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The Washington Post Company

02

Annual Report

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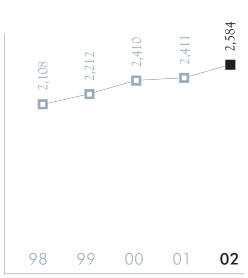
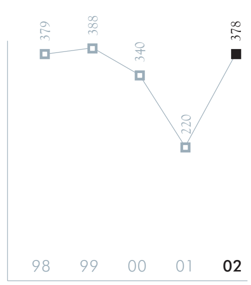
Financial Highlights

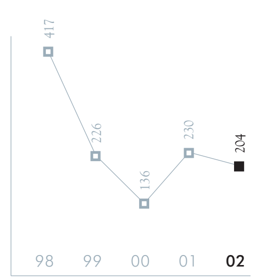
(in thousands, except per share amounts)	2002	2001	% Change
Operating revenue	$ 2,584,203	$ 2,411,024	+ 7%
Income from operations	$ 377,590	$ 219,932	+ 72%
Pro forma income from operations (excluding amortization of goodwill and other intangible assets that are no longer amortized under SFAS 142 in 2001)	$ 377,590	$ 298,257	+ 27%
Net income			
After cumulative effect of change in accounting principle in 2002	$ 204,268	$ 229,639	– 11%
Before cumulative effect of change in accounting principle in 2002	$ 216,368	$ 229,639	– 6%
Pro forma net income (before cumulative effect of change in accounting principle in 2002, and excluding amortization of goodwill and other intangible assets that are no longer amortized under SFAS 142 in 2001)	$ 216,368	$ 284,628	– 24%
Diluted earnings per common share			
After cumulative effect of change in accounting principle in 2002	$ 21.34	$ 24.06	– 11%
Before cumulative effect of change in accounting principle in 2002	$ 22.61	$ 24.06	– 6%
Pro forma net income (before cumulative effect of change in accounting principle in 2002, and excluding amortization of goodwill and other intangible assets that are no longer amortized under SFAS 142 in 2001)	$ 22.61	$ 29.85	– 24%
Dividends per common share	$ 5.60	$ 5.60	—
Common shareholders' equity per share	$ 193.18	$ 177.30	+ 9%
Diluted average number of common shares outstanding	9,523	9,500	—



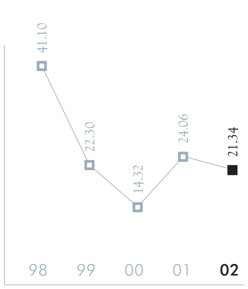
Operating Revenue
($ in millions)



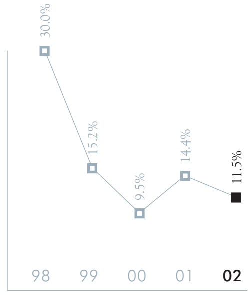
Income from Operations
($ in millions)



Net Income
($ in millions)



Diluted Earnings
per Common Share
($)



Return on Average Common
Shareholders' Equity

to our shareholders

For some years in these reports, you have been reading that our company was focused on building value for the long term and was not particularly interested in reported short-term results. You might have been forgiven for asking when this long term would actually arrive.

We don't expect an extended string of miraculous results, but some of the investing we did over the last few years began to bear fruit in 2002. (Some of our other investments were perfectly rotten to begin with. We'll get to those later.)

2002 results, after one-time, non-cash gains, more than doubled over 2001. (In order to compare apples to apples, I am adjusting 2001 results as if SFAS 142—the elimination of goodwill amortization—had taken effect a year earlier than it did.) Results (net of a buyout at Newsweek) improved at all major divisions of the company and most minor ones. Investments over the years in Kaplan, cable acquisitions and cable infrastructure helped results considerably. Our huge percentage improvements were a tribute to fine management by our division heads and to how good you can look if earnings go low enough in the first place.

At this point, some readers may want to stop me and ask what I am talking about, since, if you look only at reported bottom-line results, it appears that our earnings declined from 2001. Both years' results, in fact, contain gains we must record on the trades of certain cable systems, gains which are of no economic importance. The gain on the trade reported in our 2001 results was enormous: $321 million, pre-tax. The one in 2002 was much smaller: $28 million, pre-tax. To quote from last year's annual report, "This gain is a bookkeeping fiction.… The gain resulted from accounting rules that require writing the assets we traded up to fair market value, rather than recording them at their historical cost. In evaluating this gain, shareholders should do what I do: ignore it." Since our company did not receive the amount of cash recorded in either year's gain, I'll stick to my year-old recommendation that you ignore the reported number. If you ignore it (and increase 2001 earnings by $5.79 per share to make the treatment of goodwill comparable), our earnings per share increased from $9.16 to $19.59.

In a couple of other ways, the company's position changed for the better over the year. Debt fell quite a bit, from $933 million at year-end 2001, to $665 million at the end of 2002. In addition, several start-up companies in which we've been investing for a number of years cut their losses substantially and began to look like winners. In all, it was a pretty good year.

The face of The Washington Post Company changed quite a lot, and the most dramatic changes were at Kaplan. We are now a media and education company, and education is our fastest-growing major business. I will focus on Kaplan in this letter because it changed dramatically in 2002 and will continue to do so in 2003. When Kay Graham and Dick Simmons bought Kaplan in 1984, its revenues were $36 million. Last year its revenues reached $621 million. Financial performance improved significantly.

As usual, corporate management had nothing to do with this whatsoever. Kaplan's results were brought about by an outstanding team, and particularly an extraordinary CEO, Jonathan Grayer. When Jonathan became CEO of Kaplan in 1994, its revenues were about $80 million. This year we expect its revenues may be greater than those of The Washington Post. What was once a pure test prep company remains the runaway leader in the test prep business but also has expanded very successfully into professional education, higher education, after-school supplemental education for elementary school students and online education. Three of these businesses are significantly profitable; the other narrowed its losses dramatically; so did the online component of our higher education business, and we expect decent-to-good profitability from them soon. Here are Kaplan's four major businesses:

1. Kaplan Test Prep and Admissions, managed by Kaplan veteran John Polstein, appears to have roughly twice the student count of our longtime competitor, The Princeton Review. (Princeton Review went public in June 2001, so we have a better understanding of its numbers.) With fanatical dedication to student test score improvement, the test prep business continues to modify its courses and to hire outstanding instructors with the aim of giving every student a great experience and the best possible chance at a good test score. Student counts have increased significantly in the last two years as a dramatically worse job market drove many young people back to graduate schools. We've also expanded geographical reach and added new course offerings. Test Prep profits set a record in 2002.

2. Kaplan Professional, a business built entirely by years of shrewd acquisitions by Grayer, Kaplan president Andy Rosen and their team, also set an operating income record in 2002. Eric Cantor, a relatively new top manager at Kaplan, has improved results in this operation substantially despite downturns in test takers in the securities licensure business and in technology training. A booming market in real estate publishing, real estate schools and, to some extent, insurance licensure training led the Dearborn unit to a fine result. Andy Temte's remarkable team at Schweser continued to run rings around the competition in preparing candidates for the extremely difficult CFA® exam.

3. Kaplan Higher Education, led by Gary Kerber, shattered all records for revenue, operating income and student enrollment. This unit benefited from a few acquisitions, but most of its profit increase came from improving results at schools already owned at the end of 2001. Kaplan Higher Education became the largest of Kaplan's five units in operating income in 2002. Gary was the builder and CEO of Quest Education, the public company we bought from him in 2000, and he's turned out to be an able leader of Kaplan Higher Education ever since. This unit's colleges range from trade schools to two- and four-year colleges, many accredited to offer bachelor and associate degrees. Our company is a wonderful home for well-run private colleges that want to maintain their quality and special nature. Gary has also opened a couple of new Kaplan Higher Education campuses in Texas. Expect more next year.

Kaplan's online higher education programs, under the leadership of Robert Greenberg, made truly dramatic improvements in course offerings and student counts and narrowed losses sharply. We have invested in our share of Internet clinkers, but we believe this business is going to pay off meaningfully as we develop programs in such fields as criminal justice, financial planning and health care. At the end of 2002, nearly 6,000 students were enrolled in certificate, associate and bachelor programs, and this number is growing rapidly. Our staff in Boca Raton, Florida, brims over with bright people meeting the challenge of creating a new educational medium. Last year's accomplishments included graduating our first class of J.D. degree recipients from Concord Law School, America's first online-only law school. Post Company director Barry Diller spoke at the Los Angeles commencement ceremony. Concord is now up to 1,200 students.

4. Score will never be a huge business, but you've heard a lot about it because those of us in the company love it. Score provides a place where elementary school students can work at their own pace to improve their reading, math and spelling skills after school and on weekends. Another Score program offers tutoring for slightly older students. For two years, Kaplan veteran Jeff Conlon has been just the leader Score needed, expanding centers carefully and making improvements in programs without losing any of the esprit that has made Score exciting from the time we bought it in 1996. With any luck at all, Score should be profitable in 2003, unless we step up the pace of opening new centers, which typically lose money for the first 18 months.

This adds up to some set of results. And while the whole Kaplan management group, under president Andy Rosen and chief administrative officer Veronica Dillon, is good and deep, everyone at Kaplan would give credit for the business's overall performance to Jonathan Grayer. He was great at running the company when revenues were $80 million, and he is, if anything, better as we shoot to grow to ten times that size. Kaplan has run its existing businesses well, has made high-quality acquisitions at fair prices and has proven it can integrate them into the company.

Since we are always clear to shareholders about risks as well as successes in all our businesses, I'll report that my major concern about Kaplan is that it is a business that will always require extraordinary management. Education sounds like an alluring business to many people outside the field. As we learned in the early days of our ownership of Kaplan, everything depends on a high-quality

We are now a media and education company, and education is our fastest-growing major business.

instructional experience for every student. If course offerings become shoddy or are taught carelessly, students know it at once. It has taken great execution to keep Kaplan's course offerings in so many different areas continually improving for ten years.

Ten percent of Kaplan's stock is under option to Kaplan's management, and its value has been growing fast as the company becomes bigger and more profitable. Most payouts under the plan will come between now and 2007. We have been accruing funds to meet this obligation for years, including $6 million in 2000, $25 million in 2001, and $35 million in 2002. Since Kaplan has no publicly traded stock (and we do not wish to take Kaplan public; you as a shareholder should want to own as much of this business as possible), payouts under the plan will be determined by a valuation made by the compensation committee of our board of directors, with advice from an outside firm. As I've said before, since the stock's value is based on Kaplan's current and reasonably expected future profits, shareholders should root for these accruals to go as high as possible. The plan seems to me to be producing fair compensation for a group of managers whose work has created a very valuable business for The Washington Post Company.

Kaplan reports its operating results in two groups. Supplemental education includes Kaplan Test Prep and Admissions, Kaplan Professional and Score. Higher education includes online results as well as those of the traditional colleges. Excluding goodwill amortization in 2001 and 2000, here's a summary of operating results for the last three years:

	2002	2001	2000
Revenue			
Supplemental education	**$371,248**	$ 328,039	$ 286,386
Higher education	**249,877**	165,642	67,435
	$621,125	$ 493,681	$ 353,821
Operating income (loss)			
Supplemental education	**$ 54,103**	$ 27,509	$ 18,636
Higher education	**27,569**	9,149	(5,705)
Kaplan corporate overhead	**(26,143)**	(23,981)	(38,693)
Other*	**(35,017)**	(25,738)	(6,250)
	$ 20,512	$ (13,061)	$ (32,012)

* Other includes charges accrued for stock-based incentive compensation and amortization of certain intangibles.

Publisher Bo Jones and the team at The Washington Post turned in excellent results in 2002 in a couple of ways. Financially, profits were up significantly despite a decline in revenues. The reason revenues were down can be summarized in two words: recruitment advertising. Because there were so many high-tech firms in the Washington area until the stock market collapse, our help-wanted advertising boomed more than in most markets. The decline has been breathtaking: from $155 million in 2000, to $97 million in 2001, to $68 million in 2002. It is unusual for a company's profits to be up when revenues are down. Bo and his managers, including new president and general manager Steve Hills, would point to a temporary decline in the price of newsprint as a big contributor to Post results. But good management of other expenses also was responsible. Vice president/operations Mike Clurman began an overhaul of our IT infrastructure that should improve efficiency and save millions. The Post increased its daily newsstand price to 35 cents and also raised home delivery prices. Circulation fell by 1.7 percent daily and 1.2 percent Sunday. These declines, typical of all major metropolitan newspapers, are a crucial problem for us to fix.

The second area in which The Post excelled was journalism. Newspapers are necessarily fleeting. Today's path-breaking story is tomorrow's common knowledge. But every reader knows when a newspaper is operating at the top of its game, and The Post was doing so throughout 2002. We won two Pulitzer Prizes for 2001 coverage—one for national reporting for coverage of events following September 11, and another for investigative reporting for a shattering series by Sari Horwitz, Scott Higham and Sarah Cohen on the deaths and mistreatment of children in the custody of District of Columbia institutions. It was the second Pulitzer recognition for Sari. However, great newspaper work isn't best described by prizes. The job of a paper, every day, is to tell readers some things they didn't know. The Post did that for all major stories and many minor ones during the course of the year. As so often during his 31-year career here, Bob Woodward's is the first name that comes to mind. Bob wrote several of the articles recognized by the Pulitzer Prize for national reporting, continued to break stories (including an important interview with President Bush early in 2002) and published in The Post excerpts from his amazing book, *Bush at War*.

2002 was an extraordinarily important year in international affairs, one of those years when any newspaper is challenged to keep up with events and provide readers with insight into what the country is doing. The Post's foreign correspondents, led by, among many others, Peter Finn, Rajiv Chandrasekaran, Pam Constable, John Pomfret, Peter Baker and Susan Glasser (and editors Phil Bennett and David Hoffman), did the job in a way that made everyone in the company proud.

2002 also was the year of the sniper shootings in and around Washington. Metro editor Jo-Ann Armao has spent years putting together a brilliant team— including able newcomers and an unusual number of experienced reporters—and all the talents of that staff were needed as the shootings moved from place to place and residents of the area became quite fearful. Dozens of reporters contributed to detailed, accurate coverage that stayed miles ahead of everyone else, from Serge Kovaleski's and Sari Horwitz's story about the sniper's first "Call me God" note, to the eventual printing of an entire letter left at one of the crime scenes.

Even when no big story was breaking, The Post did its job, which is always tough and complicated. Describing what goes on in Washington has never been harder. Describing our relations with the rest of the world has never been more challenging. Describing our government's view of its progress in the fight against terrorist organizations is of ultimate importance and sensitivity. Everyone reading this report can be proud of the way the newspaper's reporters and editors did all these jobs.

I have to take note that George Solomon is stepping down as The Post's sports editor after an all-time record of 28 years. I'm in a position to appreciate this, since I was his predecessor, and he lasted 28 times as long as I did. George created a great section built around columnists Tony Kornheiser, Michael Wilbon, Tom Boswell, Sally Jenkins and Andy Beyer, and dozens of outstanding reporters and writers. George was the right person to carry on the tradition of his great friend Shirley Povich. Emilio Garcia-Ruiz, George's deputy, will be a worthy successor.

At Washingtonpost.Newsweek Interactive (WPNI), revenues grew, costs fell and traffic boomed. WPNI is still losing money, but we are taking a big swing. We're trying to build a web site that simultaneously reaches a large audience in the Washington area—we believe we're number one in reach among all local web sites in the U.S.—and also a big national and international audience. CEO Chris

Schroeder, COO Caroline Little and editor Doug Feaver have combined to create one of the deepest, most appealing web sites in the United States. I continue to feel that the future of The Washington Post Company depends to some extent on the future of washingtonpost.com. The company is willing to continue investing to make the site as successful as possible, but shareholders should be aware that our 2002 financial results were, due to our ambition, meaningfully worse than those of other large newspaper companies' web sites and will continue to be in 2003.

Newsweek's year is most easily described in a sentence: The magazine won the National Magazine Award for General Excellence among large-circulation magazines, the most coveted honor in American magazine journalism. Newsweek won it and Newsweek deserved it. Chairman and editor-in-chief Rick Smith, editor Mark Whitaker and managing editor Jon Meacham turned out a string of highly informative issues after 9/11 and continued breaking important news throughout 2002.

Washington bureau chief Dan Klaidman, assistant managing editor and writer supreme Evan Thomas, reporters Mike Isikoff and Mark Hosenball—among many others—and columnists like Jonathan Alter and Newsweek International editor Fareed Zakaria kept providing the depth and excellence readers have come to associate with Newsweek.

Borrowing Rick's own metaphor after magazine advertising plummeted in late 2001, I wrote last year that Newsweek management had spent ten years rolling a large rock up a hill, and in 2001... the rock rolled back down. In 2002, Rick, president Harold Shain and publisher Greg Osberg rolled the rock back up the hill to an extent that surprised me. Buyouts totaling $16 million, paid for largely from the company's pension fund, reduced staff by about 11 percent.

I've been babbling about Rick Smith's excellence as both editor-in-chief and chairman for all the years I've been writing this report. I've never been more grateful that he runs Newsweek, and after 2002, you ought to feel that way too.

Post–Newsweek Stations, still our most profitable division by miles, pulled off another boom year in 2002.

Post–Newsweek Stations, still our most profitable division by miles, pulled off another boom year in 2002. Buoyed by political and Olympics advertising, which no amount of innovation can bring back this year, operating income increased from $146 million in 2001, to $169 million in 2002.

All of the company's station managers should take a bow: Joe Berwanger, who kept our largest station (WDIV in Detroit) humming; Steve Wasserman, who has amazingly made KPRC in Houston the biggest revenue producer in the market; John Garwood, who kept WPLG the strongest news team and market innovator in Miami; Jim Joslyn, whose KSAT is a runaway number one in news and demographics in San Antonio; and Henry Maldonado, who took over WKMG in Orlando and immediately began showing improved results.

Then there's our smallest station, WJXT in Jacksonville. Post–Newsweek CEO Alan Frank and Sherry Burns, general manager of WJXT, made an unusual and risky decision in early 2002. They decided to sever the station's 50-year affiliate relationship with CBS after the network said it needed a contract in which no network compensation would be paid. Mel Karmazin and Les Moonves at CBS were professionals and gentlemen to deal with in the negotiations. But we thought WJXT—the network's number one or two affiliate in the entire country in terms of ratings—deserved better. We set out on a different course as an independent or, as Alan likes to put it, a superstation. The early results are pretty good, although it's still early in the game and we have many challenges ahead. WJXT won all the early evening news ratings periods. Our unique, locally-produced national news program, anchored by Tom Wills with input from CNN, The Washington Post and washingtonpost.com, ran a solid second among the market's evening news programs, beating CBS and ABC and less than a point behind the NBC Nightly News. WJXT's early morning news program improved ratings from those the CBS Morning News was recording. The station also introduced a 10 p.m. news program that will be important to future growth in operating income. Sherry, station manager Ann Pace Sutton, news director Maureen Ruddy and the entire JXT team are satisfied with this first half year under the new arrangement. We'll keep you up to date on how it goes.

Cable One had mixed news to report. Sales of new products—digital video and cable modems—astonished even the most optimistic of us. But basic cable subscribers slipped in 2002 (subscriber losses were three times higher than in 2001), partly as a result of weak local economies in our smaller city markets (that means all of our markets) and partly as a result of losses to satellite TV. We think both our programming and service are better than the excellent products offered by the satellite television companies, and we will invest in a variety of ways to turn around basic subscriber losses. Certainly cable modems, introduced two years ago in a unique and clever way by CEO Tom Might, vice president Steve Fox and the Cable One management team, are providing a tremendous tailwind for Cable One's operating results. Operating income was up, capital expenditures fell (though not as much as we would have liked), digital subscription rates hovered at 30 percent of subscribers and cable modem subscribers increased to 11 percent, with growth accelerating month by month. In short, a lot of good news, but one big and important problem. Tom and his team will be working to solve it, and I'll report to you on their progress.

In a year in which many cable companies foundered, Cable One demonstrated how different it is in a couple of key respects. It just may be America's only debt-free cable company. (On our company's books, Cable One has no debt to the parent company! This is as unusual as a leopard with no spots.) And your company has received cash from Cable One, after operating results and capital expenditures, in 16 of the 17 years we have owned the company. All cable companies will be challenged by the current and forthcoming period of intense competition. Thanks to Tom's team, Cable One is in good shape to compete.

Our smallest units, The Gazette and Southern Maryland community newspapers, The Herald and PostNewsweek Tech Media, all performed well in 2002. Led by the talented Chuck Lyons, The Gazette, Southern Maryland Newspapers and The Herald improved the bottom line in a tough economy, while Tech Media shifted its focus to the growing government technology sector and significantly increased its operating income.

One disappointment was the sale of our 50 percent share of the International Herald Tribune. The IHT had been a successful partnership with The New York Times Company for decades, until The Times told us last fall that they didn't want to continue on our longstanding terms and would set about competing with the IHT if we did not wish to sell. The IHT had been a great newspaper and an important way of distributing Washington Post journalism around the world. But we were forced to conclude that a 50/50 partnership was impossible. We sold our half interest for $65 million. Absent the IHT, our editors set out to find another international newspaper partner. Early in 2003, we announced an agreement with Dow Jones to distribute the best of our daily news and some columns in The Wall Street Journal's European and Asian editions. Dow Jones has been a good partner of ours in the past, and the negotiating process with CEO Peter Kann, publisher Karen Elliott House and managing editor Paul Steiger was a pleasant one.

□ ■ □

One digression: President Bush said in a speech during 2002 that CEOs should report the total amount of their compensation in the chairman's letter. OK. When I became CEO in 1991, after consulting with some members of our board, I decided to freeze my compensation at the amount I had been receiving as publisher of The Post. I make $400,000 a year and participate in one company bonus plan which, if the company performs quite well, pays out a maximum to me of $400,000 every two years. I also receive some shares of restricted stock (300 shares in the most recent cycle) as part of the same plan. This hasn't changed in years, and I will spare you repetition of these details in future letters unless something changes. Of course, 95 percent of my net worth continues to be in Washington Post Company stock.

□ ■ □

As I have done all too often in the past, I must say a word about pension credits. Since Warren Buffett recommended two managers of our pension fund to Kay Graham in 1976, our results have been just about as good as anyone's. Our pension plans are comfortably overfunded thanks to Bill Ruane of Ruane, Cunniff, which manages about 86 percent of the fund, and Sandy Gottesman of First Manhattan, with the remaining 14 percent. Last year, as this letter mentioned, we reduced the assumed rate of future return on the pension fund from 9 percent to 7.5 percent. (We also reduced a second assumption, called the discount rate, by one-half percentage point.) We did so because we were convinced that future stock market results were unlikely to equal those of the past. This change reduced 2002 reported net income by $20 million. This year we're reducing the discount rate by another quarter percentage point. Our investment results this past year were better than the market but below our assumed rate of return. The pension credit is estimated to be down by another $10 million in 2003.

Why dwell on this? *For 2002, pension credit added up to $4.15 per share, or 17 percent of operating income (excluding costs for early retirement programs)*. Because this credit is non-cash and is of lesser value than the rest of our earnings (although it does give pensioned Post Company employees a high degree of security), it's important to us that you understand that our reported earnings include millions of dollars that will never see the cash box.

One modest change in accounting brought us some headlines in 2002. Your company has never been a big granter of stock options, but we were one of the first to decide that the options we grant should be expensed. We estimate this will add less than $1 million to expenses in 2003, but more in future years. I should have done this long ago and wish to express admiration to Boeing and Winn-Dixie management for leading the way in this reform.

What unites the six large divisions of the company is the immediacy of what they do: reporters at The Post, Newsweek, WPNI and Post–Newsweek Stations; community staffers at cable; and teachers at Kaplan Test Prep and coaches at Score centers all know that they are judged quite critically on today's work by today's readers, viewers and students. You can't rest on your laurels in any of these businesses. No one did so in 2002.

What about the future? We've never had any luck forecasting the future of advertising. We'll sell aggressively, but the performance of the U.S. economy will matter to our results, and no one here knows whether it will get better or worse.

Kaplan has tremendous momentum and some room to grow by acquisition. Cable One needs to stabilize basic subscriber trends, then reverse them.

If there was any disappointment in 2002, it was our failure to bring about as many successful acquisitions as we did in the two previous years. We spent about $43 million on expansion in 2002.

Through all of the corporate turmoil of 2002, The Post Company's board of directors was a bedrock of strength for the company.

All of us like seeing our debt come down, but we would be even happier to spend money on good acquisitions at fair prices.

The Post Company is a good home for well-run media and education businesses that have a special character and want to keep it. We'd take a look at businesses in other fields as well—if they came with unusually strong management. We prefer to look at businesses earning $5 million or more in operating income, but will certainly look at smaller ones if they fit in our existing divisions. (This distinguishes us from Berkshire Hathaway, an incomparable home for businesses—but they'll only look at those earning $50 million-plus.)

We have a preference for businesses we can understand (no tech companies), those with strong existing management, low capital requirements and a stated asking price. We've proven to ourselves that we aren't great at startups or turnarounds (except occasionally in education). Just call me (202.334.7138). We prefer dealing directly with owners, and we almost never win auctions.

WPO: Internet Investor

In our 1998–2000 annual reports, I announced (some would say bombastically) that we had invested large sums in Internet companies. Here's how those investments look today.

We had two huge flame-outs: CareerPath.com ($9 million of our investment) and eScore ($42 million—but it laid a much-too-expensive foundation for the Kaplan Learning Platform, the software tools that may benefit all of Kaplan's businesses. We're still spending $6 million a year on Kaplan Learning Platform and believe you'll be glad we did.)

We thank Dan Jauernig, Richard Burke, Bob Bellack and the staff that brought Classified Ventures (20 percent owned) to a point where it is self-sustaining and no longer dependent on capital contributions. Profits are possible here, but we don't expect Classified Ventures will ever earn back much of the $59 million we have invested.

BrassRing, our (49 percent owned) recruitment software business, had an improved year under CEO Deb Besemer and looks to an even stronger 2003. We're still optimistic about BrassRing, and we have excellent management. Through 2002, we have invested $70 million in BrassRing.

WPNI, where losses diminished, and Kaplan Higher Education Online, where profits are much closer, look to us likely to succeed.

Other Internet businesses—some companies we invested in went public; others were sold to public companies for stock; others went out of business; a few are still around. We have recorded a net gain from inception of $45 million.

Thanks to the 250 of you who turned out for our second Shareholders Day. The audience was five times as large as our Annual Meeting; the questions were the best any audience put to company executives all year. We'll do it again.

Through all of the corporate turmoil of 2002, The Post Company's board of directors was a bedrock of strength for the company. We made a major addition to the board during the year in Alice Rivlin, professor at New School University and senior fellow at the Brookings Institution. Alice is also former director of the Office of Management and Budget and the Congressional Budget Office and former vice chairman of the Federal Reserve Board. Much commentary about corporate governance has suggested that many companies have weak boards who are ignorant of important aspects of corporate operations. Reader, please run your eyes down the list of our directors on page 16. This is far from an easy bunch—thank goodness. The strength of the board has literally added billions to the value of the company over the years.

Donald E. Graham

Chairman of the Board and Chief Executive Officer

March 7, 2003

Corporate Directory

Board of Directors

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Chairman, The Washington Post

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Daniel B. Burke (1, 2)
Former President and Chief Executive Officer,
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(2) Compensation Committee
(3) Finance Committee
(4) Executive Committee

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Diana M. Daniels
Vice President, General Counsel and Secretary

Hal S. Jones
Vice President

Ann L. McDaniel
Vice President

Christopher Ma
Vice President

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Pinkie Dent-Kannon
Assistant Treasurer

John F. Hockenberry
Assistant Secretary

Web Addresses

The Washington Post Company
washpostco.com

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washpost.com

Washingtonpost.Newsweek Interactive
washingtonpost.com
newsweek.msnbc.com

The Washington Post National Weekly Edition
nationalweekly.com

The Washington Post Writers Group
postwritersgroup.com

The Herald
heraldnet.com

The Gazette
gazette.net

Comprint Military Publications
dcmilitary.com

Greater Washington Publishing
gwpi.net

Apartment Showcase
apartmentshowcase.com

New Homes Guide
newhomesguide.com

Guide to Retirement Living
retirement-living.com

Autobuyers Guide
theautobuyersguide.com

Robinson Terminal Warehouse
robinsonterminal.com

Post–Newsweek Stations

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Government Computer News
gcn.com

The Technology Almanac
tech-almanac.com

Washington Technology
washingtontechnology.com

Los Angeles Times–Washington Post News Service
newsservice.com

BrassRing
brassring.com

Stock Trading

The Washington Post Company Class B common stock is traded on the New York Stock Exchange with the symbol WPO. Class A common stock is not traded publicly.

Stock Transfer Agent and Registrar

(Transfers by Certified Mail/General Shareholder Correspondence)
EquiServe Trust Company, N.A.
P.O. Box 43069
Providence, RI 02940-3069

(Transfers by Overnight Courier)
EquiServe Trust Company, N.A.
150 Royall Street
Canton, MA 02021

Shareholder Inquiries

Communications concerning transfer requirements, lost certificates, dividends and changes of address should be directed to EquiServe Trust Company Shareholder Relations Group.

Tel: 781.575.2723
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Fax: 201.222.4842
Web: equiserve.com

Form 10-K

The company's Form 10-K annual report to the Securities and Exchange Commission is part of this publication. All of the company's SEC filings are accessible from the company's web site, washpostco.com.

Annual Meeting

The annual meeting of stockholders will be held on May 8, 2003, at 8 a.m., at The Washington Post Company, 1150 15th Street, NW, Washington, DC.

Common Stock Prices and Dividends

High and low sales prices during the last two years were:

	2002		2001	
Quarter	High	Low	High	Low
January-March	$618	$520	$652	$524
April-June	$634	$545	$608	$542
July-September	$675	$516	$599	$470
October-December	$743	$646	$540	$479

During 2002 the company repurchased 1,229 outstanding shares of Class B common stock.

Class A and Class B common stock participate equally as to dividends. Quarterly dividends were paid at the rate of $1.40 per share in 2002. At January 28, 2003, there were 28 Class A and 1,046 Class B shareholders.

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