanding principal amount of each Swing Line Advance made by each of them on the earlier of the maturity date specified in the applicable Notice of Swing Line Borrowing (which maturity shall be no later than five Business Days after the requested date of such Borrowing) and the Termination Date.

## SECTION 2.07. Interest on Revolving Credit Advances and

Swing Line Advances. (a) Scheduled Interest. The Borrower shall pay interest on the unpaid principal amount of each Revolving Credit Advance and Swing Line Advance owing to each Lender from the date of such Revolving Credit Advance or Swing Line Advance, as the case may be, until such principal amount shall be paid in full, at the following rates per annum:

## (i) Base Rate Advances. During such periods as

such Revolving Credit Advance is a Base Rate Advance and for each Swing Line Advance, a rate per annum equal at all times to the sum of (x) the Base Rate in effect from time to time plus (y) the Applicable Margin in effect from time to time, payable in arrears quarterly on the last day of each March, June, September and December during such periods and on the date such Base Rate Advance shall be Converted or paid in full or Swing Line Advance is paid in full.

## (ii) Eurodollar Rate Advances. During such periods

as such Revolving Credit Advance is a Eurodollar Rate Advance, a rate per annum equal at all times during each Interest Period for such Revolving Credit Advance to the sum of (x) the Eurodollar Rate for such Interest Period for such Revolving Credit Advance plus (y) the Applicable Margin in effect from time to time, payable in arrears on the last day of such Interest Period and, if such Interest Period has a duration of more than three months, on each day that occurs during such Interest Period every three months from the first day of such Interest Period and on the date such Eurodollar Rate Advance shall be Converted or paid in full.

## (b) Default Interest. The Borrower shall pay

interest on (i) overdue principal of each Revolving Credit Advance owing to each Lender, payable in arrears on the dates referred to in clause (a)(i) or (a)(ii) above, at a rate per annum equal at all times to 1% per annum above the rate per annum required to be paid on such Revolving Credit Advance pursuant to clause (a)(i) or (a)(ii) above and (ii) to the fullest extent permitted by law, the amount of any overdue interest, fee or other amount payable hereunder, from the date such amount shall be due until such amount shall be paid

in full, payable in arrears on the date such amount shall be paid in full and on demand, at a rate per annum equal at all times to 1% per annum above the rate per annum required to be paid on Base Rate Advances pursuant to clause (a)(i) above.

SECTION 2.08. Interest Rate Determination. (a) Each Reference Bank agrees to furnish to the Agent timely information for the purpose of determining each Eurodollar Rate and each LIBO Rate. If any one or more of the Reference Banks shall not furnish such timely information to the Agent for the purpose of determining any such interest rate, the Agent shall determine such interest rate on the basis of timely information furnished by the remaining Reference Banks. The Agent shall give prompt notice to the Borrower and the Lenders of the applicable interest rate determined by the Agent for purposes of Section 2.07(a)(i) or (ii), and the rate, if any, furnished by each Reference Bank for the purpose of determining the interest rate under Section 2.07(a)(ii).

(b) If, with respect to any Eurodollar Rate Advances, the Required Lenders notify the Agent that the Eurodollar Rate for any Interest Period for such Advances will not adequately reflect the cost to such Required Lenders of making, funding or maintaining their respective Eurodollar Rate Advances for such Interest Period, the Agent shall forthwith so notify the Borrower and the Lenders, whereupon (i) each Eurodollar Rate Advance will automatically, on the last day of the then existing Interest Period therefor, Convert into a Base Rate Advance, and (ii) the obligation of the Lenders to make, or to Convert Revolving Credit Advances into, Eurodollar Rate Advances shall be suspended until the Agent shall notify the Borrower and the Lenders that the circumstances causing such suspension no longer exist.

(c) If the Borrower shall fail to select the duration of any Interest Period for any Eurodollar Rate Advances in accordance with the provisions contained in the definition of "Interest Period" in Section 1.01, the Agent will forthwith so notify the Borrower and the Lenders and the Borrower shall be deemed to have selected an Interest Period of one month.

(d) Upon the occurrence and during the continuance of any Event of Default under Section 6.01(a), (i) each Eurodollar Rate Advance will automatically, on the last day of the then existing Interest Period therefor, Convert into a Base Rate Advance and (ii) the obligation of the Lenders to make, or to Convert Advances into, Eurodollar Rate Advances shall be suspended.

(e) If fewer than two Reference Banks furnish timely information to the Agent for determining the Eurodollar Rate or LIBO Rate for any Eurodollar Rate Advances or LIBO Rate Advances, as the case may be, the Eurodollar Rate or the LIBO Rate for such Eurodollar Rate Advance or LIBO Rate Advance, as the case may be, shall be an interest rate per annum determined by the Agent to be the offered rate per annum at which deposits in U.S. dollars appears on the Telerate Page 3750 (or any successor page) as of 11:00 A.M. (London time), or in the event such offered rate is not available from the Telerate Page,

(i) the Agent shall forthwith notify the Borrower and the Lenders that the interest rate cannot be determined for such Eurodollar Rate Advances or LIBO Rate Advances, as the case may be,

(ii) with respect to Eurodollar Rate Advances, each such Advance will automatically, on the last day of the then existing Interest Period therefor, Convert into a Base Rate Advance (or if such Advance is then a Base Rate Advance, will continue as a Base Rate Advance), and

(iii) the obligation of the Lenders to make Eurodollar Rate Advances or LIBO Rate Advances or to Convert Revolving Credit Advances into Eurodollar Rate Advances shall be suspended until the Agent shall notify the Borrower and the Lenders that the circumstances causing such suspension no longer exist.

SECTION 2.09. Optional Conversion of Revolving Credit Advances. The Borrower may on any Business Day, upon notice given to the Agent not later than 11:00 A.M. (New York City time) on the third Business Day prior to the date of the proposed Conversion and subject to the provisions of Sections 2.08 and 2.12, Convert all Revolving Credit Advances of one Type comprising the same Borrowing into Revolving Credit Advances of the other Type; provided, however, that any Conversion of Base Rate Advances into Eurodollar Rate Advances shall be in an amount not less than the minimum amount specified in Section 2.02(b) and no Conversion of any Revolving Credit Advances shall result in more separate Revolving Credit Borrowings than permitted under Section 2.02(b). Each such notice of a Conversion shall, within the restrictions specified above, specify (i) the date of such Conversion, (ii) the Revolving Credit Advances to be Converted, and (iii) if such Conversion is into Eurodollar Rate Advances, the duration of the initial Interest Period for each such Advance. Each notice of Conversion shall be irrevocable and binding on the Borrower.

SECTION 2.10. Optional Prepayments of Revolving Credit Advances and Swing Line Advances. The Borrower may, in the case of Eurodollar Rate Advances, upon at least two Business Days' notice to the Agent, and in the case of Base Rate Advances and Swing Line Advances, upon notice to the Agent not later than 11:00 A.M. on the date of such proposed prepayment, stating in each case the proposed date and aggregate principal amount of the prepayment, and if such notice is given the Borrower shall, prepay the outstanding principal amount of the Revolving Credit Advances comprising part of the same Revolving Credit Borrowing or Swing Line Advances comprising part of the same Swing Line Borrowing in whole or ratably in part, together with accrued interest to the date of such prepayment on the principal amount prepaid; provided, however, that (x) each partial prepayment shall be in an aggregate principal amount of \$5,000,000 for any Base Rate Advance or Swing Line Advance or \$10,000,000 for any Eurodollar Rate

Advance or, in each case, an integral multiple of \$1,000,000 in excess thereof and (y) in the event of any such prepayment of a Eurodollar Rate Advance, the Borrower shall be obligated to reimburse the Lenders in respect thereof pursuant to Section 8.04(c).

SECTION 2.11. Increased Costs. (a) If, after the date hereof, due to either (i) the introduction of or any change in or in the interpretation of any law or regulation or (ii) the compliance with any guideline or request from any central bank or other governmental authority (whether or not having the force of law), there shall be any increase in the cost to any Lender (other than in respect of Eurocurrency Liabilities) of agreeing to make or making, funding or maintaining Eurodollar Rate Advances (excluding for purposes of this Section 2.11 any such increased costs resulting from (i) Taxes or Other Taxes (as to which Section 2.14 shall govern) and (ii) changes in the basis of taxation of overall net income or overall gross income by the United States or by the foreign jurisdiction or state under the laws of which such Lender is organized or has its Applicable Lending Office or any political subdivision thereof), then the Borrower shall from time to time, upon demand by such Lender (with a copy of such demand to the Agent), pay to the Agent for the account of such Lender additional amounts sufficient to compensate such Lender for such increased cost. A certificate as to the amount of such increased cost, setting forth in reasonable detail the basis therefor and the computation thereof, submitted to the Borrower and the Agent by such Lender, shall be conclusive and binding for all purposes, absent manifest error. Notwithstanding the foregoing, none of the Lenders shall deliver the notice and certificate described in this Section 2.11(a) to the Borrower in respect of any increased costs except in accordance with the internal policy of such Lender as to the exercise of similar rights and remedies in similar circumstances.

(b) If any Lender determines that compliance with any law or regulation or any guideline or request from any central bank or other governmental authority (whether or not having the force of law) in either case enacted, adopted or made after the date hereof, affects or would affect the amount of capital required or expected to be maintained by such Lender or any corporation controlling such Lender and that the amount of such capital is increased by or based upon the existence of such Lender's commitment to lend hereunder and other commitments of this type, then, upon demand by such Lender (with a copy of such demand to the Agent), the Borrower shall pay to the Agent for the account of such Lender, from time to time as specified by such Lender, additional amounts sufficient to compensate such Lender or such corporation for the reduction of the rate of return on such Lender's capital or on the capital of such corporation, to the extent that such Lender reasonably determines such increase in capital to be allocable to the existence of such Lender's commitment to lend hereunder. A certificate as to such amounts, setting forth in reasonable detail the basis therefor and the computation thereof, submitted to the Borrower and the Agent by such Lender shall be conclusive and binding for all purposes, absent manifest error. Notwithstanding the foregoing, none of the Lenders shall deliver the notice and certificate described in this Section 2.11(b) to the Borrower in respect of any requirements of additional capital except in accordance with the internal policy of such Lender as to the exercise of similar rights and remedies in similar circumstances.

(c) If any Lender shall give notice to the Agent and the Borrower at any time to the effect that Eurocurrency Reserve Requirements are, or are scheduled to become, effective and that such Lender is or will be generally subject to such Eurocurrency Reserve Requirements (without regard to whether such Lender will be able to benefit from proration or offsets that may be available from time to time under Regulation D) as a result of which such Lender will incur additional costs, then such Lender shall, for each day from the later of the date of such notice and the date on which such Eurocurrency Reserve Requirements become effective, be entitled to additional interest on each Eurodollar Rate Advance made by it at a rate per annum determined for such day (rounded upward to the nearest 100th of 1%) equal to the remainder obtained by subtracting (i) the Eurodollar Rate for such Eurodollar Rate Advance from (ii) the rate obtained by dividing such Eurodollar Rate by a percentage equal to 100% minus the then applicable Eurocurrency Reserve Requirements. Such additional interest will be payable in arrears to the Agent, for the account of such Lender, on each date that interest is payable on such Eurodollar Rate Advance. Any Lender which gives a notice under this paragraph (c) shall promptly withdraw such notice (by written notice of withdrawal given to the Agent and the Borrower) in the event Eurocurrency Reserve Requirements cease to apply to it or the circumstances giving rise to such notice otherwise cease to exist.

(d) Notwithstanding anything to the contrary herein contained, no Lender shall be entitled to claim any additional amounts pursuant to this Section 2.11 arising with respect to any period of time prior to the date that is 60 days prior to the date on which notice of such claim and the basis therefor is first given to the Borrower pursuant to this Section 2.11.

SECTION 2.12. Illegality. (a) Notwithstanding any other provision of this Agreement, if any Lender shall notify the Agent that the introduction of or any change in or in the interpretation of any law or regulation makes it unlawful, or any central bank or other governmental authority asserts that it is unlawful, for any Lender or its Eurodollar Lending Office to perform its obligations hereunder to make Eurodollar Rate Advances or LIBO Rate Advances or to fund or maintain Eurodollar Rate Advances or LIBO Rate Advances hereunder, (i) each Eurodollar Rate Advance or LIBO Rate Advance, as the case may be, of such Lender will automatically, upon such demand, Convert into a Base Rate Advance or an Advance that bears interest at the rate set forth in Section 2.07(a)(i), as the case may be, and (ii) the obligation of such Lender to make Eurodollar Rate Advances or LIBO Rate Advances or to Convert Revolving Credit Advances into Eurodollar Rate Advances shall be suspended until the Agent shall notify the Borrower and the Lenders that the circumstances causing such suspension no longer exist. If any Lender shall exercise its rights under this Section 2.12(a), all payments and prepayments of principal which would otherwise have been applied to repay the Eurodollar Rate Advances or LIBO Rate Advances that would have been made by such Lender or the converted Eurodollar Rate Advances or LIBO Rate Advances of such Lender shall instead be applied to repay the Base Rate Advances or Advances bearing interest at the rate set forth in Section 2.07(a)(i), as the case may be, made by such Lender in lieu of, or resulting from the conversion of, such Eurodollar Rate Advances or LIBO Rate Advances, and all distributions of payments

in respect of interest shall be made to the Lenders ratably based on the interest rates applicable to their respective Advances.

(b) For purposes of this Section 2.12, a notice to the Borrower by any Lender shall be effective as to each Eurodollar Rate Advance or LIBO Rate Advance, if lawful, on the last day of the Interest Period currently applicable to such Eurodollar Rate Advance or LIBO Rate Advance; in all other cases such notice shall be effective on the date of receipt by the Borrower.

SECTION 2.13. Payments and Computations. (a) The Borrower shall make each payment hereunder and under the Notes not later than 12:00 noon (New York City time) on the day when due in U.S. dollars to the Agent at the Agent's Account in same day funds. The Agent will promptly thereafter cause to be distributed like funds relating to the payment of principal or interest or facility fees ratably (other than amounts payable pursuant to Section 2.03, 2.11, 2.14 or 8.04(c)) to the Lenders for the account of their respective Applicable Lending Offices, and like funds relating to the payment of any other amount payable to any Lender to such Lender for the account of its Applicable Lending Office, in each case to be applied in accordance with the terms of this Agreement. Upon its acceptance of an Assignment and Acceptance and recording of the information contained therein in the Register pursuant to Section 8.07(c), from and after the effective date specified in such Assignment and Acceptance, the Agent shall make all payments hereunder and under the Notes in respect of the interest assigned thereby to the Lender assignee thereunder, and the parties to such Assignment and Acceptance shall make all appropriate adjustments in such payments for periods prior to such effective date directly between themselves. Upon any Assuming Lender becoming a Lender hereunder as a result of the effectiveness of a Commitment Increase pursuant to Section 2.05(b) and upon the Agent's receipt of such Lender's Assumption Agreement and recording the information contained therein in the Register, from and after the applicable Increase Date, the Agent shall make all payments hereunder and under the Notes in respect of the interest assumed thereby to the Assuming Lender.

(b) All computations of interest based on the Base Rate shall be made by the Agent on the basis of a year of 365 or 366 days, as the case may be, and all computations of interest based on the Eurodollar Rate or the Federal Funds Rate and of facility fees shall be made by the Agent on the basis of a year of 360 days, in each case for the actual number of days (including the first day but excluding the last day) occurring in the period for which such interest or facility fees are payable. Each determination by the Agent of an interest rate hereunder shall be conclusive and binding for all purposes, absent manifest error.

(c) Whenever any payment hereunder or under the Notes shall be stated to be due on a day other than a Business Day, such payment shall be made on the next succeeding Business Day, and such extension of time shall in such case be included in the computation of payment of interest or facility fee, as the case may be; provided, however, that, if such

extension would cause payment of interest on or principal of Eurodollar Rate Advances or LIBO Rate Advances to be made in the next following calendar month, such payment shall be made on the next preceding Business Day.

(d) Unless the Agent shall have received notice from the Borrower prior to the date on which any payment is due to the Lenders hereunder that the Borrower will not make such payment in full, the Agent may assume that the Borrower has made such payment in full to the Agent on such date and the Agent may, in reliance upon such assumption, cause to be distributed to each Lender on such due date an amount equal to the amount then due such Lender. If and to the extent the Borrower shall not have so made such payment in full to the Agent, each Lender shall repay to the Agent forthwith on demand such amount distributed to such Lender together with interest thereon, for each day from the date such amount is distributed to such Lender until the date such Lender repays such amount to the Agent, at the Federal Funds Rate.

SECTION 2.14. Taxes. (a) Any and all payments by the Borrower hereunder or under the Notes shall be made, in accordance with Section 2.13, free and clear of and without deduction for any and all present or future taxes, levies, imposts, deductions, charges or withholdings, and all liabilities with respect thereto, excluding, in the case of each Lender and the Agent, taxes imposed on its overall net income, and franchise taxes imposed on it in lieu of net income taxes, by the jurisdiction under the laws of which such Lender or the Agent (as the case may be) is organized or any political subdivision thereof and, in the case of each Lender, taxes imposed on its overall net income, and franchise taxes imposed on it in lieu of net income taxes, by the jurisdiction of such Lender's Applicable Lending Office or any political subdivision thereof, and further excluding, if any Lender is found as the result of a determination (as defined in Section 1313(a) of the Internal Revenue Code) to be a conduit entity participating in a conduit financing arrangement as defined in Treasury Regulations promulgated under Section 7701(1) of the Internal Revenue Code, the excess of the United States taxes imposed with respect to such Lender over the amount of United States taxes that would have been imposed with respect to such Lender if such determination had not been made with respect to such Lender (all such non-excluded taxes, levies, imposts, deductions, charges, withholdings and liabilities in respect of payments hereunder or under the Notes being hereinafter referred to as "Taxes"). If the Borrower shall be required by law to deduct any Taxes from or in respect of any sum payable hereunder or under any Note to any Lender or the Agent, (i) the sum payable shall be increased as may be necessary so that after making all required deductions (including deductions applicable to additional sums payable under this Section 2.14) such Lender or the Agent (as the case may be) receives an amount equal to the sum it would have received had no such deductions been made, (ii) the Borrower shall make such deductions and (iii) the Borrower shall pay the full amount deducted to the relevant taxation authority or other authority in accordance with applicable law.

(b) In addition, the Borrower agrees to pay any present or future stamp or documentary taxes or any other excise or property taxes, charges or similar levies that arise from any payment made hereunder or under the Notes or from the execution, delivery or registration of, performing under, or otherwise with respect to, this Agreement or the Notes (hereinafter referred to as "Other Taxes").

(c) The Borrower shall indemnify each Lender and the Agent for the full amount of Taxes or Other Taxes (including, without limitation, any taxes imposed by any jurisdiction on amounts payable under this Section 2.14) imposed on or paid by such Lender or the Agent (as the case may be) and any liability (including penalties, interest and expenses) arising therefrom or with respect thereto. This indemnification shall be made within 30 days from the date such Lender or the Agent (as the case may be) makes written demand therefor.

(d) Within 30 days after the date of any payment of Taxes, the Borrower shall furnish to the Agent, at its address referred to in Section 8.02, the original or a certified copy of a receipt evidencing payment thereof. In the case of any payment hereunder or under the Notes by or on behalf of the Borrower through an account or branch outside the United States or by or on behalf of the Borrower by a payor that is not a United States person, if the Borrower determines that no Taxes are payable in respect thereof, the Borrower shall furnish, or shall cause such payor to furnish, to the Agent, at such address, an opinion of counsel acceptable to the Agent stating that such payment is exempt from Taxes. For purposes of this subsection (d) and subsection (e), the terms "United States" and "United States person" shall have the meanings specified in Section 7701 of the Internal Revenue Code.

(e) Each Lender organized under the laws of a jurisdiction outside the United States, on or prior to the date of its execution and delivery of this Agreement in the case of each Initial Lender and on the date of the Assumption Agreement or the Assignment and Acceptance, as the case may be, pursuant to which it becomes a Lender in the case of each other Lender, and from time to time thereafter as requested in writing by the Borrower (but only so long as such Lender remains lawfully able to do so), shall provide each of the Agent and the Borrower with two original Internal Revenue Service forms 1001 or 4224, as appropriate, or any successor or other form prescribed by the Internal Revenue Service, certifying that such Lender is exempt from or entitled to a reduced rate of United States withholding tax on payments pursuant to this Agreement or the Notes. If the forms provided by a Lender at the time such Lender first becomes a party to this Agreement indicate a United States interest withholding tax rate in excess of zero, withholding tax at such rate shall be considered excluded from Taxes unless and until such Lender provides the appropriate forms certifying that a lesser rate applies, whereupon withholding tax at such lesser rate only shall be considered excluded from Taxes for periods governed by such forms; provided, however, that, if at the date of the Assumption Agreement or the Assignment and Acceptance, as the case may be, pursuant to which a Lender assignee becomes a party to this Agreement, the Lender assignor was entitled to payments under subsection (a) in respect of United States withholding tax with respect to interest paid at such

date, then, to such extent, the term Taxes shall include (in addition to withholding taxes that may be imposed in the future or other amounts otherwise includable in Taxes) United States withholding tax, if any, applicable with respect to the Lender assignee on such date. If any form or document referred to in this subsection (e) requires the disclosure of information, other than information necessary to compute the tax payable and information required on the date hereof by Internal Revenue Service form 1001 or 4224, that the Lender reasonably considers to be confidential, the Lender shall give notice thereof to the Borrower and shall not be obligated to include in such form or document such confidential information.

(f) For any period with respect to which a Lender has failed to provide the Borrower with the appropriate form described in Section 2.14(e) (other than if such failure is due to a change in law occurring subsequent to the date on which a form originally was required to be provided, or if such form otherwise is not required under the first sentence of subsection (e) above), such Lender shall not be entitled to indemnification under Section 2.14(a) or (c) with respect to Taxes imposed by the United States by reason of such failure; provided, however, that should a Lender become subject to Taxes because of its failure to deliver a form required hereunder, the Borrower shall take such steps as the Lender shall reasonably request to assist the Lender to recover such Taxes.

(g) Any Lender claiming any additional amounts payable pursuant to this Section 2.14 agrees to use reasonable efforts (consistent with its internal policy and legal and regulatory restrictions) to change the jurisdiction of its Eurodollar Lending Office if the making of such a change would avoid the need for, or reduce the amount of, any additional amounts that may thereafter accrue and would not, in the reasonable judgment of such Lender, be otherwise disadvantageous to such Lender.

SECTION 2.15. Sharing of Payments, Etc. If any Lender shall obtain any payment (whether voluntary, involuntary, through the exercise of any right of set-off, or otherwise) on account of the Revolving Credit Advances or Swing Line Advances owing to it (other than pursuant to Section 2.11, 2.14 or 8.04(c)) in excess of its ratable share of payments on account of the Revolving Credit Advances or Swing Line Advances obtained by all the Lenders, such Lender shall forthwith purchase from the other Lenders such participations in the Revolving Credit Advances or Swing Line Advances owing to them as shall be necessary to cause such purchasing Lender to share the excess payment ratably with each of them; provided, however, that if all or any portion of such excess payment is thereafter recovered from such purchasing Lender, such purchase from each Lender shall be rescinded and such Lender shall repay to the purchasing Lender the purchase price to the extent of such recovery together with an amount equal to such Lender's ratable share (according to the proportion of (i) the amount of such Lender's required repayment to (ii) the total amount so recovered from the purchasing Lender) of any interest or other amount paid or payable by the purchasing Lender in respect of the total amount so recovered. The Borrower agrees that any Lender so purchasing a participation from another Lender pursuant to this Section 2.15 may, to the fullest extent

permitted by law, exercise all its rights of payment (including the right of set-off) with respect to such participation as fully as if such Lender were the direct creditor of the Borrower in the amount of such participation.

SECTION 2.16. Use of Proceeds. The proceeds of the Advances shall be available (and the Borrower agrees that it shall use such proceeds) for general corporate purposes of the Borrower and its Subsidiaries, including acquisitions and stock repurchases.

### ARTICLE III

#### CONDITIONS TO EFFECTIVENESS AND LENDING

SECTION 3.01. Conditions Precedent to Effectiveness of Sections 2.01 and 2.03. Sections 2.01 and 2.03 of this Agreement shall become effective on and as of the first date (the "Effective Date") on which the following conditions precedent have been satisfied:

(a) The Borrower shall have paid all accrued fees and expenses of the Agent and the Lenders (including the accrued fees and expenses of counsel to the Agent).

(b) On the Effective Date, the following statements shall be true and the Agent shall have received for the account of each Lender a certificate signed by a duly authorized officer of the Borrower, dated the Effective Date, stating that:

(i) The representations and warranties contained in Section 4.01 are correct in all material respects on and as of the Effective Date, and

(ii) No event has occurred and is continuing that constitutes a Default.

(c) The Agent shall have received on or before the Effective Date the following, each dated such day, in form and substance satisfactory to the Agent and (except for the Revolving Credit Notes) in sufficient copies for each Lender:

(i) The Revolving Credit Notes to the order of the Lenders, respectively.

(ii) Certified copies of the resolutions of the Board of Directors of the Borrower approving this Agreement and the Notes, and of all documents evidencing other necessary corporate action and governmental approvals, if any, with respect to this Agreement and the Notes.

(iii) A certificate of the Secretary or an Assistant Secretary of the Borrower certifying the names and true signatures of the officers of the Borrower authorized to sign this Agreement and the Notes and the other documents to be delivered hereunder.

(iv) A favorable opinion of Diana M. Daniels, general counsel for the Borrower, substantially in the form of Exhibit E hereto and as to such other matters as any Lender through the Agent may reasonably request.

(v) A favorable opinion of Shearman & Sterling, counsel for the Agent, in form and substance satisfactory to the Agent.

SECTION 3.02. Conditions Precedent to Each Revolving Credit Borrowing and Each Swing Line Borrowing. The obligation of each Lender to make an Advance on the occasion of each Borrowing (other than a Swing Line Advance made by a Lender pursuant to Section 2.02(b) and other than a Competitive Bid Advance) shall be subject to the conditions precedent that the Effective Date shall have occurred and on the date of such Borrowing the following statements shall be true (and each of the giving of the applicable Notice of Revolving Credit Borrowing, a Notice of Swing Line Borrowing and the acceptance by the Borrower of the proceeds of such Revolving Credit Borrowing or such Swing Line Borrowing shall constitute a representation and warranty by the Borrower that on the date of such Borrowing such statements are true):

(a) the representations and warranties contained in Section 4.01 are correct in all material respects on and as of the date of such Revolving Credit Borrowing or Swing Line Borrowing, as the case may be, before and after giving effect to such Revolving Credit Borrowing or Swing Line Borrowing, as the case may be, and to the application of the proceeds therefrom, as though made on and as of such date except to the extent such representations and warranties expressly relate to an earlier date, and

(b) no event has occurred and is continuing, or would result from such Revolving Credit Borrowing or Swing Line Borrowing, as the case may be, or from the application of the proceeds therefrom, that constitutes a Default.

SECTION 3.03. Conditions Precedent to Each Competitive Bid Borrowing. The obligation of each Lender that is to make a Competitive Bid Advance on the occasion of a Competitive Bid Borrowing to make such Competitive Bid Advance as part of such Competitive Bid Borrowing is subject to the conditions precedent that (i) the Agent shall have received the written confirmatory Notice of Competitive Bid Borrowing with respect thereto, (ii) on or before the date of such Competitive Bid Borrowing, but prior to such Competitive Bid Borrowing, the Agent shall have received a Competitive Bid Note payable to the order of such Lender for each of the one or more Competitive Bid Advances to be made by such Lender as

part of such Competitive Bid Borrowing, in a principal amount equal to the principal amount of the Competitive Bid Advance to be evidenced thereby and otherwise on such terms as were agreed to for such Competitive Bid Advance in accordance with Section 2.03, and (iii) on the date of such Competitive Bid Borrowing the following statements shall be true (and each of the giving of the applicable Notice of Competitive Bid Borrowing and the acceptance by the Borrower of the proceeds of such Competitive Bid Borrowing shall constitute a representation and warranty by the Borrower that on the date of such Competitive Bid Borrowing such statements are true):

(a) the representations and warranties contained in Section 4.01 are correct in all material respects on and as of the date of such Competitive Bid Borrowing, before and after giving effect to such Competitive Bid Borrowing and to the application of the proceeds therefrom, as though made on and as of such date, and

(b) no event has occurred and is continuing, or would result from such Competitive Bid Borrowing or from the application of the proceeds therefrom, that constitutes a Default.

SECTION 3.04. Determinations Under Section 3.01. For purposes of determining compliance with the conditions specified in Section 3.01, each Lender shall be deemed to have consented to, approved or accepted or to be satisfied with each document or other matter required thereunder to be consented to or approved by or acceptable or satisfactory to the Lenders unless an officer of the Agent responsible for the transactions contemplated by this Agreement shall have received notice from such Lender prior to the date that the Borrower, by notice to the Lenders, designates as the proposed Effective Date, specifying its objection thereto. The Agent shall promptly notify the Lenders and the Borrower of the occurrence of the Effective Date.

#### ARTICLE IV

##### REPRESENTATIONS AND WARRANTIES

SECTION 4.01. Representations and Warranties of the Borrower. The Borrower represents and warrants as follows:

(a) The Borrower is a corporation duly organized, validly existing and in good standing under the laws of the State of Delaware.

(b) The execution, delivery and performance by the Borrower of this Agreement and the Notes, and the consummation of the transactions contemplated hereby, are within the Borrower's corporate powers, have been duly authorized by all

necessary corporate action, and do not contravene (i) the Borrower's charter or by-laws or (ii) law or any contractual restriction binding on or affecting the Borrower.

(c) No authorization or approval or other action by, and no notice to or filing with, any governmental authority or regulatory body or any other third party is required for the due execution, delivery and performance by the Borrower of this Agreement or the Notes.

(d) This Agreement has been, and each of the Notes when delivered hereunder will have been, duly executed and delivered by the Borrower. This Agreement is, and each of the Notes when delivered hereunder will be, the legal, valid and binding obligation of the Borrower enforceable against the Borrower in accordance with their respective terms.

(e) The Consolidated balance sheet of the Borrower and its Subsidiaries as at January 1, 1995, and the related Consolidated statements of income and cash flows of the Borrower and its Subsidiaries for the fiscal year then ended, accompanied by an opinion of Price Waterhouse LLP, independent public accountants, and the Consolidated balance sheet of the Borrower and its Subsidiaries as at October 1, 1995, and the related Consolidated statements of income and cash flows of the Borrower and its Subsidiaries for the nine months then ended, duly certified by the chief financial officer of the Borrower, copies of which have been furnished to each Lender, fairly present, subject, in the case of said balance sheet as at October 1, 1995, and said statements of income and cash flows for the nine months then ended, to year-end audit adjustments, the Consolidated financial condition of the Borrower and its Subsidiaries as at such date and the Consolidated results of the operations of the Borrower and its Subsidiaries for the periods ended on such dates, all in accordance with generally accepted accounting principles consistently applied. Between January 1, 1995 and the date hereof, there has been no Material Adverse Change.

(f) There is no pending or threatened action, suit, investigation, litigation or proceeding, including, without limitation, any Environmental Action, affecting the Borrower or any of its Subsidiaries before any court, governmental agency or arbitrator that (i) is pending or threatened on the date hereof and is reasonably likely to have a Material Adverse Effect or (ii) purports to affect the legality, validity or enforceability of this Agreement or any Note or the consummation of the transactions contemplated hereby.

(g) The Borrower is not, and immediately after the application by the Borrower of the proceeds of each Advance will not be an "investment company" within the meaning of the Investment Company Act of 1940, as amended.

(h) After giving effect to the application of the proceeds of each Advance, not more than 25% of the value of the assets of the Borrower and its Subsidiaries (as determined in good faith by the Borrower) subject to the provisions of Section 5.02(a) or subject to any restriction contained in any agreement or instrument between the Borrower and any Lender or any Affiliate of any Lender relating to Debt and within the scope of Section 6.01(d) will consist of or be represented by Margin Stock.

#### ARTICLE V

##### COVENANTS OF THE BORROWER

SECTION 5.01. Affirmative Covenants. So long as any Advance shall remain unpaid or any Lender shall have any Commitment hereunder, the Borrower will:

(a) Compliance with Laws, Etc. Comply, and cause each of its Subsidiaries to comply, in all material respects, with all applicable laws, rules, regulations and orders, such compliance to include, without limitation, compliance with ERISA and Environmental Laws, except to the extent that any failures to so comply, individually or in the aggregate, would not be reasonably likely to have a Material Adverse Effect; provided, however, that neither the Borrower nor any of its Subsidiaries shall be required to comply with any law, rule, regulation or order to the extent it is being contested in good faith and by proper proceedings and as to which appropriate reserves are being maintained.

(b) Payment of Taxes, Etc. Pay and discharge, and cause each of its Subsidiaries to pay and discharge, before the same shall become delinquent, all material taxes, assessments and governmental charges or levies imposed upon it or upon its property; provided, however, that neither the Borrower nor any of its Subsidiaries shall be required to pay or discharge any such tax, assessment, charge or claim that is being contested in good faith and by proper proceedings and as to which appropriate reserves are being maintained.

(c) Maintenance of Insurance. Maintain, and cause each of its Significant Subsidiaries to maintain, insurance with responsible and reputable insurance companies or associations in such amounts and covering such risks as is usually carried by companies engaged in similar businesses and owning similar properties in the same general areas in which the Borrower or such Significant Subsidiary operates.

(d) Preservation of Corporate Existence, Etc. Preserve and maintain its corporate existence, rights (charter and statutory) and franchises if the loss or failure to maintain the same could, individually or in the aggregate, be reasonably likely to have

a Material Adverse Effect; provided, however, that the Borrower may consummate any merger or consolidation permitted under Section 5.02(b).

(e) Visitation Rights. At any reasonable time and from time to time on reasonable notice and at reasonable intervals, permit the Agent or any of the Lenders, or any agents or representatives thereof, to visit the properties of the Borrower and any of its Subsidiaries and to discuss the affairs, finances and accounts of the Borrower and any of its Subsidiaries with any of their officers or directors and, during the continuance of any Default, to examine and make copies of and abstracts from the records and books of account of the Borrower and any of its Subsidiaries and to discuss the affairs, finances and accounts of the Borrower and any of its Subsidiaries with their independent certified public accountants.

(f) Keeping of Books. Keep, and cause each of its Subsidiaries to keep, proper books of record and account, in which entries shall be made of all financial transactions and the assets and business of the Borrower and each such Subsidiary in accordance with generally accepted accounting principles in effect from time to time.

(g) Maintenance of Properties, Etc. Maintain and preserve, and cause each of its Significant Subsidiaries to maintain and preserve, all of its properties that are used or useful in the conduct of its business in good working order and condition, ordinary wear and tear excepted, except to the extent that any failure to do so, individually or in the aggregate, would not be reasonably likely to have a Material Adverse Effect.

(h) Primary Business. The Borrower shall continue to be engaged primarily in lines of business as carried on at the date hereof or lines of business related thereto.

(i) Reporting Requirements. Furnish to the Lenders:

(i) as soon as available and in any event within 55 days after the end of each of the first three quarters of each fiscal year of the Borrower, the Consolidated balance sheet of the Borrower and its Subsidiaries as of the end of such quarter and Consolidated statements of income and cash flows of the Borrower and its Subsidiaries for the period commencing at the end of the previous fiscal year and ending with the end of such quarter, duly certified (subject to year-end audit adjustments) by the chief financial officer of the Borrower as having been prepared in accordance with generally accepted accounting principles and certificates of the chief financial officer of the Borrower as to compliance with the terms of this Agreement, provided that in the event of any change in GAAP used in the preparation of such financial statements, the Borrower shall also provide, if necessary for the determination of compliance

with Section 5.03, a statement of reconciliation conforming such financial statements to GAAP;

(ii) as soon as available and in any event within 105 days after the end of each fiscal year of the Borrower, a copy of the annual audit report for such year for the Borrower and its Subsidiaries, containing the Consolidated balance sheet of the Borrower and its Subsidiaries as of the end of such fiscal year and Consolidated statements of income and cash flows of the Borrower and its Subsidiaries for such fiscal year, in each case accompanied by an opinion by Price Waterhouse LLP or other independent public accountants of recognized national standing, provided that in the event of any change in GAAP used in the preparation of such financial statements, the Borrower shall also provide, if necessary for the determination of compliance with Section 5.03, a statement of reconciliation conforming such financial statements to GAAP;

(iii) as soon as possible and in any event within seven days after the occurrence of each Default continuing on the date of such statement, a statement of the chief financial officer of the Borrower setting forth details of such Default and the action that the Borrower has taken and proposes to take with respect thereto;

(iv) promptly after the sending or filing thereof, copies of all quarterly and annual reports and proxy solicitations that the Borrower sends to its public securityholders generally, and copies of all reports on Form 8-K and registration statements for the public offering (other than pursuant to employee Plans) of securities that the Borrower files with the Securities and Exchange Commission or any national securities exchange;

(v) promptly after the commencement thereof, notice of all actions and proceedings before any court, governmental agency or arbitrator affecting the Borrower or any of its Subsidiaries of the type described in Section 4.01(f); and

(vi) such other information respecting the Borrower or any of its Subsidiaries as any Lender through the Agent may from time to time reasonably request.

SECTION 5.02. Negative Covenants. So long as any Advance shall remain unpaid or any Lender shall have any Commitment hereunder, the Borrower will not:

(a) Liens, Etc. Create or suffer to exist, or permit any of its Subsidiaries to create or suffer to exist, any Lien on or with respect to any of its properties (which for purposes of this subsection (a) shall be deemed not to include shares of the Borrower's

capital stock), whether now owned or hereafter acquired, or assign, or permit any of its Subsidiaries to assign, any right to receive income, other than:

(i) Permitted Liens,

(ii) purchase money Liens upon or in any real property or equipment acquired or held by the Borrower or any Subsidiary in the ordinary course of business to secure the purchase price of such property or equipment or to secure Debt incurred solely for the purpose of financing the acquisition of such property or equipment, or Liens existing on such property or equipment at the time of its acquisition (other than any such Liens created in contemplation of such acquisition that were not incurred to finance the acquisition of such property) or extensions, renewals or replacements of any of the foregoing for the same or a lesser amount, provided, however, that no such Lien shall extend to or cover any properties of any character other than the real property or equipment being acquired (or, in the case of improvements to real property, the real property being improved), and no such extension, renewal or replacement shall extend to or cover any properties not theretofore subject to the Lien being extended, renewed or replaced,

(iii) the Liens existing on the Effective Date and described on Schedule 5.02(a) hereto,

(iv) Liens securing Debt payable to the Borrower,

(v) other Liens securing Debt in an aggregate principal amount not to exceed at any time outstanding an amount equal to 20% of Consolidated Shareholders' Equity, and

(vi) the replacement, extension or renewal of any Lien permitted by clause (iii) above upon or in the same property theretofore subject thereto or the replacement, extension or renewal (without increase in the amount) of the Debt secured thereby.

(b) Mergers, Etc. Merge or consolidate with or into, or convey, transfer, lease or otherwise dispose of (whether in one transaction or in a series of transactions) all or substantially all of its assets (whether now owned or hereafter acquired) to, any Person, provided that the Borrower may merge or consolidate with any other Person so long as the Borrower is the surviving corporation and provided further that no Default shall have occurred and be continuing at the time of such proposed transaction or would result therefrom.

(c) Accounting Changes. Make or permit, or permit any of its Subsidiaries to make or permit, any change in accounting policies or reporting practices, except as permitted by generally accepted accounting principles and, in the case of any significant change, concurred with by the Borrower's independent public accountants.

SECTION 5.03. Financial Covenant. So long as any Advance shall remain unpaid or any Lender shall have any Commitment hereunder, the Borrower will maintain Consolidated Shareholders' Equity of not less than \$850,000,000.

#### ARTICLE VI

##### EVENTS OF DEFAULT

SECTION 6.01. Events of Default. If any of the following events ("Events of Default") shall occur and be continuing:

(a) The Borrower shall fail to pay any principal of any Advance when the same becomes due and payable (or, if any such failure is due solely to technical or administrative difficulties relating to the transfer of such principal payment, within two Business Days after the same becomes due and payable); or the Borrower shall fail to pay any interest on any Advance or make any other payment of fees or other amounts payable under this Agreement or any Note within three Business Days after the same becomes due and payable; or

(b) Any representation or warranty made by the Borrower herein or by the Borrower (or any of its officers) in connection with this Agreement shall prove to have been incorrect in any material respect when made; or

(c) (i) The Borrower shall fail to perform or observe any term, covenant or agreement contained in Section 5.01(d) or (i)(iii), 5.02 or 5.03, or (ii) the Borrower shall fail to perform or observe any other term, covenant or agreement contained in this Agreement on its part to be performed or observed if such failure shall remain unremedied for 20 days after written notice thereof shall have been given to the Borrower by the Agent or any Lender; or

(d) The Borrower or any of its Subsidiaries shall fail to pay any principal of or premium or interest on any Debt (other than Non-Recourse Debt) that is outstanding in a principal amount of at least \$40,000,000 in the aggregate (but excluding Debt outstanding hereunder) of the Borrower or such Subsidiary (as the case may be), when the same becomes due and payable (whether by scheduled maturity, required prepayment, acceleration, demand or otherwise), and such failure shall continue after the applicable

grace period, if any, specified in the agreement or instrument relating to such Debt; or any other event shall occur or condition shall exist under any agreement or instrument relating to any such Debt and shall continue after the applicable grace period, if any, specified in such agreement or instrument, if the effect of such event or condition is to accelerate, or to permit the acceleration of, the maturity of such Debt; or

(e) The Borrower or any of its Significant Subsidiaries shall generally not pay its debts as such debts become due, or shall admit in writing its inability to pay its debts generally, or shall make a general assignment for the benefit of creditors; or any proceeding shall be instituted by or against the Borrower or any of its Significant Subsidiaries seeking to adjudicate it a bankrupt or insolvent, or seeking liquidation, winding up, reorganization, arrangement, adjustment, protection, relief, or composition of it or its debts under any law relating to bankruptcy, insolvency or reorganization or relief of debtors, or seeking the entry of an order for relief or the appointment of a receiver, trustee, custodian or other similar official for it or for any substantial part of its property and, in the case of any such proceeding instituted against it (but not instituted by it), either such proceeding shall remain undismitted or unstayed for a period of 60 days, or in such proceeding the entry of an order for relief against, or the appointment of a receiver, trustee, custodian or other similar official for, it or for any substantial part of its property shall occur; or the Borrower or any of its Significant Subsidiaries shall take any corporate action to authorize any of the actions set forth above in this subsection (e); or

(f) Any judgment or order of a court of competent jurisdiction for the payment of money in excess of \$20,000,000 shall be rendered against the Borrower or any of its Significant Subsidiaries and either (i) enforcement proceedings shall have been legally commenced by any creditor upon such judgment or order or (ii) there shall be any period of 60 consecutive days during which a stay of enforcement of such judgment or order, by reason of a pending appeal or otherwise, shall not be in effect provided, however, that any such judgment or order shall not be an Event of Default under this Section 6.01(f) if and for so long as (x) the amount of such judgment or order is covered by a valid and binding policy of insurance between the defendant and the insurer covering payment thereof and (y) such insurer, which shall be rated at least "A-" by A.M. Best Company, has been notified of, and has not disputed the claim made for payment of, the amount of such judgment or order; or

(g) (i) Any Person or two or more Persons acting in concert (other than the Graham Interests) shall have acquired beneficial ownership (within the meaning of Rule 13d-3 of the Securities and Exchange Commission under the Securities Exchange Act of 1934), directly or indirectly, of Voting Stock of the Borrower (or other securities convertible into such Voting Stock) representing 30% or more of the combined voting power of all Voting Stock of the Borrower and such combined voting power exceeds the

then current voting power of the Voting Stock of the Borrower (or other securities convertible into such Voting Stock) controlled by the Graham Interests; or (ii) Continuing Directors of the Borrower shall cease for any reason to constitute a majority of the board of directors of the Borrower; or

(h) The Borrower or any of its ERISA Affiliates shall incur liability as a result of one or more of the following: (i) the occurrence of any ERISA Event; (ii) the partial or complete withdrawal of the Borrower or any of its ERISA Affiliates from a Multiemployer Plan; or (iii) the reorganization or termination of a Multiemployer Plan; and, in the reasonable opinion of the Required Lenders, such incurrence would be likely to result in a Material Adverse Effect, provided that any such liability in an amount not to exceed \$20,000,000 shall be deemed not to be likely to result in a Material Adverse Effect;

then, and in any such event, the Agent (i) shall at the request, or may with the consent, of the Required Lenders, by notice to the Borrower, declare the obligation of each Lender to make Advances to be terminated, whereupon the same shall forthwith terminate, and (ii) shall at the request, or may with the consent, of the Required Lenders, by notice to the Borrower, declare the Notes, all interest thereon and all other amounts payable under this Agreement to be forthwith due and payable, whereupon the Notes, all such interest and all such amounts shall become and be forthwith due and payable, without presentment, demand, protest or further notice of any kind, all of which are hereby expressly waived by the Borrower; provided, however, that in the event of an actual or deemed entry of an order for relief with respect to the Borrower under the Federal Bankruptcy Code, (A) the obligation of each Lender to make Advances shall automatically be terminated and (B) the Notes, all such interest and all such amounts shall automatically become and be due and payable, without presentment, demand, protest or any notice of any kind, all of which are hereby expressly waived by the Borrower.

#### ARTICLE VII

##### THE AGENT

SECTION 7.01. Authorization and Action. Each Lender hereby appoints and authorizes the Agent to take such action as agent on its behalf and to exercise such powers and discretion under this Agreement as are delegated to the Agent by the terms hereof, together with such powers and discretion as are reasonably incidental thereto. As to any matters not expressly provided for by this Agreement (including, without limitation, enforcement or collection of the Notes), the Agent shall not be required to exercise any discretion or take any action, but shall be required to act or to refrain from acting (and shall be fully protected in so acting or refraining from acting) upon the instructions of the Required Lenders, and such instructions shall be binding upon all Lenders and all holders of Notes; provided, however, that the Agent shall not

be required to take any action that exposes the Agent to personal liability or that is contrary to this Agreement or applicable law. The Agent agrees to give to each Lender prompt notice of each notice given to it by the Borrower pursuant to the terms of this Agreement.

SECTION 7.02. Agent's Reliance, Etc. Neither the Agent nor any of its directors, officers, agents or employees shall be liable for any action taken or omitted to be taken by it or them under or in connection with this Agreement, except for its or their own gross negligence or willful misconduct. Without limitation of the generality of the foregoing, the Agent: (i) may treat the payee of any Note as the holder thereof until the Agent receives and accepts an Assignment and Acceptance entered into by the Lender that is the payee of such Note, as assignor, and an Eligible Assignee, as assignee, as provided in Section 8.07; (ii) may consult with legal counsel (including counsel for the Borrower), independent public accountants and other experts selected by it and shall not be liable for any action taken or omitted to be taken in good faith by it in accordance with the advice of such counsel, accountants or experts; (iii) makes no warranty or representation to any Lender and shall not be responsible to any Lender for any statements, warranties or representations (whether written or oral) made in or in connection with this Agreement; (iv) shall not have any duty to ascertain or to inquire as to the performance or observance of any of the terms, covenants or conditions of this Agreement on the part of the Borrower or to inspect the property (including the books and records) of the Borrower; (v) shall not be responsible to any Lender for the due execution, legality, validity, enforceability, genuineness, sufficiency or value of this Agreement or any other instrument or document furnished pursuant hereto; and (vi) shall incur no liability under or in respect of this Agreement by acting upon any notice, consent, certificate or other instrument or writing (which may be by telecopier, telegram or telex) reasonably believed by it to be genuine and signed or sent by the proper party or parties.

SECTION 7.03. Citibank and Affiliates. With respect to its Commitment, the Advances made by it and the Note issued to it, Citibank shall have the same rights and powers under this Agreement as any other Lender and may exercise the same as though it were not the Agent; and the term "Lender" or "Lenders" shall, unless otherwise expressly indicated, include Citibank in its individual capacity. Citibank and its Affiliates may accept deposits from, lend money to, act as trustee under indentures of, accept investment banking engagements from and generally engage in any kind of business with, the Borrower, any of its Subsidiaries and any Person who may do business with or own securities of the Borrower or any such Subsidiary, all as if Citibank were not the Agent and without any duty to account therefor to the Lenders.

SECTION 7.04. Lender Credit Decision. Each Lender acknowledges that it has, independently and without reliance upon the Agent or any other Lender and based on the financial statements referred to in Section 4.01 and such other documents and information as it has deemed appropriate, made its own credit analysis and decision to enter into this Agreement. Each Lender also acknowledges that it will, independently and without reliance upon the Agent or any other Lender and based on such documents and information as it shall deem appropriate

at the time, continue to make its own credit decisions in taking or not taking action under this Agreement.

SECTION 7.05. Indemnification. The Lenders agree to indemnify the Agent (to the extent not reimbursed by the Borrower), ratably according to the respective principal amounts of the Revolving Credit Notes then held by each of them (or if no Revolving Credit Notes are at the time outstanding or if any Revolving Credit Notes are held by Persons that are not Lenders, ratably according to the respective amounts of their Commitments), from and against any and all liabilities, obligations, losses, damages, penalties, actions, judgments, suits, costs, expenses or disbursements of any kind or nature whatsoever that may be imposed on, incurred by, or asserted against the Agent in any way relating to or arising out of this Agreement or any action taken or omitted by the Agent under this Agreement, provided that no Lender shall be liable for any portion of such liabilities, obligations, losses, damages, penalties, actions, judgments, suits, costs, expenses or disbursements resulting from the Agent's gross negligence or willful misconduct. Without limitation of the foregoing, each Lender agrees to reimburse the Agent promptly upon demand for its ratable share of any out-of-pocket expenses (including counsel fees) incurred by the Agent in connection with the preparation, execution, delivery, administration, modification, amendment or enforcement (whether through negotiations, legal proceedings or otherwise) of, or legal advice in respect of rights or responsibilities under, this Agreement, to the extent that the Agent is not reimbursed for such expenses by the Borrower.

SECTION 7.06. Successor Agent. The Agent may resign at any time by giving written notice thereof to the Lenders and the Borrower and may be removed at any time with or without cause by the Required Lenders. Upon any such resignation or removal, the Required Lenders shall have the right to appoint a successor Agent. If no successor Agent shall have been so appointed by the Required Lenders, and shall have accepted such appointment, within 30 days after the retiring Agent's giving of notice of resignation or the Required Lenders' removal of the retiring Agent, then the retiring Agent may, on behalf of the Lenders, appoint a successor Agent, which shall be a commercial bank organized under the laws of the United States of America or of any State thereof and having a combined capital and surplus of at least \$500,000,000. Upon the acceptance of any appointment as Agent hereunder by a successor Agent, such successor Agent shall thereupon succeed to and become vested with all the rights, powers, discretion, privileges and duties of the retiring Agent, and the retiring Agent shall be discharged from its duties and obligations under this Agreement. After any retiring Agent's resignation or removal hereunder as Agent, the provisions of this Article VII shall inure to its benefit as to any actions taken or omitted to be taken by it while it was Agent under this Agreement.

SECTION 7.07. Co-Agent. Wachovia has been designated as Co-Agent in recognition of its Commitment, and the use of such title does not impose on Wachovia any duties or obligations greater than those of any other Lender.

## ARTICLE VIII

## MISCELLANEOUS

SECTION 8.01. Amendments, Etc. No amendment or waiver of any provision of this Agreement or the Revolving Credit Notes, nor consent to any departure by the Borrower therefrom, shall in any event be effective unless the same shall be in writing and signed by the Required Lenders, and then such waiver or consent shall be effective only in the specific instance and for the specific purpose for which given; provided, however, that no amendment, waiver or consent shall, unless in writing and signed by all the Lenders, do any of the following: (a) waive any of the conditions specified in Section 3.01, (b) increase the Commitments of the Lenders other than as provided in Section 2.05(b), (c) reduce the principal of, or interest on, the Revolving Credit Notes or any fees or other amounts payable hereunder, (d) postpone any date fixed for any payment of principal of, or interest on, the Revolving Credit Notes or any fees or other amounts payable hereunder, (e) change the percentage of the Commitments or of the aggregate unpaid principal amount of the Revolving Credit Notes that shall be required for the Lenders or any of them to take any action hereunder or (f) amend this Section 8.01; provided further that no amendment, waiver or consent shall, unless in writing and signed by each Swing Line Bank, in addition to the Lenders required above to take such action, affect the rights or obligations of the Swing Line Banks under this Agreement; and provided further that no amendment, waiver or consent shall, unless in writing and signed by the Agent in addition to the Lenders required above to take such action, affect the rights or duties of the Agent under this Agreement or any Note.

SECTION 8.02. Notices, Etc. All notices and other communications provided for hereunder shall be in writing (including telecopier, telegraphic or telex communication) and telecopied, telegraphed, telexed or delivered, if to the Borrower, at its address at 1150 15th Street, N.W., Washington, D.C. 20071, Attention: Treasurer; if to any Initial Lender, at its Domestic Lending Office specified opposite its name on Schedule I hereto; if to any other Lender, at its Domestic Lending Office specified in the Assumption Agreement or the Assignment and Acceptance pursuant to which it became a Lender; and if to the Agent, at its address at 1 Court Square, Long Island City, New York 11120, Attention: Bruce MacKenzie; or, as to the Borrower or the Agent, at such other address as shall be designated by such party in a written notice to the other parties and, as to each other party, at such other address as shall be designated by such party in a written notice to the Borrower and the Agent. All such notices and communications shall, when hand delivered, telecopied, telegraphed or telexed, be effective when received. Delivery by telecopier of an executed counterpart of any amendment or waiver of any provision of this Agreement or the Notes or of any Exhibit hereto to be executed and delivered hereunder shall be effective as delivery of a manually executed counterpart thereof.

SECTION 8.03. No Waiver; Remedies. No failure on the part of any Lender or the Agent to exercise, and no delay in exercising, any right hereunder or under any Note shall operate as a waiver thereof; nor shall any single or partial exercise of any such right preclude any other or further exercise thereof or the exercise of any other right. The remedies herein provided are cumulative and not exclusive of any remedies provided by law.

SECTION 8.04. Costs and Expenses. (a) The Borrower agrees to pay on demand all reasonable out-of-pocket costs and expenses of the Agent in connection with the preparation, execution, delivery, administration, modification and amendment of this Agreement, the Notes and the other documents to be delivered hereunder, including, without limitation, (A) all due diligence, syndication (including printing, distribution and bank meetings), transportation and duplication expenses, and (B) the reasonable fees and expenses of counsel for the Agent with respect thereto and with respect to advising the Agent as to its rights and responsibilities under this Agreement. The Borrower further agrees to pay on demand all reasonable out-of-pocket costs and expenses of the Agent and the Lenders, if any (including, without limitation, reasonable counsel fees and expenses), in connection with the enforcement (whether through negotiations, legal proceedings or otherwise) of this Agreement, the Notes and the other documents to be delivered hereunder, including, without limitation, reasonable fees and expenses of counsel for the Agent and each Lender in connection with the enforcement of rights under this Section 8.04(a).

(b) The Borrower agrees to indemnify and hold harmless the Agent and each Lender and each of their Affiliates and their officers, directors, employees, agents and advisors (each, an "Indemnified Party") from and against any and all claims, damages, losses, liabilities and expenses (including, without limitation, reasonable fees and expenses of counsel) that may be incurred by or asserted or awarded against any Indemnified Party, in each case arising out of or in connection with or by reason of, or in connection with the preparation for a defense of, any investigation, litigation or proceeding arising out of, related to or in connection with the Notes, this Agreement, any of the transactions contemplated herein or the actual or proposed use of the proceeds of the Advances, whether or not such investigation, litigation or proceeding is brought by the Borrower, its directors, shareholders or creditors or an Indemnified Party or any other Person or any Indemnified Party is otherwise a party thereto and whether or not the transactions contemplated hereby are consummated, except to the extent such claim, damage, loss, liability or expense is found in a final, non-appealable judgment by a court of competent jurisdiction to have resulted from such Indemnified Party's gross negligence or willful misconduct or breach of its obligations under this Agreement.

(c) If any payment of principal of, or Conversion of, any Eurodollar Rate Advance or LIBO Rate Advance is made by the Borrower to or for the account of a Lender other than on the last day of the Interest Period for such Advance, as a result of a payment or Conversion pursuant to Section 2.08(d) or (e), 2.09, 2.10 or 2.12, acceleration of the maturity of the Notes pursuant to Section 6.01 or for any other reason, or by an Eligible Assignee to a

Lender other than on the last day of an Interest Period for such Advance upon an assignment of rights and obligations under this Agreement pursuant to Section 8.07 as a result of a demand by the Borrower pursuant to Section 8.07(a), the Borrower shall, upon demand by such Lender (with a copy of such demand to the Agent), pay to the Agent for the account of such Lender any amounts required to compensate such Lender for any additional losses, costs or expenses that it may reasonably incur as a result of such payment or Conversion, including, without limitation, any loss (excluding loss of anticipated profits), cost or expense incurred by reason of the liquidation or reemployment of deposits or other funds acquired by any Lender to fund or maintain such Advance.

(d) Without prejudice to the survival of any other agreement of the Borrower hereunder, the agreements and obligations of the Borrower contained in Sections 2.11, 2.14 and 8.04 shall survive the payment in full of principal, interest and all other amounts payable hereunder and under the Notes.

SECTION 8.05. Right of Set-off. Upon (i) the occurrence and during the continuance of any Event of Default and (ii) the making of the request or the granting of the consent specified by Section 6.01 to authorize the Agent to declare the Notes due and payable pursuant to the provisions of Section 6.01, each Lender and each of its Affiliates is hereby authorized at any time and from time to time, to the fullest extent permitted by law, to set off and apply any and all deposits (general or special, time or demand, provisional or final) at any time held and other indebtedness at any time owing by such Lender or such Affiliate to or for the credit or the account of the Borrower against any and all of the obligations of the Borrower now or hereafter existing under this Agreement and the Note held by such Lender, whether or not such Lender shall have made any demand under this Agreement or such Note and although such obligations may be unmatured. Each Lender agrees promptly to notify the Borrower after any such set-off and application, provided that the failure to give such notice shall not affect the validity of such set-off and application. The rights of each Lender and its Affiliates under this Section are in addition to other rights and remedies (including, without limitation, other rights of set-off) that such Lender and its Affiliates may have.

SECTION 8.06. Binding Effect. This Agreement shall become effective (other than Sections 2.01 and 2.03, which shall only become effective upon satisfaction of the conditions precedent set forth in Section 3.01) when it shall have been executed by the Borrower and the Agent and when the Agent shall have been notified by each Initial Lender that such Initial Lender has executed it and thereafter shall be binding upon and inure to the benefit of the Borrower, the Agent and each Lender and their respective successors and assigns, except that the Borrower shall not have the right to assign its rights hereunder or any interest herein without the prior written consent of the Lenders.

SECTION 8.07. Assignments and Participations. (a) Each Lender may with the consent of the Agent and the Borrower (which consent shall not be unreasonably withheld or

delayed) and, if demanded by the Borrower (following a demand by such Lender pursuant to Section 2.11 or 2.14 or following such Lender's Downgrade) at a time when no Default has occurred and is continuing upon at least five Business Days' notice to such Lender and the Agent, will assign to one or more Persons all or a portion of its rights and obligations under this Agreement (including, without limitation, all or a portion of its Commitment, the Revolving Credit Advances owing to it and the Revolving Credit Note or Notes held by it); provided, however, that (i) each such assignment shall be of a constant, and not a varying, percentage of all rights and obligations under this Agreement (other than any right to make Competitive Bid Advances, Competitive Bid Advances owing to it and Competitive Bid Notes), (ii) except in the case of an assignment to a Person that, immediately prior to such assignment, was a Lender or an assignment of all of a Lender's rights and obligations under this Agreement, the amount of the Commitment of the assigning Lender being assigned pursuant to each such assignment (determined as of the date of the Assignment and Acceptance with respect to such assignment) shall in no event be less than \$10,000,000 or an integral multiple of \$1,000,000 in excess thereof and the amount of the Commitment of such Lender remaining after such assignment shall not be less than \$10,000,000 or shall be zero, (iii) each such assignment shall be to an Eligible Assignee, (iv) each such assignment made as a result of a demand by the Borrower pursuant to this Section 8.07(a) shall be arranged by the Borrower after consultation with the Agent and shall be either an assignment of all of the rights and obligations of the assigning Lender under this Agreement or an assignment of a portion of such rights and obligations made concurrently with another such assignment or other such assignments that together cover all of the rights and obligations of the assigning Lender under this Agreement, (v) no Lender shall be obligated to make any such assignment as a result of a demand by the Borrower pursuant to this Section 8.07(a) unless and until such Lender shall have received one or more payments from either the Borrower or one or more Eligible Assignees in an aggregate amount at least equal to the aggregate outstanding principal amount of the Advances owing to such Lender, together with accrued interest thereon to the date of payment of such principal amount and all other amounts payable to such Lender under this Agreement, and (vi) unless such assignment is demanded by the Borrower, the parties to each such assignment shall execute and deliver to the Agent, for its acceptance and recording in the Register, an Assignment and Acceptance, together with any Revolving Credit Note subject to such assignment and a processing and recordation fee of \$3,000. Upon such execution, delivery, acceptance and recording, from and after the effective date specified in each Assignment and Acceptance, (x) the assignee thereunder shall be a party hereto and, to the extent that rights and obligations hereunder have been assigned to it pursuant to such Assignment and Acceptance, have the rights and obligations of a Lender hereunder and (y) the Lender assignor thereunder shall, to the extent that rights and obligations hereunder have been assigned by it pursuant to such Assignment and Acceptance, relinquish its rights and be released from its obligations under this Agreement (and, in the case of an Assignment and Acceptance covering all or the remaining portion of an assigning Lender's rights and obligations under this Agreement, such Lender shall cease to be a party hereto).

(b) By executing and delivering an Assignment and Acceptance, the Lender assignor thereunder and the assignee thereunder confirm to and agree with each other and the other parties hereto as follows: (i) other than as provided in such Assignment and Acceptance, such assigning Lender makes no representation or warranty and assumes no responsibility with respect to any statements, warranties or representations made in or in connection with this Agreement or the execution, legality, validity, enforceability, genuineness, sufficiency or value of this Agreement or any other instrument or document furnished pursuant hereto; (ii) such assigning Lender makes no representation or warranty and assumes no responsibility with respect to the financial condition of the Borrower or the performance or observance by the Borrower of any of its obligations under this Agreement or any other instrument or document furnished pursuant hereto; (iii) such assignee confirms that it has received a copy of this Agreement, together with copies of the financial statements referred to in Section 4.01 and such other documents and information as it has deemed appropriate to make its own credit analysis and decision to enter into such Assignment and Acceptance; (iv) such assignee will, independently and without reliance upon the Agent, such assigning Lender or any other Lender and based on such documents and information as it shall deem appropriate at the time, continue to make its own credit decisions in taking or not taking action under this Agreement; (v) such assignee confirms that it is an Eligible Assignee; (vi) such assignee appoints and authorizes the Agent to take such action as agent on its behalf and to exercise such powers and discretion under this Agreement as are delegated to the Agent by the terms hereof, together with such powers and discretion as are reasonably incidental thereto; and (vii) such assignee agrees that it will perform in accordance with their terms all of the obligations that by the terms of this Agreement are required to be performed by it as a Lender.

(c) Upon its receipt of an Assignment and Acceptance executed by an assigning Lender and an assignee representing that it is an Eligible Assignee, together with any Revolving Credit Note or Notes subject to such assignment, the Agent shall, if such Assignment and Acceptance has been completed and is in substantially the form of Exhibit C hereto, (i) accept such Assignment and Acceptance, (ii) record the information contained therein in the Register and (iii) give prompt notice thereof to the Borrower. Within five Business Days after its receipt of such notice, the Borrower, at its own expense, shall execute and deliver to the Agent in exchange for the surrendered Revolving Credit Note a new Note to the order of such Eligible Assignee in an amount equal to the Commitment assumed by it pursuant to such Assignment and Acceptance and, if the assigning Lender has retained a Commitment hereunder, a new Revolving Credit Note to the order of the assigning Lender in an amount equal to the Commitment retained by it hereunder. Such new Revolving Credit Note or Notes shall be in an aggregate principal amount equal to the aggregate principal amount of such surrendered Revolving Credit Note or Notes, shall be dated the effective date of such Assignment and Acceptance and shall otherwise be in substantially the form of Exhibit A-1 hereto.

(d) The Agent shall maintain at its address referred to in Section 8.02 a copy of each Assignment and Acceptance delivered to and accepted by it and a register for the

recordation of the names and addresses of the Lenders and the Commitment of, and principal amount of the Advances owing to, each Lender from time to time (the "Register"). The entries in the Register shall be conclusive and binding for all purposes, absent manifest error, and the Borrower, the Agent and the Lenders may treat each Person whose name is recorded in the Register as a Lender hereunder for all purposes of this Agreement. The Register shall be available for inspection by the Borrower or any Lender at any reasonable time and from time to time upon reasonable prior notice.

(e) Each Lender may sell participations to one or more banks or other entities (other than the Borrower or any of its Affiliates) in or to all or a portion of its rights and obligations under this Agreement (including, without limitation, all or a portion of its Commitment, the Advances owing to it and the Note or Notes held by it) with the consent of the Borrower (which consent shall not be unreasonably withheld or delayed); provided, however, that (i) such Lender's obligations under this Agreement (including, without limitation, its Commitment to the Borrower hereunder) shall remain unchanged, (ii) such Lender shall remain solely responsible to the other parties hereto for the performance of such obligations, (iii) such Lender shall remain the holder of any such Note for all purposes of this Agreement, (iv) the Borrower, the Agent and the other Lenders shall continue to deal solely and directly with such Lender in connection with such Lender's rights and obligations under this Agreement and (v) no participant under any such participation shall have any right to approve any amendment or waiver of any provision of this Agreement or any Note, or any consent to any departure by the Borrower therefrom, except to the extent that such amendment, waiver or consent would reduce the principal of, or interest on, the Notes or any fees or other amounts payable hereunder, in each case to the extent subject to such participation, or postpone any date fixed for any payment of principal of, or interest on, the Notes or any fees or other amounts payable hereunder, in each case to the extent subject to such participation.

(f) Any Lender may, in connection with any assignment or participation or proposed assignment or participation pursuant to this Section 8.07, disclose to the assignee or participant or proposed assignee or participant, any information relating to the Borrower furnished to such Lender by or on behalf of the Borrower; provided that, prior to any such disclosure, the assignee or participant or proposed assignee or participant shall agree to preserve the confidentiality of any Confidential Information relating to the Borrower received by it from such Lender.

(g) Notwithstanding any other provision set forth in this Agreement, any Lender may at any time create a security interest in all or any portion of its rights under this Agreement (including, without limitation, the Advances owing to it and the Note or Notes held by it) in favor of any Federal Reserve Bank in accordance with Regulation A of the Board of Governors of the Federal Reserve System.

SECTION 8.08. Confidentiality. Neither the Agent nor any Lender shall disclose any Confidential Information to any other Person without the consent of the Borrower, other than (a) to the Agent's or such Lender's Affiliates and their officers, directors, employees, accountants, auditors, counsel, agents and advisors and, as contemplated by Section 8.07(f), to actual or prospective assignees and participants, and then only on a confidential basis, (b) as required by any law, rule or regulation or judicial process, (c) to any rating agency when required by it, provided that, prior to any such disclosure, such rating agency shall undertake to preserve the confidentiality of any Confidential Information relating to the Borrower received by it from such Lender and (d) as requested or required by any state, federal or foreign authority or examiner regulating banks or banking.

SECTION 8.09. Governing Law. This Agreement and the Notes shall be governed by, and construed in accordance with, the laws of the State of New York.

SECTION 8.10. Execution in Counterparts. This Agreement may be executed in any number of counterparts and by different parties hereto in separate counterparts, each of which when so executed shall be deemed to be an original and all of which taken together shall constitute one and the same agreement. Delivery of an executed counterpart of a signature page to this Agreement by telecopier shall be effective as delivery of a manually executed counterpart of this Agreement.

SECTION 8.11. Jurisdiction, Etc. (a) Each of the parties hereto hereby irrevocably and unconditionally submits, for itself and its property, to the nonexclusive jurisdiction of any New York State court or federal court of the United States of America sitting in New York City, and any appellate court from any thereof, in any action or proceeding arising out of or relating to this Agreement or the Notes, or for recognition or enforcement of any judgment, and each of the parties hereto hereby irrevocably and unconditionally agrees that all claims in respect of any such action or proceeding may be heard and determined in any such New York State court or, to the extent permitted by law, in such federal court. Each of the parties hereto agrees that a final judgment in any such action or proceeding shall be conclusive and may be enforced in other jurisdictions by suit on the judgment or in any other manner provided by law. Nothing in this Agreement shall affect any right that any party may otherwise have to bring any action or proceeding relating to this Agreement or the Notes in the courts of any jurisdiction.

(b) Each of the parties hereto irrevocably and unconditionally waives, to the fullest extent it may legally and effectively do so, any objection that it may now or hereafter have to the laying of venue of any suit, action or proceeding arising out of or relating to this Agreement or the Notes in any New York State or federal court. Each of the parties hereto hereby irrevocably waives, to the fullest extent permitted by law, the defense of an inconvenient forum to the maintenance of such action or proceeding in any such court.

SECTION 8.12. Waiver of Jury Trial. Each of the Borrower, the Agent and the Lenders hereby irrevocably waives all right to trial by jury in any action, proceeding or counterclaim (whether based on contract, tort or otherwise) arising out of or relating to this Agreement or the Notes or the actions of the Agent or any Lender in the negotiation, administration, performance or enforcement thereof.

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be executed by their respective officers thereunto duly authorized, as of the date first above written.

THE WASHINGTON POST COMPANY

By /s/ John B. Morse, Jr.

-----  
Title: Vice President-Finance

CITIBANK, N.A.  
as Agent

By /s/ Eric Huttner

-----  
Title: Vice President

WACHOVIA BANK OF GEORGIA, N.A.  
as Co-Agent

By /s/ Terence A. Snellings

-----  
Title: Senior Vice President

## Initial Lenders

Commitment -----	Swing Line Commitment -----	
\$50,000,000	\$50,000,000	CITIBANK, N.A.
		By /s/ Eric Huttner ----- Title: Vice President
\$50,000,000	\$50,000,000	WACHOVIA BANK OF GEORGIA, N.A.
		By /s/ Terence A. Snellings ----- Title: Senior Vice President
\$25,000,000	0	THE BANK OF NEW YORK
		By /s/ Edward F. Ryan, Jr. ----- Title: Senior Vice President
\$25,000,000	0	CREDIT SUISSE
		By /s/ Dawn E. Rubinstein ----- Title: Associate
		By /s/ Christopher J. Eldin ----- Title: Member of Senior Management
\$25,000,000	0	CRESTAR BANK
		By /s/ William J. Lindlaw ----- Title: Vice President

\$25,000,000

0

DEUTSCHE BANK AG, NEW YORK  
BRANCH AND/OR CAYMAN ISLANDS BRANCH

By /s/ Bina R. Dabbah  
-----

Title: Vice President

By /s/ Elizabeth Hope Tallmadge  
-----

Title: Vice President

\$25,000,000

0

THE FIRST NATIONAL BANK OF  
CHICAGO

By /s/ Ronald L. Coleman  
-----

Title: Vice President

\$25,000,000

0

FIRST NATIONAL BANK OF  
MARYLAND

By /s/ Janet T. Farrell  
-----

Title: Senior Vice President

\$25,000,000

0

FIRST UNION NATIONAL BANK OF  
NORTH CAROLINA

By /s/ Jim Redman  
-----

Title: Senior Vice President

\$25,000,000

0

UNION BANK OF SWITZERLAND, NEWYORK BRANCH

By /s/ Stephen A. Cayer

-----  
Title: Assistant Treasurer

By /s/ Peter B. Yearley

-----  
Title: Managing Director

\$300,000,000

\$100,000,000

Total of the Commitments

SCHEDULE I  
The Washington Post Company  
APPLICABLE LENDING OFFICES

Name of Initial Lender -----	Domestic Lending Office -----	Eurodollar Lending Office -----
Citibank, N.A.	399 Park Avenue New York, New York 10043	399 Park Avenue New York, New York 10043
Wachovia Bank of Georgia, N.A.	191 Peachtree Street, N.E. Atlanta, Georgia 30303	191 Peachtree Street, N.E. Atlanta, Georgia 30303
The Bank of New York	One Wall Street New York, New York 10286	One Wall Street New York, New York 10286
Credit Suisse	12 East 49th Street New York, New York 10017	12 East 49th Street New York, New York 10017
Crestar Bank	1445 New York Avenue NW Washington, DC 20005	1445 New York Avenue NW Washington, DC 20005
Deutsche Bank AG, New York Branch and/or Cayman Islands Branch	Deutsche Bank AG, New York Branch 31 West 52nd Street New York, New York 10019	Deutsche Bank AG, Cayman Islands Branch 31 West 52nd Street New York, New York 10019
The First National Bank of Chicago	One First National Plaza Mail Suite 0629 Chicago, Illinois 60670-0629	One First National Plaza Mail Suite 0629 Chicago, Illinois 60670-0629
First National Bank of Maryland	1800 K Street NW Suite 1010 Washington, DC 20006	1800 K Street NW Suite 1010 Washington, DC 20006
First Union National Bank of North Carolina	301 S. College Street TW-19 Charlotte, NC 28288-0735	301 S. College Street TW-19 Charlotte, NC 28288-0735
Union Bank of Switzerland	299 Park Avenue New York, New York 10171	299 Park Avenue New York, New York 10171

SCHEDULE 5.02(a)

EXISTING LIENS

None

EXHIBIT A-1 - FORM OF  
REVOLVING CREDIT  
PROMISSORY NOTE

U.S.\$ \_\_\_\_\_

Dated: January 31, 1996

FOR VALUE RECEIVED, the undersigned, THE WASHINGTON POST COMPANY, a Delaware corporation (the "Borrower"), HEREBY PROMISES TO PAY to the order of \_\_\_\_\_ (the "Lender") for the account of its Applicable Lending Office on the Termination Date (each as defined in the Credit Agreement referred to below) the principal sum of U.S.\$[amount of the Lender's Commitment in figures] or, if less, the aggregate principal amount of the Revolving Credit Advances and Swing Line Advances made by the Lender to the Borrower pursuant to the Credit Agreement dated as of January 31, 1996 among the Borrower, the Lender and certain other lenders parties thereto, Citibank, N.A., as Agent for the Lender and such other lenders, and Wachovia Bank of Georgia, N.A., as Co-Agent (as amended or modified from time to time, the "Credit Agreement"; the terms defined therein being used herein as therein defined), outstanding on the Termination Date.

The Borrower promises to pay interest on the unpaid principal amount of each Revolving Credit Advance and each Swing Line Advance from the date of such Revolving Credit Advance or such Swing Line Advance, as the case may be, until such principal amount is paid in full, at such interest rates, and payable at such times, as are specified in the Credit Agreement.

Both principal and interest are payable in lawful money of the United States of America to Citibank, N.A., as Agent, at 399 Park Avenue, New York, New York 10043, in same day funds. Each Revolving Credit Advance owing to the Lender by the Borrower pursuant to the Credit Agreement, and all payments made on account of principal thereof, shall be recorded by the Lender and, prior to any transfer hereof, endorsed on the grid attached hereto which is part of this Promissory Note.

This Promissory Note is one of the Revolving Credit Notes referred to in, and is entitled to the benefits of, the Credit Agreement. The Credit Agreement, among other things, (i) provides for the making of Revolving Credit Advances and Swing Line Advances by the Lender to the Borrower from time to time in an aggregate amount not to exceed at any time outstanding the U.S. dollar amount first above mentioned, the indebtedness of the Borrower resulting from each such Revolving Credit Advance and Swing Line Advance being evidenced

by this Promissory Note, and (ii) contains provisions for acceleration of the maturity hereof upon the happening of certain stated events and also for prepayments on account of principal hereof prior to the maturity hereof upon the terms and conditions therein specified.

THE WASHINGTON POST COMPANY

By \_\_\_\_\_  
Title:



EXHIBIT A-2 - FORM OF  
COMPETITIVE BID  
PROMISSORY NOTE

U.S.\$ \_\_\_\_\_

Dated: January 31, 1996

FOR VALUE RECEIVED, the undersigned, THE WASHINGTON POST COMPANY, a Delaware corporation (the "Borrower"), HEREBY PROMISES TO PAY to the order of \_\_\_\_\_ (the "Lender") for the account of its Applicable Lending Office (as defined in the Credit Agreement dated as of January 31, 1996 among the Borrower, the Lender and certain other lenders parties thereto, Citibank, N.A., as Agent for the Lender and such other lenders, and Wachovia Bank of Georgia, N.A., as Co-Agent (as amended or modified from time to time, the "Credit Agreement"; the terms defined therein being used herein as therein defined)), on \_\_\_\_\_, 199\_, the principal amount of U.S.\$ \_\_\_\_\_.

The Borrower promises to pay interest on the unpaid principal amount hereof from the date hereof until such principal amount is paid in full, at the interest rate and payable on the interest payment date or dates provided below:

[Interest Rate: \_\_\_\_\_% per annum (calculated on the basis of a year of \_\_\_\_\_ days for the actual number of days elapsed).]

Both principal and interest are payable in lawful money of the United States of America to Citibank, N.A. for the account of the Lender at the office of Citibank, N.A., at 399 Park Avenue, New York, New York 10043 in same day funds.

This Promissory Note is one of the Competitive Bid Notes referred to in, and is entitled to the benefits of, the Credit Agreement. The Credit Agreement, among other things, contains provisions for acceleration of the maturity hereof upon the happening of certain stated events.

The Borrower hereby waives presentment, demand, protest and notice of any kind. No failure to exercise, and no delay in exercising, any rights hereunder on the part of the holder hereof shall operate as a waiver of such rights.

This Promissory Note shall be governed by, and construed in accordance with, the laws of the State of New York.

THE WASHINGTON POST COMPANY

By

-----

Title:

EXHIBIT B-1 - FORM OF NOTICE OF  
REVOLVING CREDIT BORROWING

Citibank, N.A., as Agent  
for the Lenders parties  
to the Credit Agreement  
referred to below  
399 Park Avenue  
New York, New York 10043

[Date]

Attention: \_\_\_\_\_

Ladies and Gentlemen:

The undersigned, The Washington Post Company, refers to the Credit Agreement, dated as of January 31, 1996 (as amended or modified from time to time, the "Credit Agreement", the terms defined therein being used herein as therein defined), among the undersigned, certain Lenders parties thereto, Citibank, N.A., as Agent for said Lenders, and Wachovia Bank of Georgia, N.A., as Co-Agent, and hereby gives you notice, irrevocably, pursuant to Section 2.02 of the Credit Agreement that the undersigned hereby requests a Revolving Credit Borrowing under the Credit Agreement, and in that connection sets forth below the information relating to such Revolving Credit Borrowing (the "Proposed Revolving Credit Borrowing") as required by Section 2.02(a) of the Credit Agreement:

(i) The Business Day of the Proposed Revolving Credit Borrowing is \_\_\_\_\_, 199\_.

(ii) The Type of Advances comprising the Proposed Revolving Credit Borrowing is [Base Rate Advances] [Eurodollar Rate Advances].

(iii) The aggregate amount of the Proposed Revolving Credit Borrowing is \$\_\_\_\_\_.

[(iv) The initial Interest Period for each Eurodollar Rate Advance made as part of the Proposed Revolving Credit Borrowing is \_\_\_\_ month[s].]

The undersigned hereby certifies that the following statements are true on the date hereof, and will be true on the date of the Proposed Revolving Credit Borrowing:

(A) the representations and warranties contained in Section 4.01 of the Credit Agreement are correct in all material respects, before and after giving effect to the Proposed Revolving Credit Borrowing and to the application of the proceeds therefrom, as though made on and as of such date, except to the extent they expressly relate to an earlier date; and

(B) no event has occurred and is continuing, or would result from such Proposed Revolving Credit Borrowing or from the application of the proceeds therefrom, that constitutes a Default.

Very truly yours,

THE WASHINGTON POST COMPANY

By

-----

Title:

EXHIBIT B-2 - FORM OF NOTICE OF  
COMPETITIVE BID BORROWING

Citibank, N.A., as Agent  
for the Lenders parties  
to the Credit Agreement  
referred to below  
399 Park Avenue  
New York, New York 10043

[Date]

Attention: \_\_\_\_\_

Ladies and Gentlemen:

The undersigned, The Washington Post Company, refers to the Credit Agreement, dated as of January 31, 1996 (as amended or modified from time to time, the "Credit Agreement", the terms defined therein being used herein as therein defined), among the undersigned, certain Lenders parties thereto, Citibank, N.A., as Agent for said Lenders, and Wachovia Bank of Georgia, N.A., as Co-Agent, and hereby gives you notice, irrevocably, pursuant to Section 2.03 of the Credit Agreement that the undersigned hereby requests a Competitive Bid Borrowing under the Credit Agreement, and in that connection sets forth the terms on which such Competitive Bid Borrowing (the "Proposed Competitive Bid Borrowing") is requested to be made:

- (A) Date of Competitive Bid Borrowing \_\_\_\_\_
- (B) Amount of Competitive Bid Borrowing \_\_\_\_\_
- (C) [Maturity Date] [Interest Period] \_\_\_\_\_
- (D) Interest Rate Basis \_\_\_\_\_
- (E) Interest Payment Date(s) \_\_\_\_\_
- (F) \_\_\_\_\_
- (G) \_\_\_\_\_
- (H) \_\_\_\_\_

The undersigned hereby certifies that the following statements are true on the date hereof, and will be true on the date of the Proposed Competitive Bid Borrowing:

(a) the representations and warranties contained in Section 4.01 are correct in all material respects, before and after giving effect to the Proposed Competitive Bid Borrowing and to the application of the proceeds therefrom, as though made on and as of such date, except to the extent they expressly relate to an earlier date;

(b) no event has occurred and is continuing, or would result from the Proposed Competitive Bid Borrowing or from the application of the proceeds therefrom, that constitutes a Default; and

(c) the aggregate amount of the Proposed Competitive Bid Borrowing and all other Borrowings to be made on the same day under the Credit Agreement is within the aggregate amount of the Unused Commitments of the Lenders.

The undersigned hereby confirms that the Proposed Competitive Bid Borrowing is to be made available to it in accordance with Section 2.03(a)(v) of the Credit Agreement.

Very truly yours,

THE WASHINGTON POST COMPANY

By

-----  
Title:

EXHIBIT C - FORM OF  
ASSIGNMENT AND ACCEPTANCE

Reference is made to the Credit Agreement dated as of January 31, 1996 (as amended or modified from time to time, the "Credit Agreement") among The Washington Post Company, a Delaware corporation (the "Borrower"), the Lenders (as defined in the Credit Agreement), Citibank, N.A., as agent for the Lenders (the "Agent"), and Wachovia Bank of Georgia, N.A., as co-agent. Terms defined in the Credit Agreement are used herein with the same meaning.

The "Assignor" and the "Assignee" referred to on Schedule I hereto agree as follows:

1. The Assignor hereby sells and assigns to the Assignee, and the Assignee hereby purchases and assumes from the Assignor, an interest in and to the Assignor's rights and obligations under the Credit Agreement as of the date hereof (other than in respect of Competitive Bid Advances and Competitive Bid Notes) equal to the percentage interest specified on Schedule 1 hereto of all outstanding rights and obligations under the Credit Agreement (other than in respect of Competitive Bid Advances and Competitive Bid Notes). After giving effect to such sale and assignment, the Assignee's Commitment and the amount of the Revolving Credit Advances owing to the Assignee will be as set forth on Schedule 1 hereto.

2. The Assignor (i) represents and warrants that it is the legal and beneficial owner of the interest being assigned by it hereunder and that such interest is free and clear of any adverse claim; (ii) makes no representation or warranty and assumes no responsibility with respect to any statements, warranties or representations made in or in connection with the Credit Agreement or the execution, legality, validity, enforceability, genuineness, sufficiency or value of the Credit Agreement or any other instrument or document furnished pursuant thereto; (iii) makes no representation or warranty and assumes no responsibility with respect to the financial condition of the Borrower or the performance or observance by the Borrower of any of its obligations under the Credit Agreement or any other instrument or document furnished pursuant thereto; and (iv) attaches the Revolving Credit Note held by the Assignor and requests that the Agent exchange such Revolving Credit Note for a new Revolving Credit Note payable to the order of the Assignee in an amount equal to the Commitment assumed by the Assignee pursuant hereto or new Revolving Credit Notes payable to the order of the Assignee in an amount equal to the Commitment assumed by the Assignee pursuant hereto and the Assignor in an amount equal to the Commitment retained by the Assignor under the Credit Agreement, respectively, as specified on Schedule 1 hereto.

3. The Assignee (i) confirms that it has received a copy of the Credit Agreement, together with copies of the financial statements referred to in Section 4.01 thereof and such other documents and information as it has deemed appropriate to make its own credit analysis and decision to enter into this Assignment and Acceptance; (ii) agrees that it will,

independently and without reliance upon the Agent, the Assignor or any other Lender and based on such documents and information as it shall deem appropriate at the time, continue to make its own credit decisions in taking or not taking action under the Credit Agreement; (iii) confirms that it is an Eligible Assignee; (iv) appoints and authorizes the Agent to take such action as agent on its behalf and to exercise such powers and discretion under the Credit Agreement as are delegated to the Agent by the terms thereof, together with such powers and discretion as are reasonably incidental thereto; (v) agrees that it will perform in accordance with their terms all of the obligations that by the terms of the Credit Agreement are required to be performed by it as a Lender; and (vi) attaches any U.S. Internal Revenue Service forms required under Section 2.14 of the Credit Agreement.

4. Following the execution of this Assignment and Acceptance, it will be delivered to the Agent for acceptance and recording by the Agent. The effective date for this Assignment and Acceptance (the "Effective Date") shall be the date of acceptance hereof by the Agent, unless otherwise specified on Schedule 1 hereto.

5. Upon such acceptance and recording by the Agent, as of the Effective Date, (i) the Assignee shall be a party to the Credit Agreement and, to the extent provided in this Assignment and Acceptance, have the rights and obligations of a Lender thereunder and (ii) the Assignor shall, to the extent provided in this Assignment and Acceptance, relinquish its rights and be released from its obligations under the Credit Agreement.

6. Upon such acceptance and recording by the Agent, from and after the Effective Date, the Agent shall make all payments under the Credit Agreement and the Revolving Credit Notes in respect of the interest assigned hereby (including, without limitation, all payments of principal, interest and facility fees with respect thereto) to the Assignee. The Assignor and Assignee shall make all appropriate adjustments in payments under the Credit Agreement and the Revolving Credit Notes for periods prior to the Effective Date directly between themselves.

7. This Assignment and Acceptance shall be governed by, and construed in accordance with, the laws of the State of New York.

8. This Assignment and Acceptance may be executed in any number of counterparts and by different parties hereto in separate counterparts, each of which when so executed shall be deemed to be an original and all of which taken together shall constitute one and the same agreement. Delivery of an executed counterpart of Schedule 1 to this Assignment and Acceptance by telecopier shall be effective as delivery of a manually executed counterpart of this Assignment and Acceptance.

IN WITNESS WHEREOF, the Assignor and the Assignee have caused Schedule 1 to this Assignment and Acceptance to be executed by their officers thereunto duly authorized as of the date specified thereon.

Schedule 1  
to  
Assignment and Acceptance

Percentage interest assigned: \_\_\_\_\_%

Assignee's Commitment: \$ \_\_\_\_\_

Aggregate outstanding principal amount of Revolving Credit Advances assigned: \$ \_\_\_\_\_

Principal amount of Revolving Credit Note payable to Assignee: \$ \_\_\_\_\_

Principal amount of Revolving Credit Note payable to Assignor: \$ \_\_\_\_\_

Effective Date:\* \_\_\_\_\_, 199\_

[NAME OF ASSIGNOR], as Assignor

By \_\_\_\_\_  
Title:

Dated: \_\_\_\_\_, 199\_

[NAME OF ASSIGNEE], as Assignee

By \_\_\_\_\_  
Title:

Dated: \_\_\_\_\_, 199\_

Domestic Lending Office:  
[Address]

Eurodollar Lending Office:  
[Address]

- - - - -

\* This date should be no earlier than five Business Days after the delivery of this Assignment and Acceptance to the Agent.

Accepted and Approved this \_\_\_\_\_ day of \_\_\_\_\_, 199\_

CITIBANK, N.A., as Agent

By \_\_\_\_\_  
Title:

Approved this \_\_\_\_\_ day of \_\_\_\_\_, 199\_

THE WASHINGTON POST COMPANY

By \_\_\_\_\_  
Title:

EXHIBIT D - FORM OF  
ASSUMPTION AGREEMENT

Dated: \_\_\_\_\_

The Washington Post Company  
1150 15th Street, N.W.  
Washington, D.C. 20071

Citibank, N.A., as Agent  
399 Park Avenue  
New York, New York 10043

Attention:

Ladies and Gentlemen:

Reference is made to the Credit Agreement dated as of January 31, 1996 among The Washington Post Company (the "Borrower"), the Lenders parties thereto, Citibank, N.A., as Agent, and Wachovia Bank of Georgia, N.A., as Co-Agent (the "Credit Agreement"; terms defined therein being used herein as therein defined), for such Lenders.

The undersigned (the "Assuming Lender") proposes to become an Assuming Lender pursuant to Section 2.05(b) of the Credit Agreement and, in that connection, hereby agrees that it shall become a Lender for purposes of the Credit Agreement on [applicable Increase Date] and that its Commitment shall as of such date be \$\_\_\_\_\_.

The undersigned (i) confirms that it has received a copy of the Credit Agreement, together with copies of the financial statements referred to in Section 4.01(e) thereof, the most recent financial statements referred to in Section 5.01(i) thereof and such other documents and information as it has deemed appropriate to make its own credit analysis and decision to enter into this Assumption Agreement; (ii) agrees that it will, independently and without reliance upon the Agent or any other Lender and based on such documents and information as it shall deem appropriate at the time, continue to make its own credit decisions in taking or not taking action under the Credit Agreement; (iii) appoints and authorizes the Agent to take such action as agent on its behalf and to exercise such powers under the Credit Agreement as are delegated to the Agent by the terms thereof, together with such powers as are reasonably incidental thereto; (iv) agrees that it will perform in accordance with their terms all of the obligations which by the terms of the Credit

Agreement are required to be performed by it as a Lender; (v) confirms that it is an Eligible Assignee; (vi) specifies as its Lending Office (and address for notices) the offices set forth beneath its name on the signature pages hereof; and (vii) attaches the forms prescribed by the Internal Revenue Service of the United States required under Section 2.14 of the Credit Agreement.

The Assuming Lender requests that the Borrower deliver to the Agent (to be promptly delivered to the Assuming Lender) a Revolving Credit Note payable to the order of the Assuming Lender, dated as of the [Increase Date] and substantially in the form of Exhibit A-1 to the Credit Agreement.

The effective date for this Assumption Agreement shall be [applicable Increase Date]. Upon delivery of this Assumption Agreement to the Borrower and the Agent, and satisfaction of all conditions imposed under Section 2.05(b) as of [date specified above], the undersigned shall be a party to the Credit Agreement and have the rights and obligations of a Lender thereunder. As of [date specified above], the Agent shall make all payments under the Credit Agreement in respect of the interest assumed hereby (including, without limitation, all payments of principal, interest and commitment fees) to the Assuming Lender.

This Assumption Agreement may be executed in counterparts and by different parties hereto in separate counterparts, each of which when so executed shall be deemed to be an original and all of which taken together shall constitute one and the same agreement. Delivery of an executed counterpart by telecopier shall be effective as delivery of a manually executed counterpart of this Assumption Agreement.

This Assumption Agreement shall be governed by, and construed in accordance with, the laws of the State of New York.

Very truly yours,

[NAME OF ASSUMING LENDER]

By

-----

Name:

Title:

Domestic Lending Office  
(and address for notices):

[Address]

Eurodollar Lending Office:

[Address]

Acknowledged and Agreed to:

THE WASHINGTON POST COMPANY

By

-----

Name:

Title:

[Effective Date]

To each of the Lenders parties  
to the Credit Agreement dated  
as of January 31, 1996 among  
The Washington Post Company,  
said Lenders, Citibank, N.A., as  
Agent for said Lenders, and  
Wachovia Bank of Georgia, N.A.,  
as Co-Agent, to Citibank, N.A.,  
as Agent, and to Wachovia Bank of  
Georgia, N.A., as Co-Agent

The Washington Post Company

Ladies and Gentlemen:

This opinion is furnished to you pursuant to Section 3.01(h)(iv) of the Credit Agreement, dated as of January 31, 1996 (the "Credit Agreement"), among The Washington Post Company (the "Borrower"), the Lenders parties thereto, Citibank, N.A., as Agent for said Lenders, and Wachovia Bank of Georgia, N.A., as Co-Agent. Terms defined in the Credit Agreement are used herein as therein defined.

I am the General Counsel of the Borrower and as such I am familiar with the Credit Agreement and the corporate proceedings taken by the Borrower to authorize the execution and delivery of the Credit Agreement.

For purposes of this opinion, I have examined:

- (1) The Credit Agreement.
- (2) The documents furnished by the Borrower pursuant to Article III of the Credit Agreement.

(3) The Certificate of Incorporation of the Borrower and all amendments thereto (the "Charter").

(4) The by-laws of the Borrower and all amendments thereto (the "By-laws").

(5) A certificate of the Secretary of State of Delaware, dated \_\_\_\_\_, 199\_, attesting to the continued corporate existence and good standing of the Borrower in that State.

In addition, I have examined the originals, or copies certified to my satisfaction, of such other corporate records of the Borrower, certificates of public officials and of officers of the Borrower, and agreements, instruments and other documents, as I have deemed necessary as a basis for the opinions expressed below. As to questions of fact material to such opinions, I have, when relevant facts were not independently established by me, relied upon certificates of the Borrower or its officers or of public officials. I have assumed the due execution and delivery, pursuant to due authorization, of the Credit Agreement by the Initial Lenders, the Agent and the Co-Agent.

My opinions expressed below are limited to the law of the State of New York, the General Corporation Law of the State of Delaware and the Federal law of the United States.

Based upon the foregoing and upon such investigation as I have deemed necessary, I am of the following opinion:

1. The Borrower is a corporation validly existing and in good standing under the laws of the State of Delaware.

2. The execution, delivery and performance by the Borrower of the Credit Agreement and the Notes, and the consummation of the transactions contemplated thereby, are within the Borrower's corporate powers, have been duly authorized by all necessary corporate action, and do not contravene (i) the Charter or the By-laws or (ii) any law, rule or regulation applicable to the Borrower (including, without limitation, Regulation X of the Board of Governors of the Federal Reserve System) or (iii) to the best of my knowledge after appropriate inquiry, (x) any contractual restriction or (y) any legal restriction contained in orders, writs, judgments, awards, injunctions or decrees applicable to the Borrower or its assets, in each case that affects or purports to affect the Borrower's right to borrow money or the Borrower's obligations under the Credit Agreement or Notes. The Credit Agreement and the Notes delivered on the date hereof have been duly executed and delivered on behalf of the Borrower.

3. No authorization, approval or other action by, and no notice to or filing with, any United States Federal, New York or, to the extent required under the General Corporation Law of the State of Delaware, Delaware governmental authority or regulatory body is required for the due execution, delivery and performance by the Borrower of the Credit Agreement and the Notes.

4. The Credit Agreement is, and when executed and delivered in connection with Borrowings, the Notes will be, legal, valid and binding obligations of the Borrower enforceable against the Borrower in accordance with their respective terms.

5. To the best of my knowledge after appropriate inquiry, there are no pending or overtly threatened actions or proceedings against the Borrower or any of its Subsidiaries before any court, governmental agency or arbitrator that purport to affect the legality, validity, binding effect or enforceability of the Credit Agreement or any of the Notes or the consummation of the transactions contemplated thereby or that are likely to have a materially adverse effect upon the financial condition or operations of the Borrower and its Subsidiaries taken as a whole.

The opinions set forth above are subject to the following qualifications:

(a) My opinion in paragraph 4 above as to enforceability is subject to the effect of any applicable bankruptcy, insolvency (including, without limitation, all laws relating to fraudulent transfers), reorganization, moratorium or similar law affecting creditors' rights generally.

(b) My opinion in paragraph 4 above as to enforceability is subject to the effect of general principles of equity, including, without limitation, concepts of materiality, reasonableness, good faith and fair dealing (regardless of whether considered in a proceeding in equity or at law).

(c) Insofar as provisions contained in the Credit Agreement provide for indemnification, the enforceability thereof may be limited by public policy considerations.

(d) I express no opinion as to (i) Section 2.15 of the Credit Agreement insofar as it provides that any Lender purchasing a participation from another Lender pursuant thereto may exercise set-off or similar rights with respect to such participation and (ii) the effect of the law of any jurisdiction other than the State of New York wherein any Lender may be located or wherein enforcement of the Credit Agreement or the Notes may be sought that limits the rates of interest legally chargeable or collectible.

I am aware that Shearman & Sterling will rely upon the opinions set forth in paragraphs 1, 2 and 3 of this opinion in rendering their opinion furnished pursuant to Section 3.01 of the Credit Agreement.

Very truly yours,

THE WASHINGTON POST COMPANY  
AND SUBSIDIARIES

CALCULATION OF EARNINGS PER SHARE OF COMMON STOCK  
(AMOUNTS IN THOUSANDS EXCEPT PER SHARE DATA)

	Fiscal Year		
	1995	1994	1993
	-----	-----	-----
Weighted average shares outstanding			
Class A Common	1,838	1,843	1,843
Class B Common (excluding shares			
issuable upon exercise of			
stock options - accounted			
for below)	9,237	9,734	9,903
	-----	-----	-----
	11,075	11,577	11,746
	-----	-----	-----
Add - Shares assumed issuable upon			
exercise of stock options	111	79	69
Deduct - Shares assumed to be			
purchased for Treasury with proceeds			
from exercise of stock options	(100)	(74)	(65)
	-----	-----	-----
	11	5	4
	-----	-----	-----
Shares used in computation of			
primary earnings per share	11,086	11,582	11,750
Adjustment to reflect fully			
diluted computation (1)	--	--	--
	-----	-----	-----
	11,086	11,582	11,750
	=====	=====	=====
Net income	\$ 190,096	\$169,672	\$ 165,417
	=====	=====	=====
Primary earnings per share	\$ 17.15	\$ 14.65	\$ 14.08
	=====	=====	=====
Fully diluted earnings per			
share (1)	\$ 17.15	\$ 14.65	\$ 14.08
	=====	=====	=====

(1) This computation is submitted although it is not required by Accounting Principles Board Opinion No. 15 since it results in dilution of less than 3%.

## SUBSIDIARIES OF THE COMPANY

Name of Subsidiary -----	Jurisdiction of Incorporation or Organization -----	% of Voting Stock or Partnership Interest Owned by Company -----
Bisbee Cable TV, Inc. . . . .	Arizona	100%
Bowater Mersey Paper Company Limited . . . . .	Nova Scotia	49%
Capitol Fiber, Inc. . . . .	Maryland	80%
Coast TV Cable, Inc. . . . .	Mississippi	100%
Coastal Bend Cablevision Corp. . . . .	Texas	100%
Digital Ink Co. . . . .	Delaware	100%
The Gazette Newspapers, Inc. . . . .	Maryland	100%
I.H.T. Corporation . . . . .	Delaware	50%
International Herald Tribune S.A. . . . .	France	33-1/3%
International Hearld Tribune S.A. . . . .	France	33-1/3%
Legi-Slate, Inc. . . . .	Delaware	100%
Los Angeles Times-Washington Post News Service, Inc. . . . .	D.C.	50%
Marks Cablevision of Green, Incorporated . . . . .	Ohio	100%
Newsprint, Inc. . . . .	Virginia	100%
Bear Island Paper Company . . . . .	Virginia	35% (a)
Bear Island Timberlands Company . . . . .	Virginia	35% (a)
Newsweek, Inc. . . . .	New York	100%
Newsweek Services, Inc. . . . .	Delaware	100%
Newsweek Services (Canada), Inc. . . . .	Delaware	100%
Omnicom Cablevision of Illinois, Inc. . . . .	Illinois	100%
Post-Newsweek Cable, Inc. . . . .	Delaware	100%
Post-Newsweek Cable of California, Inc. . . . .	California	100%
Post-Newsweek Cable of Indiana, Inc. . . . .	Indiana	100%
Post-Newsweek Cable of North Dakota, Inc. . . . .	Delaware	100%
Post-Newsweek Cable of Oklahoma, Inc. . . . .	Oklahoma	100%
Post-Newsweek Pacific Cable, Inc. . . . .	California	100%

-----  
(a) Limited partnership interest.

SUBSIDIARIES OF THE COMPANY  
(Continued)

Name of Subsidiary -----	Jurisdiction of Incorporation or Organization -----	% of Voting Stock or Partnership Interest Owned by Company -----
Post-Newsweek Stations, Inc. . . . .	Delaware	100%
Post-Newsweek Stations, Connecticut, Inc. . . . .	Delaware	100%
Post-Newsweek Stations, Florida, Inc. . . . .	Florida	100%
Post-Newsweek Stations, Houston, Inc. . . . .	Delaware	100%
Post-Newsweek Stations, Michigan, Inc. . . . .	Delaware	100%
Pro Am Sports System, Inc. . . . .	Delaware	100%
Post-Newsweek Stations, San Antonio, Inc. . . . .	Delaware	100%
Robinson Terminal Warehouse Corporation . . . . .	Delaware	100%
Sandoval County Cable Television Company . . . . .	New Mexico	100%
Stanley H. Kaplan Educational Center Ltd. . . . .	Delaware	100%
Stanley H. Kaplan Educational Center of Canada Ltd. . . . .	Ontario	100%
Stanley H. Kaplan Educational Center of Puerto Rico, Inc. . . . .	Puerto Rico	100%
The Daily Herald Company . . . . .	Washington	100%
WPC Telecommunications, Inc. . . . .	Delaware	100%
Moffet, Larson & Johnson, Inc. . . . .	Delaware	71%

-----  
As permitted by Item 601(b)(22) of Regulation S-K, the foregoing list omits certain subsidiaries which, if considered in the aggregate as a single subsidiary, would not constitute a "significant subsidiary" as that term is defined in Rule 1-02(v) of Regulation S-X.

## CONSENT OF INDEPENDENT ACCOUNTANTS

We hereby consent to the incorporation by reference in the Registration Statement on Form S-8 (Registration No. 2-42170) of The Washington Post Company, and in the Prospectus constituting a part thereof, of our report dated January 30, 1996 appearing on page 22 of this Annual Report on Form 10-K, and to the reference to us under the heading "Experts" in such Prospectus.

PRICE WATERHOUSE LLP

Washington, D.C.  
March 25, 1996

## Power of Attorney

## Reports Under the Securities Exchange Act of 1934

March 14, 1996

KNOW ALL MEN BY THESE PRESENTS that each of the undersigned directors and officers of The Washington Post Company, a Delaware corporation (hereinafter called the "Company"), hereby constitutes and appoints DONALD E. GRAHAM, ALAN G. SPOON, KATHARINE GRAHAM and JOHN B. MORSE, JR., and each of them, his or her true and lawful attorneys-in-fact and agents with full power to act without the others and with full power of substitution and resubstitution, for him or her and in his or her name, place and stead, in any and all capacities, to sign any and all reports required to be filed by the Company pursuant to the Securities Exchange Act of 1934, as amended, and any and all amendments thereto and other documents in connection therewith, with the Securities and Exchange Commission, granting unto said attorneys-in-fact and agents, and each of them, full power and authority to do and perform each and every act and thing requisite and necessary to be done in and about the premises as fully and to all intents and purposes as he or she might or could do in person, hereby ratifying and confirming all that said attorneys-in-fact and agents or any of them, or their or his or her substitute or substitutes, may lawfully do or cause to be done by virtue hereof.

/s/ Donald E. Graham

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 Donald E. Graham, Chairman of the Board and Chief Executive Office (Principal Executive Officer) and Director

/s/ Ralph E. Gomory

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 Ralph E. Gomory, Director

/s/ Alan G. Spoon

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 Alan G. Spoon, President, Chief Operating Officer and Director

/s/ Donald R. Keough

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 Donald R. Keough, Director

/s/ Katharine Graham

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 Katharine Graham, Chairman of the Executive Committee of the Board and Director

/s/ Barbara Scott Preiskel

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 Barbara Scott Preiskel, Director

/s/ John B. Morse, Jr.

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 John B. Morse, Jr., Vice President-Finance (Principal Financial and Accounting Officer)

/s/ William J. Ruane

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 William J. Ruane, Director

/s/ James E. Burke

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 James E. Burke, Director

/s/ Richard D. Simmons

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 Richard D. Simmons, Director

/s/ Martin Cohen

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 Martin Cohen, Director

/s/ George W. Wilson

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 George W. Wilson, Director

/s/ George J. Gillespie, III

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 George J. Gillespie, III, Director

THE WASHINGTON POST COMPANY AND SUBSIDIARIES  
 FINANCIAL DATA SCHEDULE  
 IN ACCORDANCE WITH ITEM 601(C) OF REGULATIONS S-K AND S-B  
 (in 000's, except per share amounts)

THIS SCHEDULE CONTAINS SUMMARY INFORMATION EXTRACTED FROM THE CONSOLIDATED STATEMENT OF INCOME FOR THE YEAR ENDED DECEMBER 31, 1995 AND THE CONSOLIDATED BALANCE SHEET AS OF DECEMBER 31, 1995 AND IS QUALIFIED IN ITS ENTIRETY BY REFERENCE TO SUCH FINANCIAL STATEMENTS

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YEAR		
DEC-31-1995		
DEC-31-1995		
	146,901	
	12,756	
	242,662	
	41,964	
	26,766	
	406,570	
		993,050
	535,691	
	1,732,893	
308,177		
		0
0		
		0
		20,000
	1,164,204	
1,732,893		
		0
	1,719,449	
		0
	948,088	
	0	
	57,233	
	5,600	
	311,396	
	121,300	
190,096		
	0	
	0	
		0
	190,096	
	\$17.15	
	\$17.15	