# UNITED STATES
# SECURITIES AND EXCHANGE COMMISSION
**WASHINGTON, DC 20549**

# FORM 10-Q

☒ **Quarterly Report Pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934**

**For the Quarterly Period Ended September 28, 2008**

**or**

☐ **Transition Report Pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934**

**Commission File Number 1-6714**

# THE WASHINGTON POST COMPANY
**(Exact name of registrant as specified in its charter)**

| | |
|---|---|
| **Delaware**<br>**(State or other jurisdiction of incorporation or organization)** | **53-0182885**<br>**(I.R.S. Employer Identification No.)** |
| **1150 15th Street, N.W. Washington, D.C.**<br>**(Address of principal executive offices)** | **20071**<br>**(Zip Code)** |

**(202) 334-6000**
**(Registrant's telephone number, including area code)**

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 whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, or a smaller reporting company. See definition of "large accelerated filer," "accelerated filer" and "smaller reporting company" in Rule 12b-2 of the Exchange Act. (Check one):

| | | | |
|---|---|---|---|
| Large accelerated filer | ☒ | Accelerated filer | ☐ |
| Non-accelerated filer | ☐ | Smaller Reporting Company | ☐ |

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes ☐ No ☒.

Shares outstanding at October 31, 2008:

| | |
|---|---|
| Class A Common Stock | 1,291,693 Shares |
| Class B Common Stock | 8,073,989 Shares |

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**THE WASHINGTON POST COMPANY**

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## PART I. FINANCIAL INFORMATION

**Item 1. Financial Statements**

### The Washington Post Company
### Condensed Consolidated Statements of Income
### (Unaudited)

| (In thousands, except per share amounts) | Thirteen Weeks Ended September 28, 2008 | Thirteen Weeks Ended September 30, 2007 | Thirty-Nine Weeks Ended September 28, 2008 | Thirty-Nine Weeks Ended September 30, 2007 |
|---|---|---|---|---|
| Operating revenues | | | | |
| Education | $ 602,739 | $ 514,595 | $ 1,722,459 | $ 1,493,863 |
| Advertising | 261,475 | 282,251 | 797,900 | 893,352 |
| Circulation and subscriber | 226,186 | 203,307 | 669,008 | 602,423 |
| Other | 38,258 | 22,351 | 108,648 | 65,247 |
| | 1,128,658 | 1,022,504 | 3,298,015 | 3,054,885 |
| Operating costs and expenses | | | | |
| Operating | 516,115 | 467,926 | 1,515,253 | 1,382,641 |
| Selling, general and administrative | 434,150 | 384,603 | 1,399,853 | 1,170,459 |
| Depreciation of property, plant and equipment | 73,524 | 55,722 | 195,463 | 163,231 |
| Amortization of intangible assets and goodwill impairment charge | 64,602 | 3,787 | 75,494 | 10,833 |
| | 1,088,391 | 912,038 | 3,186,063 | 2,727,164 |
| Income from operations | 40,267 | 110,466 | 111,952 | 327,721 |
| Other income (expense) | | | | |
| Equity in (losses) earnings of affiliates | (609) | (622) | (9,505) | 8,326 |
| Interest income | 1,173 | 3,011 | 4,555 | 8,992 |
| Interest expense | (6,882) | (6,014) | (19,514) | (18,098) |
| Other (expense) income, net | (21,120) | 10,121 | (14,193) | 15,267 |
| Income before income taxes | 12,829 | 116,962 | 73,295 | 342,208 |
| Provision for income taxes | 2,500 | 44,500 | 26,400 | 136,500 |
| Net income | 10,329 | 72,462 | 46,895 | 205,708 |
| Redeemable preferred stock dividends | (236) | (237) | (946) | (952) |
| Net income available for common shares | $ 10,093 | $ 72,225 | $ 45,949 | $ 204,756 |
| Basic earnings per common share | $ 1.08 | $ 7.62 | $ 4.87 | $ 21.56 |
| Diluted earnings per common share | $ 1.08 | $ 7.60 | $ 4.86 | $ 21.48 |
| Dividends declared per common share | $ 2.15 | $ 2.05 | $ 8.60 | $ 8.20 |
| Basic average number of common shares outstanding | 9,334 | 9,473 | 9,433 | 9,496 |
| Diluted average number of common shares outstanding | 9,358 | 9,509 | 9,458 | 9,531 |

**The Washington Post Company**
**Condensed Consolidated Statements of Comprehensive Income**
**(Unaudited)**

| (In thousands) | Thirteen Weeks Ended September 28, 2008 | Thirteen Weeks Ended September 30, 2007 | Thirty-Nine Weeks Ended September 28, 2008 | Thirty-Nine Weeks Ended September 30, 2007 |
|---|---|---|---|---|
| Net income | $ 10,329 | $ 72,462 | $ 46,895 | $ 205,708 |
| Other comprehensive income | | | | |
| Foreign currency translation adjustment | (25,492) | 12,014 | (11,549) | 23,473 |
| Change in unrealized gain on available-for-sale securities | 80,620 | 28,508 | 29,921 | 40,915 |
| Pension and other postretirement plan adjustments | (926) | (1,125) | (4,696) | (3,400) |
| | 54,202 | 39,397 | 13,676 | 60,988 |
| Income tax expense related to other comprehensive income | (30,982) | (12,264) | (8,468) | (20,979) |
| | 23,220 | 27,133 | 5,208 | 40,009 |
| Comprehensive income | $ 33,549 | $ 99,595 | $ 52,103 | $ 245,717 |

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## The Washington Post Company
## Condensed Consolidated Balance Sheets

| (In thousands) | September 28, 2008 (unaudited) | December 30, 2007 |
|---|---|---|
| Assets | | |
| Current assets | | |
| Cash and cash equivalents | $ 247,932 | $ 321,466 |
| Investments in marketable equity securities and other investments | 168,404 | 51,678 |
| Accounts receivable, net | 480,934 | 480,743 |
| Deferred income taxes | 47,900 | 46,399 |
| Income taxes receivable | 13,211 | — |
| Inventories | 36,928 | 23,194 |
| Other current assets | 67,161 | 71,490 |
| | 1,062,470 | 994,970 |
| Property, plant and equipment | | |
| Buildings | 347,270 | 346,116 |
| Machinery, equipment and fixtures | 2,310,238 | 2,185,920 |
| Leasehold improvements | 257,610 | 239,641 |
| | 2,915,118 | 2,771,677 |
| Less accumulated depreciation | (1,774,687) | (1,596,698) |
| | 1,140,431 | 1,174,979 |
| Land | 49,484 | 49,187 |
| Construction in progress | 105,885 | 56,571 |
| | 1,295,800 | 1,280,737 |
| Investments in marketable equity securities | 399,154 | 417,781 |
| Investments in affiliates | 99,398 | 102,399 |
| Goodwill, net | 1,468,234 | 1,498,237 |
| Indefinite-lived intangible assets, net | 526,840 | 520,905 |
| Amortized intangible assets, net | 63,679 | 70,437 |
| Prepaid pension cost | 947,900 | 1,034,789 |
| Deferred charges and other assets | 80,469 | 84,254 |
| | $ 5,943,944 | $ 6,004,509 |
| Liabilities and Shareholders' Equity | | |
| Current liabilities | | |
| Accounts payable and accrued liabilities | $ 540,862 | $ 564,744 |
| Income taxes | — | 4,580 |
| Deferred revenue | 413,073 | 354,564 |
| Dividends declared | 20,380 | — |
| Short-term borrowings | 509,099 | 89,585 |
| | 1,483,414 | 1,013,473 |
| Postretirement benefits other than pensions | 83,665 | 81,041 |
| Accrued compensation and related benefits | 243,755 | 242,583 |
| Other liabilities | 87,484 | 84,214 |
| Deferred income taxes | 686,993 | 709,694 |
| Long-term debt | 7 | 400,519 |
| | 2,585,318 | 2,531,524 |
| Redeemable preferred stock | 11,826 | 11,826 |
| Preferred stock | — | — |
| Common shareholders' equity | | |
| Common stock | 20,000 | 20,000 |
| Capital in excess of par value | 229,692 | 217,780 |
| Retained earnings | 4,294,453 | 4,329,726 |
| Accumulated other comprehensive income | | |
| Cumulative foreign currency translation adjustment | 32,918 | 42,845 |
| Unrealized gain on available-for-sale securities | 171,492 | 153,539 |
| Unrealized gain on pension and other postretirement plans | 295,334 | 298,152 |
| Cost of Class B common stock held in treasury | (1,697,089) | (1,600,883) |
| | 3,346,800 | 3,461,159 |
| | $ 5,943,944 | $ 6,004,509 |

**The Washington Post Company**
**Condensed Consolidated Statements of Cash Flows**
**(Unaudited)**

| (In thousands) | Thirty-Nine Weeks Ended September 28, 2008 | Thirty-Nine Weeks Ended September 30, 2007 |
|---|---|---|
| Cash flows from operating activities: | | |
| Net income | $ 46,895 | $ 205,708 |
| Adjustments to reconcile net income to net cash provided by operating activities: | | |
| Depreciation of property, plant and equipment | 195,463 | 163,231 |
| Amortization of intangible assets | 15,804 | 10,833 |
| Goodwill impairment charge | 59,690 | — |
| Net pension benefit | (19,624) | (16,691) |
| Early retirement program expense | 112,001 | — |
| Net loss (gain) from sale of property, plant and equipment | 1,037 | (8,398) |
| Foreign exchange loss (gain) | 13,364 | (13,777) |
| Equity in losses (earnings) of affiliates, net of distributions | 9,694 | (7,736) |
| (Benefit) provision for deferred income taxes | (30,292) | 30,232 |
| Change in assets and liabilities: | | |
| Decrease (increase) in accounts receivable, net | 1,162 | (8,088) |
| (Increase) decrease in inventories | (13,734) | 124 |
| (Decrease) increase in accounts payable and accrued liabilities | (22,529) | 37,663 |
| Increase in deferred revenue | 52,814 | 75,314 |
| Increase in income taxes receivable | (18,221) | (16,964) |
| Decrease in other assets and other liabilities, net | 5,563 | 7,631 |
| Other | 2,650 | (1,721) |
| Net cash provided by operating activities | 411,737 | 457,361 |
| Cash flows from investing activities: | | |
| Purchases of property, plant and equipment | (202,959) | (213,694) |
| Investments in certain businesses, net of cash acquired | (65,599) | (175,922) |
| Investments in marketable equity securities | (68,563) | — |
| Investments in affiliates | (10,987) | (14,881) |
| Proceeds from the sale of property, plant and equipment | 1,129 | 16,055 |
| Other | (186) | 651 |
| Net cash used in investing activities | (347,165) | (387,791) |
| Cash flows from financing activities: | | |
| Common shares repurchased | (98,960) | (42,035) |
| Dividends paid | (61,788) | (59,298) |
| Issuance of commercial paper, net | 20,197 | — |
| Principal payments on debt | (1,363) | (3,038) |
| Cash overdraft | (6,153) | 6,029 |
| Proceeds from exercise of stock options | 9,230 | 5,588 |
| Other | 3,544 | 912 |
| Net cash used in financing activities | (135,293) | (91,842) |
| Effect of currency exchange rate change | (2,813) | 4,674 |
| Net decrease in cash and cash equivalents | (73,534) | (17,598) |
| Beginning cash and cash equivalents | 321,466 | 348,148 |
| Ending cash and cash equivalents | $ 247,932 | $ 330,550 |

**The Washington Post Company**
**Notes to Condensed Consolidated Financial Statements**
**(Unaudited)**

## Note 1: Organization, Basis of Presentation and Recent Accounting Pronouncements

The Washington Post Company, Inc. (the “Company”) is a diversified education and media company whose principal operations include educational and career services, newspaper and magazine publishing, television broadcasting, cable television systems and electronic information services.

The results of operations at the education division Kaplan, Inc. (“Kaplan”), when examined on a quarterly basis, reflect the volatility of Kaplan stock compensation charges, as well as other seasonal effects. Results of operations, when examined on a quarterly basis, also reflect the seasonality of advertising that affects the newspaper, magazine and broadcasting operations. Advertising revenues in the second and fourth quarters are typically higher than first and third quarter revenues.

### Financial Periods

The Company generally reports on a thirteen week fiscal quarter ending on the Sunday nearest the calendar quarter-end. The fiscal quarters for 2008 and 2007 ended on September 28, 2008, June 29, 2008, March 30, 2008, September 30, 2007, July 1, 2007, and April 1, 2007, respectively. With the exception of the newspaper publishing operations and the corporate office, subsidiaries of the Company report on a calendar-quarter basis.

### Basis of Presentation

The accompanying condensed consolidated financial statements have been prepared in accordance with: (i) generally accepted accounting principles in the United States of America (“GAAP”) for interim financial information; (ii) the instructions to Form 10-Q; and (iii) the guidance of Rule 10-01 of Regulation S-X under the Securities Exchange Act of 1934, as amended, for financial statements required to be filed with the Securities and Exchange Commission (“SEC”). They include the assets, liabilities, results of operations and cash flows of the Company, including its domestic and foreign subsidiaries that are more than 50% owned or otherwise controlled by the Company. As permitted under such rules, certain notes and other financial information normally required by GAAP have been condensed or omitted. Management believes the accompanying condensed consolidated financial statements reflect all normal and recurring adjustments necessary for a fair presentation of the Company’s financial position, results of operations, and cash flows as of and for the periods presented herein. The Company’s results of operations for the thirteen and thirty-nine weeks ended September 28, 2008 and September 30, 2007 may not be indicative of the Company’s future results. These condensed consolidated financial statements are unaudited and should be read in conjunction with the Company’s audited consolidated financial statements and the notes thereto included in the Company’s Annual Report on Form 10-K for the fiscal year ended December 30, 2007.

The year-end condensed consolidated balance sheet data was derived from audited financial statements, but does not include all disclosures required by GAAP.

Certain amounts in previously issued financial statements have been reclassified to conform with the current year presentation.

### Use of Estimates in the Preparation of the Condensed Consolidated Financial Statements

The preparation of the condensed consolidated financial statements in accordance with GAAP requires management to make estimates and assumptions that affect amounts reported herein. Management bases its estimates and assumptions on historical experience and on various other factors that are believed to be reasonable under the circumstances. Due to the inherent uncertainty involved in making estimates, actual results reported in future periods may be affected by changes in those estimates.

**Recent Accounting Pronouncements**

In September 2006, the Financial Accounting Standards Board ("FASB") issued Statement of Financial Accounting Standards ("SFAS") No. 157, "Fair Value Measurements" ("SFAS 157"), which defines fair value, establishes a framework for measuring fair value in accordance with GAAP, and expands disclosures about fair value measurements. SFAS 157 was effective for the Company at the beginning of fiscal year 2008 for all financial assets and liabilities and for nonfinancial assets and liabilities recognized or disclosed at fair value in our Condensed Consolidated Financial Statements on a recurring basis (at least annually). The adoption of these provisions did not have any impact on the Company's Condensed Consolidated Financial Statements, as the Company's existing fair value measurements are consistent with the guidance of SFAS 157. The FASB deferred the effective date of SFAS 157 for nonfinancial assets and liabilities that are not remeasured at fair value on a recurring basis, until the beginning of the Company's 2009 fiscal year. The Company is currently evaluating the impact that SFAS 157 will have on its pension related financial assets and nonfinancial assets and liabilities that are not valued on a recurring basis (at least annually). See Note 10 for additional disclosures about fair value measurements.

In February 2007, the FASB issued SFAS No. 159, "The Fair Value Option for Financial Assets and Financial Liabilities" ("SFAS 159"). SFAS 159 allows entities to voluntarily choose to measure certain financial assets and liabilities at fair value ("fair value option"). The fair value option may be elected on an instrument-by-instrument basis and is irrevocable, unless a new election date occurs. If the fair value option is elected for an instrument, SFAS 159 specifies that unrealized gains and losses for that instrument be reported in earnings at each subsequent reporting date. This statement was effective for the Company at the beginning of fiscal year 2008. We did not apply the fair value option to any of our outstanding instruments and, therefore, SFAS 159 did not have an impact on our Condensed Consolidated Financial Statements.

In December 2007, the FASB issued SFAS No. 141 (Revised 2007), "Business Combinations" ("SFAS 141R"). SFAS 141R requires the acquisition method of accounting to be applied to all business combinations, which significantly changes the accounting for certain aspects of business combinations. Under SFAS 141R, an acquiring entity will be required to recognize all the assets acquired and liabilities assumed in a transaction at the acquisition-date fair value with limited exceptions. SFAS 141R will change the accounting treatment for certain specific acquisition related items including: (1) expensing acquisition related costs as incurred; (2) valuing noncontrolling interests at fair value at the acquisition date; and (3) expensing restructuring costs associated with an acquired business. SFAS 141R also includes a substantial number of new disclosure requirements. SFAS 141R will be applied prospectively to business combinations for which the acquisition date is on or after the beginning of the Company's 2009 fiscal year, except as it relates to certain income tax accounting matters. The Company expects SFAS 141R to have an impact on its accounting for future business combinations once adopted, but the effect is dependent upon the acquisitions that are made in the future.

In December 2007, the FASB issued SFAS No. 160, "Noncontrolling Interests in Consolidated Financial Statements" ("SFAS 160"). SFAS 160 establishes new accounting and reporting standards for the noncontrolling interest in a subsidiary and for the deconsolidation of a subsidiary. It clarifies that a noncontrolling interest in a subsidiary (minority interest) is an ownership interest in the consolidated entity that should be reported as equity in the Consolidated Financial Statements and separate from the parent company's equity. Among other requirements, this statement requires consolidated net income to be reported at amounts that include the amounts attributable to both the parent and the noncontrolling interest. This statement also requires disclosure, on the face of the Consolidated Statements of Income, of the amounts of consolidated net income attributable to the parent and to the noncontrolling interest. This statement is effective for the Company at the beginning of fiscal year 2009. The Company is in the process of evaluating the impact SFAS 160 will have on its Consolidated Financial Statements.

In April 2008, the FASB issued FASB Staff Position ("FSP") No. 142-3, "Determination of the Useful Life of Intangible Assets" ("FSP 142-3"). FSP 142-3 amends the factors to be considered in developing renewal or extension assumptions used to determine the useful life of intangible assets under SFAS No. 142, "Goodwill and Other Intangible Assets." Its intent is to improve the consistency between the useful life of an intangible asset and the period of expected cash flows used to measure its fair value. This FSP is effective for the Company at the beginning of fiscal year 2009. The Company is in the process of evaluating the impact of FSP 142-3 on its Consolidated Financial Statements.

In June 2008, the FASB issued FSP No. Emerging Issues Task Force ("EITF") 03-6-1, "Determining Whether Instruments Granted in Share-Based Payment Transactions are Participating Securities" ("FSP 03-6-1"). FSP 03-6-1 clarifies that unvested share-based payment awards that contain nonforfeitable rights to dividends or dividend equivalents (whether paid or unpaid) are participating securities and are to be included in the computation of earnings per share under the two-class method described in SFAS No. 128, "Earnings Per Share." This FSP is effective for the Company at the beginning of fiscal year 2009 and requires all presented prior-period earnings per share data to be adjusted retrospectively. The Company is in the process of evaluating the impact FSP 03-6-1 will have on its Consolidated Financial Statements.

In October 2008, the FASB issued FSP No. 157-3, "Determining the Fair Value of a Financial Asset When the Market for That Asset Is Not Active" ("FSP 157-3"). FSP 157-3 addresses how the fair value of a financial asset is determined when the market for that financial asset is inactive. FSP 157-3 was effective upon issuance, including prior periods for which financial statements had not yet been issued. The implementation of this standard did not have any impact on our consolidated financial statements.

**Note 2: Investments**

Investments in marketable equity securities at September 28, 2008 and December 30, 2007 consist of the following (in thousands):

| | September 28, 2008 | December 30, 2007 |
|---|---|---|
| Total cost | $ 279,329 | $ 213,561 |
| Gross unrealized gains | 285,819 | 255,898 |
| Total fair value | $ 565,148 | $ 469,459 |

In the first quarter of 2008, the Company purchased $65.8 million in the common stock of Corinthian Colleges, Inc, a publicly traded education company.

As of September 28, 2008 and December 30, 2007, the Company had money market investments of $9.0 million and $5.1 million, respectively, that are classified as "cash and cash equivalents" on the Company's consolidated balance sheet.

In the second quarter of 2008, the Company recorded $6.8 million in impairment charges at two of the Company's affiliates. In the first nine months of 2007, $8.9 million of the equity in earnings of affiliates is due to a gain on the sale of land at the Company's Bowater Mersey Paper Company Limited affiliate.

**Note 3: Acquisitions and Dispositions**

In the third quarter of 2008, Kaplan acquired a business in their professional division. Also in the third quarter of 2008, additional purchase consideration was recorded in connection with the achievement of certain operating results by a company acquired in 2007. The combined acquisition value of these activities was $10.8 million. In the second quarter of 2008, Kaplan acquired two businesses in their professional and test preparation divisions totaling $14.8 million. In the first quarter of 2008, Kaplan acquired two businesses in their professional and test preparation divisions totaling $31.4 million. Also in the first quarter of 2008, the cable division acquired subscribers in the Winona, Mississippi area for $15.6 million. Most of the purchase price for these acquisitions has been allocated to goodwill and other intangibles and property, plant and equipment on a preliminary basis.

In 2007, Kaplan purchased a 40% interest in ACE Education, a provider of education in China that provides preparation courses for entry to U.K. universities, along with degree and professional training programs at campuses throughout China. In the first quarter of 2008, Kaplan exercised an option to increase its investment in ACE Education to a majority interest. This transaction is expected to close in the fourth quarter of 2008. As of September 28, 2008, this investment is included in investment in affiliates as Kaplan did not have control of ACE Education.

In July 2008, the Company announced an agreement with NBC Universal to acquire WTVJ, the NBC-owned and operated television station in Miami, FL. The Company will continue to operate WTVJ as an NBC affiliate. The purchase price is approximately $205 million and the transaction is expected to be completed in the fourth quarter of 2008. The acquisition is subject to approval by the Federal Communications Commission. The Company also owns and operates WPLG, the ABC affiliate in Miami, FL.

In the third quarter of 2007, Kaplan acquired two businesses in their professional division and one business in their higher education division, totaling $43.3 million. These acquisitions included the education division of the Financial Services Institute of Australasia. In the second quarter of 2007, the Company completed four business acquisitions, primarily in the education division, totaling $29.1 million. These included Kaplan higher education division's acquisitions of Sagemont Virtual, a leader in the growing field of online high school instruction that has been doing business as the University of Miami Online High School, and Virtual Sage, a developer of online high school courses. In the first quarter of 2007, Kaplan acquired two businesses in their professional division totaling $115.8 million. These acquisitions included EduNeering Holdings, Inc., a Princeton, N.J. based provider of knowledge management solutions for organizations in the pharmaceutical, medical device, healthcare, energy and manufacturing sectors. Also in the first quarter of 2007, the cable division acquired subscribers in the Boise, Idaho area for $4.3 million.

In July 2007, the television broadcasting division entered into a transaction to sell and lease back its current Miami television station facility; a $9.5 million gain was recorded as a reduction to expense in the third quarter. An additional $1.9 million deferred gain is being amortized over the leaseback period. The television broadcasting division purchased land and is building a new Miami television station facility which is expected to be completed in 2009.

Pro forma results of operations for current and prior years, assuming the acquisitions occurred at the beginning of 2007, are not materially different from reported results of operations.

**Note 4: Goodwill and Other Intangible Assets**

The Company's intangible assets with an indefinite life are principally from franchise agreements at its cable division, as the Company expects its cable franchise agreements to provide the Company with substantial benefit for a period that extends beyond the foreseeable horizon, and the Company's cable division historically has obtained renewals and extensions of such agreements for nominal costs and without any material modifications to the agreements. Amortized intangible assets are primarily mastheads, customer relationship intangibles and non-compete agreements, with amortization periods up to ten years.

In the third quarter of 2008, as a result of a challenging advertising environment, the Company completed a review of the carrying value of goodwill at the Company's community newspapers and The Herald, which are part of the newspaper publishing division. As a result of this review, the Company recorded an impairment charge of $59.7 million to write off the goodwill for the Company's community newspapers and The Herald utilizing a discounted cash flow model (after-tax impact of $41.9 million).

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The Company's goodwill and other intangible assets as of September 28, 2008 and December 30, 2007 were as follows (in thousands):

| | Gross | Accumulated Amortization | Net |
|---|---|---|---|
| 2008 | | | |
| Goodwill | $1,766,636 | $ 298,402 | $1,468,234 |
| Indefinite-lived intangible assets | 690,646 | 163,806 | 526,840 |
| Amortized intangible assets | 123,709 | 60,030 | 63,679 |
| | $2,580,991 | $ 522,238 | $2,058,753 |
| 2007 | | | |
| Goodwill | $1,796,639 | $ 298,402 | $1,498,237 |
| Indefinite-lived intangible assets | 684,711 | 163,806 | 520,905 |
| Amortized intangible assets | 114,663 | 44,226 | 70,437 |
| | $2,596,013 | $ 506,434 | $2,089,579 |

Activity related to the Company's goodwill and other intangible assets during the nine months ended September 28, 2008 was as follows (in thousands):

| | Goodwill, Net | | | | |
|---|---|---|---|---|---|
| | Beginning of Year | Acquisitions | Impairment Charge | Foreign Currency Exchange Rate Changes and Other | Balance as of September 28, 2008 |
| Education | $1,020,177 | $ 42,018 | — | $ (17,929) | $ 1,044,266 |
| Newspaper Publishing | 81,169 | — | $ (59,690) | 13 | 21,492 |
| Television Broadcasting | 203,165 | — | — | — | 203,165 |
| Magazine Publishing | 25,015 | — | — | — | 25,015 |
| Cable Television | 85,666 | 293 | — | — | 85,959 |
| Other Businesses and Corporate Office | 83,045 | 5,292 | — | — | 88,337 |
| | $1,498,237 | $ 47,603 | $ (59,690) | $ (17,916) | $ 1,468,234 |

| | Indefinite-Lived Intangible Assets, Net | | |
|---|---|---|---|
| | Beginning of Year | Acquisitions | Balance as of September 28, 2008 |
| Education | $ 9,262 | — | $ 9,262 |
| Newspaper Publishing | — | — | — |
| Television Broadcasting | — | — | — |
| Magazine Publishing | — | — | — |
| Cable Television | 511,643 | $ 5,935 | 517,578 |
| Other Businesses and Corporate Office | — | — | — |
| | $520,905 | $ 5,935 | $ 526,840 |

| | Amortized Intangible Assets, Net | | | | |
|---|---|---|---|---|---|
| | Beginning of Year | Acquisitions and Additions | Amortization | Foreign Currency Exchange Rate Changes and Other | Balance as of September 28, 2008 |
| Education | $36,822 | $ 9,593 | $ (10,503) | $ (674) | $ 35,238 |
| Newspaper Publishing | 4,240 | — | (474) | 1 | 3,767 |
| Television Broadcasting | — | — | — | — | — |
| Magazine Publishing | — | — | — | — | — |
| Cable Television | 1,081 | 366 | (236) | — | 1,211 |
| Other Businesses and Corporate Office | 28,294 | (240) | (4,591) | — | 23,463 |
| | $70,437 | $ 9,719 | $ (15,804) | $ (673) | $ 63,679 |

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Activity related to the Company's goodwill and other intangible assets during the nine months ended September 30, 2007 was as follows (in thousands):

| | Goodwill, Net | | | |
|---|---|---|---|---|
| | Beginning of Year | Acquisitions | Foreign Currency Exchange Rate Changes | Balance as of September 30, 2007 |
| Education | $ 845,754 | $ 153,002 | $ 20,686 | $ 1,019,442 |
| Newspaper Publishing | 80,651 | 462 | — | 81,113 |
| Television Broadcasting | 203,165 | — | — | 203,165 |
| Magazine Publishing | 25,015 | — | — | 25,015 |
| Cable Television | 85,666 | — | — | 85,666 |
| Other Businesses and Corporate Office | — | — | — | — |
| | $1,240,251 | $ 153,464 | $ 20,686 | $ 1,414,401 |

| | Indefinite-Lived Intangible Assets, Net | | |
|---|---|---|---|
| | Beginning of Year | Acquisitions | Balance as of September 30, 2007 |
| Education | $ 9,262 | — | $ 9,262 |
| Newspaper Publishing | — | — | — |
| Television Broadcasting | — | — | — |
| Magazine Publishing | — | — | — |
| Cable Television | 508,480 | $ 3,229 | 511,709 |
| Other Businesses and Corporate Office | — | — | — |
| | $517,742 | $ 3,229 | $ 520,971 |

| | Amortized Intangible Assets, Net | | | | |
|---|---|---|---|---|---|
| | Beginning of Year | Acquisitions and Additions | Amortization | Foreign Currency Exchange Rate Changes and Other | Balance as of September 30, 2007 |
| Education | $ 25,270 | $ 20,860 | $ (9,781) | $ 432 | $ 36,781 |
| Newspaper Publishing | 5,508 | — | (876) | — | 4,632 |
| Television Broadcasting | — | — | — | — | — |
| Magazine Publishing | — | — | — | — | — |
| Cable Television | 1,021 | — | (176) | — | 845 |
| Other Businesses and Corporate Office | — | — | — | — | — |
| | $ 31,799 | $ 20,860 | $ (10,833) | $ 432 | $ 42,258 |

**Note 5: Borrowings**

Debt consists of the following (in millions):

| | September 28, 2008 | December 30, 2007 |
|---|---|---|
| Commercial paper borrowings | $ 105.0 | $ 84.8 |
| 5.5 percent unsecured notes due February 15, 2009 | 399.9 | 399.7 |
| Other indebtedness | 4.2 | 5.6 |
| Total | 509.1 | 490.1 |
| Less current portion | (509.1) | (89.6) |
| Total long-term debt | $ — | $ 400.5 |

The Company's commercial paper borrowings at September 28, 2008 and December 30, 2007 were at average interest rates of 1.4 percent and 4.5 percent, respectively.

The Company's $399.9 million unsecured notes that are due February 15, 2009 are now classified as current liabilities at September 28, 2008.

The Company's other indebtedness at September 28, 2008 and December 30, 2007 is at interest rates of 5% to 8% and matures from 2008 to 2009.

During the third quarter of 2008 and 2007, the Company had average borrowings outstanding of approximately $525.3 million and $405.7 million, respectively, at average annual interest rates of approximately 4.7 percent and 5.5 percent, respectively. During the third quarter of 2008 and 2007, the Company incurred net interest expense of $5.7 million and $3.0 million, respectively.

During the first nine months of 2008 and 2007, the Company had average borrowings outstanding of approximately $492.7 million and $405.6 million, respectively, at average annual interest rates of approximately 4.9 percent and 5.5 percent, respectively. During the first nine months of 2008 and 2007, the Company incurred net interest expense of $15.0 million and $9.1 million, respectively.

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**Note 6: Earnings Per Share**

The Company's earnings per share (basic and diluted) for the third quarter and first nine months of 2008 and 2007, are presented below:

| | Thirteen Weeks Ended | | Thirty-Nine Weeks Ended | |
|---|---|---|---|---|
| | September 28, 2008 | September 30, 2007 | September 28, 2008 | September 30, 2007 |
| Net income available for common shares | $ 10,093 | $ 72,225 | $ 45,949 | $ 204,756 |
| Weighted-average shares outstanding – basic | 9,334 | 9,473 | 9,433 | 9,496 |
| Effect of dilutive shares: | | | | |
| Stock options and restricted stock | 24 | 36 | 25 | 35 |
| Weighted-average shares outstanding – diluted | 9,358 | 9,509 | 9,458 | 9,531 |
| Basic earnings per common share | $ 1.08 | $ 7.62 | $ 4.87 | $ 21.56 |
| Diluted earnings per common share | $ 1.08 | $ 7.60 | $ 4.86 | $ 21.48 |

The third quarter and first nine months of 2008 diluted earnings per share amounts exclude the effects of 30,375 and 28,375 stock options outstanding, respectively, as their inclusion would be antidilutive. The third quarter and first nine months of 2007 diluted earnings per share amounts exclude the effects of 7,500 stock options outstanding, respectively, as their inclusion would be antidilutive.

**Note 7: Pension and Postretirement Plans**

The total (income) cost arising from the Company's defined benefit pension plans for the third quarter and nine months ended September 28, 2008 and September 30, 2007, consists of the following components (in thousands):

| | Pension Plans | | | |
|---|---|---|---|---|
| | Thirteen Weeks Ended | | Thirty-Nine Weeks Ended | |
| | September 28, 2008 | September 30, 2007 | September 28, 2008 | September 30, 2007 |
| Service cost | $ 6,691 | $ 7,446 | $ 20,452 | $ 20,599 |
| Interest cost | 15,092 | 12,501 | 37,844 | 34,718 |
| Expected return on assets | (27,938) | (25,964) | (76,611) | (72,346) |
| Amortization of transition asset | (12) | (14) | (31) | (39) |
| Amortization of prior service cost | 1,245 | 1,339 | 3,384 | 3,724 |
| Recognized actuarial gain | (1,520) | (1,200) | (4,662) | (3,347) |
| Net periodic benefit | (6,442) | (5,892) | (19,624) | (16,691) |
| Early retirement program expense | 201 | — | 105,076 | — |
| Total (benefit) cost | $ (6,241) | $ (5,892) | $ 85,452 | $ (16,691) |

| | SERP | | | |
|---|---|---|---|---|
| | Thirteen Weeks Ended | | Thirty-Nine Weeks Ended | |
| | September 28, 2008 | September 30, 2007 | September 28, 2008 | September 30, 2007 |
| Service cost | $ 296 | $ 385 | $ 1,108 | $ 1,154 |
| Interest cost | 1,263 | 769 | 2,961 | 2,306 |
| Amortization of prior service cost | 87 | 111 | 310 | 334 |
| Recognized actuarial loss | 1,046 | 230 | 1,389 | 691 |
| Net periodic cost | 2,692 | 1,495 | 5,768 | 4,485 |
| Early retirement program expense | — | — | 7,126 | — |
| Total cost | $ 2,692 | $ 1,495 | $ 12,894 | $ 4,485 |

The total cost arising from the Company's postretirement plans for the third quarter and nine months ended September 28, 2008 and September 30, 2007, consists of the following components (in thousands):

| | Postretirement Plans | | | |
|---|---|---|---|---|
| | Thirteen Weeks Ended | | Thirty-Nine Weeks Ended | |
| | September 28, 2008 | September 30, 2007 | September 28, 2008 | September 30, 2007 |
| Service cost | $ 943 | $ 915 | $ 2,828 | $ 2,743 |
| Interest cost | 1,211 | 1,227 | 3,634 | 3,681 |
| Amortization of prior service credit | (1,286) | (1,176) | (3,858) | (3,528) |
| Recognized actuarial gain | (371) | (410) | (1,114) | (1,230) |
| Total cost | $ 497 | $ 556 | $ 1,490 | $ 1,666 |

Newsweek offered a Voluntary Retirement Incentive Program to certain employees in the first quarter of 2008 and 117 employees accepted the offer. The Company recorded early retirement program expense of $29.2 million for the first nine months of 2008 which will be funded mostly from the assets of the Company's pension plans.

The Company offered a Voluntary Retirement Incentive Program in March 2008 to some employees of The Washington Post newspaper and the corporate office; 236 employees have accepted the offer. The early retirement program expense of $82.8 million was recorded in the second quarter of 2008, which will be funded mostly from the assets of the Company's pension plans.

**Note 8: Other Non-Operating Income (Expense)**

The Company's non-operating income (expense) is primarily due to unrealized foreign currency gains or losses arising from the translation of British Pound and Australian dollar denominated intercompany loans into US dollars.

The Company recorded other non-operating expense, net, of $21.1 million for the third quarter of 2008, compared to other non-operating income, net, of $10.1 million for the third quarter of 2007. The third quarter 2008 non-operating expense, net, included $20.6 million in unrealized foreign currency losses. The third quarter 2007 non-operating income, net, included $9.2 million in unrealized foreign currency gains.

The Company recorded other non-operating expense, net, of $14.2 million for the first nine months of 2008, compared to other non-operating income, net, of $15.3 million, for the first nine months of 2007. The 2008 non-operating expense, net, included $13.4 million in unrealized foreign currency losses. The 2007 non-operating income, net, included $13.8 million in unrealized foreign currency gains.

The unrealized foreign currency losses in 2008 were the result of a strengthening of the US dollar against the British Pound and the Australian dollar; the unrealized foreign currency gains in 2007 were the result of a weakening of the US dollar against the British Pound and the Australian dollar.

A summary of non-operating income (expense) for the thirteen and thirty-nine weeks ended September 28, 2008 and September 30, 2007, is as follows (in millions):

| | Thirteen Weeks Ended | | Thirty-Nine Weeks Ended | |
|---|---|---|---|---|
| | September 28, 2008 | September 30, 2007 | September 28, 2008 | September 30, 2007 |
| Foreign currency (losses) gains, net | $ (20.6) | $ 9.2 | $ (13.4) | $ 13.8 |
| Other (expense) income, net | (0.5) | 0.9 | (0.8) | 1.5 |
| Total | $ (21.1) | $ 10.1 | $ (14.2) | $ 15.3 |

**Note 9: Income Taxes**

The effective tax rate for the third quarter and first nine months of 2008 was 19.5% and 36.0%, respectively. The low effective tax rate for both of these periods is due to a reduction in state income taxes and a favorable $4.6 million provision to return adjustment from 2007, offset by $5.9 million from nondeductible goodwill in connection with the impairment charge recorded in the third quarter of 2008. The Company concluded that the $4.6 million provision to return adjustment from 2007 is not material to the Company's financial positions or results of operations for 2008 and 2007, based on its consideration of quantitative and qualitative factors.

The effective tax rate for the third quarter and first nine months of 2007 was 38.0% and 39.9%, respectively. Results for the first nine months of 2007 included an additional $12.9 million in income tax expense related to Bowater Mersey, the Company's 49% owned affiliate based in Canada. The Company previously recorded deferred income taxes on the equity in earnings (losses) of Bowater Mersey based on the 5% dividend withholding rate provided in the tax treaty between the U.S. and Canada. In the second quarter of 2007, the Company obtained additional information related to Bowater Mersey's Canadian tax position and determined that deferred income taxes on the equity in earnings (losses) of this investment should be recorded at a 35% tax rate. The Company concluded that this charge is not material to the Company's financial positions or results of operations for 2007 and prior years, based on its consideration of quantitative and qualitative factors. Also included in 2007 is a $6.3 million income tax benefit related to a change in certain state income tax laws enacted in the second quarter of 2007. Both of these items were non-cash items in 2007, impacting the Company's long-term net deferred income tax liabilities. Excluding the impact of the items mentioned above, the effective tax rate for the first nine months of 2007 was 38.0%.

**Note 10: Fair Value Measurements**

In accordance with SFAS 157, a fair value measurement is determined based on the assumptions that a market participant would use in pricing an asset or liability. SFAS 157 also established a three-tiered hierarchy that draws a distinction between market participant assumptions based on (i) observable inputs such as quoted prices in active markets (Level 1), (ii) inputs other than quoted prices in active markets that are observable either directly or indirectly (Level 2) and (iii) unobservable inputs that require the Company to use present value and other valuation techniques in the determination of fair value (Level 3). Financial assets and liabilities are classified in their entirety based on the lowest level of input that is significant to the fair value measure. The Company's assessment of the significance of a particular input to the fair value measurements requires judgment, and may affect the valuation of the assets and liabilities being measured and their placement within the fair value hierarchy.

The Company’s financial assets and liabilities measured at fair value on a recurring basis as of September 28, 2008 were as follows (in thousands):

| | Fair Value at September 28, 2008 | Fair Value Measurements as of September 28, 2008 | |
|---|---|---|---|
| | | Quoted Prices in Active Markets for Identical Items (Level 1) | Significant Other Observable Inputs (Level 2) |
| Assets: | | | |
| Marketable equity securities[1] | | | |
| Current | $ 165,994 | $ 165,994 | — |
| Non-current | 399,154 | 399,154 | — |
| Other current investments[2] | 2,410 | — | $ 2,410 |
| Total financial assets | $ 567,558 | $ 565,148 | $ 2,410 |
| Liabilities: | | | |
| Deferred compensation plan liabilities[3] | $ 76,056 | $ — | $ 76,056 |
| Total financial liabilities | $ 76,056 | $ — | $ 76,056 |

(1) The Company’s investments in marketable equity securities are classified as available-for-sale.
(2) Other investments represent time deposits with original maturities greater than 90 days but less than one year.
(3) Includes The Washington Post Company Deferred Compensation Plan and supplemental savings plan benefits under The Washington Post Company Supplemental Executive Retirement Plan.

For assets that are measured using quoted prices in active markets, the total fair value is the published market price per unit multiplied by the number of units held without consideration of transaction costs. Assets and liabilities that are measured using significant other observable inputs are primarily valued by reference to quoted prices of similar assets or liabilities in active markets, adjusted for any terms specific to that asset or liability.

**Note 11: Business Segments**

The following table summarizes financial information related to each of the Company’s business segments. The 2008 and 2007 asset information is as of September 28, 2008 and December 30, 2007, respectively.

Third Quarter Period
(in thousands)

| | Education | Newspaper Publishing | Television Broadcasting | Magazine Publishing | Cable Television | Other Businesses and Corporate Office | Intersegment Elimination | Consolidated |
|---|---|---|---|---|---|---|---|---|
| 2008 | | | | | | | | |
| Operating revenues | $ 602,739 | $196,217 | $ 78,003 | $ 59,969 | $ 181,840 | $ 11,534 | $ (1,644) | $1,128,658 |
| Income (loss) from operations | $ 51,126 | $ (82,749) | $ 30,108 | $ 9,044 | $ 41,625 | $ (8,887) | $ — | $ 40,267 |
| Equity in losses of affiliates | | | | | | | | (609) |
| Interest expense, net | | | | | | | | (5,709) |
| Other, net | | | | | | | | (21,120) |
| Income before income taxes | | | | | | | | $ 12,829 |
| Depreciation expense | $ 16,390 | $ 23,596 | $ 2,361 | $ 504 | $ 30,524 | $ 149 | $ — | $ 73,524 |
| Amortization expense and goodwill impairment charge | $ 3,151 | $ 59,840 | $ — | $ — | $ 81 | $ 1,530 | $ — | $ 64,602 |
| Net pension (expense) credit | $ (1,287) | $ (3,159) | $ 241 | $ 10,860 | $ (398) | $ (16) | $ — | $ 6,241 |
| Identifiable assets | $1,912,814 | $675,473 | $ 475,069 | $834,829 | $1,217,452 | $163,761 | $ — | $5,279,398 |
| Investments in marketable equity securities | | | | | | | | 565,148 |
| Investments in affiliates | | | | | | | | 99,398 |
| Total assets | | | | | | | | $5,943,944 |

| | Education | Newspaper Publishing | Television Broadcasting | Magazine Publishing | Cable Television | Other Businesses and Corporate Office | Intersegment Elimination | Consolidated |
|---|---|---|---|---|---|---|---|---|
| 2007 | | | | | | | | |
| Operating revenues | $ 514,595 | $210,181 | $ 77,758 | $ 62,477 | $ 157,752 | $ — | $ (259) | $1,022,504 |
| Income (loss) from operations | $ 37,555 | $ 8,781 | $ 35,997 | $ 7,007 | $ 29,771 | $ (8,645) | $ — | $ 110,466 |
| Equity in losses of affiliates | | | | | | | | (622) |
| Interest expense, net | | | | | | | | (3,003) |
| Other, net | | | | | | | | 10,121 |
| Income before income taxes | | | | | | | | $ 116,962 |
| Depreciation expense | $ 15,861 | $ 9,467 | $ 2,357 | $ 534 | $ 27,138 | $ 365 | $ — | $ 55,722 |
| Amortization expense | $ 3,493 | $ 292 | $ — | $ — | $ 2 | $ — | $ — | $ 3,787 |
| Net pension credit (expense) | $ (796) | $ (2,362) | $ 151 | $ 9,282 | $ (383) | $ — | $ — | $ 5,892 |
| Identifiable assets | $1,930,525 | $832,655 | $ 464,815 | $837,527 | $1,205,374 | $161,755 | $ — | $5,432,651 |
| Investments in marketable equity securities | | | | | | | | 469,459 |
| Investments in affiliates | | | | | | | | 102,399 |
| Total assets | | | | | | | | $6,004,509 |

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Nine Month Period
(in thousands)

| | Education | Newspaper Publishing | Television Broadcasting | Magazine Publishing | Cable Television | Other Businesses and Corporate Office | Intersegment Elimination | Consolidated |
|---|---|---|---|---|---|---|---|---|
| 2008 | | | | | | | | |
| Operating revenues | $1,722,459 | $ 599,593 | $ 238,507 | $176,043 | $535,011 | $ 30,134 | $ (3,732) | $3,298,015 |
| Income (loss) from operations | $ 145,278 | $(178,295) | $ 86,364 | $ (27,002) | $116,015 | $(30,408) | $ — | $ 111,952 |
| Equity in losses of affiliates | | | | | | | | (9,505) |
| Interest expense, net | | | | | | | | (14,959) |
| Other, net | | | | | | | | (14,193) |
| Income before income taxes | | | | | | | | $ 73,295 |
| Depreciation expense | $ 49,171 | $ 45,481 | $ 6,831 | $ 1,553 | $ 92,091 | $ 336 | $ — | $ 195,463 |
| Amortization expense and goodwill impairment charge | $ 10,503 | $ 60,164 | $ — | $ — | $ 236 | $ 4,591 | $ — | $ 75,494 |
| Net pension (expense) credit | $ (3,095) | $ (84,315) | $ 809 | $ 4,140 | $ (1,116) | $ (1,875) | $ — | $ (85,452) |

| | Education | Newspaper Publishing | Television Broadcasting | Magazine Publishing | Cable Television | Other Businesses and Corporate Office | Intersegment Elimination | Consolidated |
|---|---|---|---|---|---|---|---|---|
| 2007 | | | | | | | | |
| Operating revenues | $1,493,863 | $657,236 | $ 246,455 | $197,138 | $461,148 | $ — | $ (955) | $3,054,885 |
| Income (loss) from operations | $ 109,446 | $ 41,465 | $ 100,611 | $ 13,938 | $ 89,887 | $(27,626) | $ — | $ 327,721 |
| Equity in earnings of affiliates | | | | | | | | 8,326 |
| Interest expense, net | | | | | | | | (9,106) |
| Other, net | | | | | | | | 15,267 |
| Income before income taxes | | | | | | | | $ 342,208 |
| Depreciation expense | $ 44,213 | $ 28,277 | $ 7,089 | $ 1,643 | $ 80,914 | $ 1,095 | $ — | $ 163,231 |
| Amortization expense | $ 9,781 | $ 876 | $ — | $ — | $ 176 | $ — | $ — | $ 10,833 |
| Net pension credit (expense) | $ (2,544) | $ (7,562) | $ 763 | $ 27,056 | $ (1,022) | $ — | $ — | $ 16,691 |

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The Company's education division comprises the following operating segments:

Third Quarter Period
(in thousands)

| | Higher Education | Test Prep | Professional | Corporate Overhead and Other | Intersegment Elimination | Total Education |
|---|---|---|---|---|---|---|
| 2008 | | | | | | |
| Operating revenues | $ 320,965 | $ 168,489 | $ 113,457 | $ 370 | $ (542) | $ 602,739 |
| Income (loss) from operations | $ 36,224 | $ 27,927 | $ 4,384 | $ (17,141) | $ (268) | $ 51,126 |
| Identifiable assets | $ 651,714 | $ 418,159 | $ 834,330 | $ 8,611 | $ — | $ 1,912,814 |
| Depreciation expense | $ 8,383 | $ 3,515 | $ 3,473 | $ 1,019 | $ — | $ 16,390 |
| Amortization expense | | | | $ 3,151 | | $ 3,151 |
| Kaplan stock-based incentive compensation expense | | | | $ 2,515 | | $ 2,515 |

| | Higher Education | Test Prep | Professional | Corporate Overhead and Other | Intersegment Elimination | Total Education |
|---|---|---|---|---|---|---|
| 2007 | | | | | | |
| Operating revenues | $ 251,611 | $ 155,649 | $ 107,309 | $ 294 | $ (268) | $ 514,595 |
| Income (loss) from operations | $ 27,340 | $ 28,214 | $ 8,364 | $ (26,403) | $ 40 | $ 37,555 |
| Identifiable assets | $ 748,269 | $ 380,158 | $ 785,593 | $ 16,505 | $ — | $ 1,930,525 |
| Depreciation expense | $ 7,753 | $ 3,629 | $ 3,680 | $ 799 | $ — | $ 15,861 |
| Amortization expense | | | | $ 3,493 | | $ 3,493 |
| Kaplan stock-based incentive compensation expense | | | | $ 12,046 | | $ 12,046 |

Nine Month Period
(in thousands)

| | Higher Education | Test Prep | Professional | Corporate Overhead and Other | Intersegment Elimination | Total Education |
|---|---|---|---|---|---|---|
| 2008 | | | | | | |
| Operating revenues | $ 914,449 | $ 458,015 | $ 349,757 | $ 1,058 | $ (820) | $ 1,722,459 |
| Income (loss) from operations | $ 121,678 | $ 62,362 | $ 15,271 | $ (53,846) | $ (187) | $ 145,278 |
| Depreciation expense | $ 24,941 | $ 10,472 | $ 10,835 | $ 2,923 | $ — | $ 49,171 |
| Amortization expense | | | | $ 10,503 | | $ 10,503 |
| Kaplan stock-based incentive compensation expense | | | | $ 9,798 | | $ 9,798 |

| | Higher Education | Test Prep | Professional | Corporate Overhead and Other | Intersegment Elimination | Total Education |
|---|---|---|---|---|---|---|
| 2007 | | | | | | |
| Operating revenues | $ 743,332 | $ 438,447 | $ 312,022 | $ 974 | $ (912) | $ 1,493,863 |
| Income (loss) from operations | $ 89,291 | $ 68,806 | $ 26,918 | $ (75,376) | $ (193) | $ 109,446 |
| Depreciation expense | $ 21,402 | $ 10,508 | $ 9,754 | $ 2,549 | $ — | $ 44,213 |
| Amortization expense | | | | $ 9,781 | | $ 9,781 |
| Kaplan stock-based incentive compensation expense | | | | $ 35,265 | | $ 35,265 |

Education products and services are provided through the Company's subsidiary Kaplan, Inc. Kaplan's businesses include higher education services, which includes Kaplan's domestic and international post-secondary education businesses, including fixed facility colleges which offer bachelor's degrees, associate's degrees and diploma programs primarily in the fields of healthcare, business and information technology; and online post-secondary and career programs. Kaplan's businesses also include domestic and international test preparation, which includes Kaplan's standardized test prep and English-language course offerings, as well as K12 and Score, which offer multi-media learning and private tutoring to children and educational resources to parents. Kaplan's businesses also include Kaplan professional, which provides education to business people and other professionals domestically and internationally. The education division's primary segments are higher education, test prep and professional. Kaplan “Corporate Overhead and Other” is also included; “Other” includes Kaplan stock compensation expense and amortization of certain intangibles.

Newspaper publishing includes the publication of newspapers in the Washington, D.C. area and Everett, Washington; newsprint warehousing and recycling facilities; and the majority of the Company’s online media publishing businesses (primarily washingtonpost.com).

The magazine publishing division consists of the publication of a weekly news magazine, Newsweek, which has one domestic and three English-language international editions (and, in conjunction with others, publishes seven foreign-language editions around the world) and the publication of Arthur Frommer’s Budget Travel. The magazine publishing division also includes certain online media publishing businesses (newsweek.com and budgettravel.com).

Revenues from both newspaper and magazine publishing operations are derived from advertising and, to a lesser extent, from circulation.

Television broadcasting operations are conducted through six VHF, television stations serving the Detroit, Houston, Miami, San Antonio, Orlando and Jacksonville television markets. All stations are network-affiliated (except for WJXT in Jacksonville) with revenues derived primarily from sales of advertising time.

Cable television operations consist of cable systems offering basic cable, digital cable, pay television, cable modem, telephony and other services to subscribers in midwestern, western, and southern states. The principal source of revenue is monthly subscription fees charged for services.

In 2008, other businesses and corporate office includes the expenses associated with the Company’s corporate office and the operating results of CourseAdvisor. In 2007, other businesses and corporate office includes the expenses associated with the Company’s corporate office. CourseAdvisor is a lead generation provider for the post-secondary education market.

**Item 2. 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**

Net income for the third quarter of 2008 was $10.3 million ($1.08 per share), compared to net income of $72.5 million ($7.60 per share) for the third quarter of last year.

Items included in the Company's results for the third quarter of 2008:

- A $59.7 million goodwill impairment charge at the Company's community newspapers and The Herald, which are part of the newspaper publishing division (after-tax impact of $41.9 million, or $4.48 per share);
- $12.5 million in accelerated depreciation related to the closing of The Washington Post's College Park, MD, plant (after-tax impact of $7.9 million, or $0.84 per share); and
- $20.6 million in non-operating unrealized foreign currency losses arising from the strengthening of the U.S. dollar (after-tax impact of $13.0 million, or $1.39 per share).

Items included in the Company's results for the third quarter of 2007:

- A $9.5 million gain from the sale of property at the Company's television station in Miami (after-tax impact of $5.9 million, or $0.62 per share); and
- $9.2 million in non-operating unrealized foreign currency gains arising from the weakening of the U.S. dollar (after-tax impact of $5.7 million, or $0.60 per share).

Revenue for the third quarter of 2008 was $1,128.7 million, up 10% from $1,022.5 million in the third quarter of 2007. The increase is due to significant revenue growth at the education and cable television divisions, and a small increase at the television broadcasting division. Revenues were down at the Company's newspaper and magazine publishing divisions.

Operating income declined in the third quarter of 2008 to $40.3 million, from $110.5 million in the third quarter of 2007. 2008 results included a $59.7 million goodwill impairment charge and $12.5 million in accelerated depreciation at The Washington Post; 2007 results included a $9.5 million gain from the sale of property at the Company's television station in Miami. Offsetting these declines were improved results at the education, cable and magazine publishing divisions.

For the first nine months of 2008, net income totaled $46.9 million ($4.86 per share), compared with $205.7 million ($21.48 per share) for the same period of 2007.

Items included in the Company's results for the first nine months of 2008:

- Charges of $112.0 million related to early retirement program expense at The Washington Post newspaper, the corporate office and Newsweek (after-tax impact of $67.8 million, or $7.13 per share);
- A $59.7 million goodwill impairment charge at the Company's community newspapers and The Herald, which are part of the newspaper publishing division (after-tax impact of $41.9 million, or $4.48 per share);

- $13.7 million in accelerated depreciation related to the closing of The Washington Post's College Park, MD, plant (after-tax impact of $8.6 million, or $0.91 per share);
- A decline in equity in earnings (losses) of affiliates associated with $6.8 million in impairment charges at two of the Company's affiliates (after-tax impact of $4.1 million, or $0.43 per share); and
- $13.4 million in non-operating unrealized foreign currency losses arising from the strengthening of the U.S. dollar (after-tax impact of $8.4 million, or $0.89 per share).

Items included in the Company's results for the first nine months of 2007:

- A $9.5 million gain from the sale of property at the Company's television station in Miami (after-tax impact of $5.9 million, or $0.62 per share);
- An increase in equity in earnings of affiliates primarily from a $8.9 million gain on the sale of land at the Company's Bowater Mersey affiliate (after-tax impact of $6.5 million, or $0.68 per share);
- $13.8 million in non-operating unrealized foreign currency gains arising from the weakening of the U.S. dollar (after-tax impact of $8.6 million, or $0.90 per share); and
- Additional net income tax expense of $6.6 million ($0.70 per share) as a result of a $12.9 million ($1.36 per share) increase in taxes associated with Bowater Mersey and a tax benefit of $6.3 million ($0.66 per share) associated with changes in certain state income tax laws. Both of these were non-cash items in 2007, impacting the Company's long-term net deferred income tax liabilities.

Revenue for the first nine months of 2008 was $3,298.0 million, up 8% from $3,054.9 million in the first nine months of 2007, due to increased revenues at the Company's education and cable divisions, partially offset by revenue declines at the Company's newspaper publishing, magazine publishing and television broadcasting divisions.

Operating income for the first nine months of 2008 decreased to $112.0 million, from $327.7 million in the first nine months of 2007. 2008 results included early retirement program expenses of $112.0 million, a $59.7 million goodwill impairment charge, $13.7 million in additional depreciation at The Washington Post along with a decline in overall newspaper division revenues; 2007 results included a $9.5 million gain from the sale of property at the Company's television station in Miami. Offsetting these declines were improved results at the education and cable divisions.

The Company's operating income for the third quarter and first nine months of 2008 included $6.4 million and $19.6 million of net pension credits, respectively, compared to $5.9 million and $16.7 million of net pension credits, respectively, for the same periods of 2007, excluding charges related to early retirement programs.

**Education Division.** Education division revenue totaled $602.7 million for the third quarter of 2008, a 17% increase over revenue of $514.6 million for the same period of 2007. Excluding revenue from acquired businesses, education division revenue increased 14% for the third quarter of 2008. Kaplan reported operating income of $51.1 million for the third quarter of 2008, up 36% from $37.6 million in the third quarter of 2007. Operating income in the third quarter of 2008 included stock compensation expense of $2.5 million, compared to stock compensation expense of $12.0 million in the third quarter of 2007.

For the first nine months of 2008, education division revenue totaled $1,722.5 million, a 15% increase over revenue of $1,493.9 million for the same period of

2007. Excluding revenue from acquired businesses, education division revenue increased 11% for the first nine months of 2008. Kaplan reported operating income of $145.3 million for the first nine months of 2008, up 33% from $109.4 million for the first nine months of 2007. Operating income in the first nine months of 2008 included stock compensation expense of $9.8 million, compared to stock compensation expense of $35.3 million in the first nine months of 2007.

A summary of Kaplan's operating results for the third quarter and the first nine months of 2008 compared to 2007 is as follows:

(In thousands)

| | Third Quarter | | | YTD | | |
|---|---|---|---|---|---|---|
| | 2008 | 2007 | % Change | 2008 | 2007 | % Change |
| Revenue | | | | | | |
| Higher education | $320,965 | $251,611 | 28 | $ 914,449 | $ 743,332 | 23 |
| Test prep | 168,489 | 155,649 | 8 | 458,015 | 438,447 | 4 |
| Professional | 113,457 | 107,309 | 6 | 349,757 | 312,022 | 12 |
| Kaplan corporate | 370 | 294 | 26 | 1,058 | 974 | 9 |
| Intersegment elimination | (542) | (268) | — | (820) | (912) | — |
| | $602,739 | $514,595 | 17 | $1,722,459 | $1,493,863 | 15 |
| Operating income (loss) | | | | | | |
| Higher education | $ 36,224 | $ 27,340 | 32 | $ 121,678 | $ 89,291 | 36 |
| Test prep | 27,927 | 28,214 | (1) | 62,362 | 68,806 | (9) |
| Professional | 4,384 | 8,364 | (48) | 15,271 | 26,918 | (43) |
| Kaplan corporate overhead | (11,475) | (10,864) | (6) | (33,546) | (30,330) | (11) |
| Other* | (5,666) | (15,539) | 64 | (20,300) | (45,046) | 55 |
| Intersegment elimination | (268) | 40 | — | (187) | (193) | — |
| | $ 51,126 | $ 37,555 | 36 | $ 145,278 | $ 109,446 | 33 |

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

Higher education includes Kaplan's domestic and international post-secondary education businesses, including fixed-facility colleges as well as online post-secondary and career programs. Higher education revenue grew by 28% for the third quarter of 2008 and 23% in the first nine months of 2008. Enrollments increased 22% to 99,700 at September 30, 2008, compared to 81,600 at September 30, 2007, due to growth in both online and residential programs. Higher education results in the first nine months of 2008 include additional costs associated with the expansion of Kaplan's online high school and international programs. Higher education results in the first quarter of 2007 were adversely affected by $2.7 million in lease termination charges.

Funds provided under student financial aid programs created under Title IV of the Federal Higher Education Act account for a large portion of Kaplan Higher Education (KHE) revenues; these funds are provided in the form of federal loans and grants. In addition, some KHE students also obtain non-Title IV private loans from lenders to finance a portion of their education. In response to recent tightening in the credit markets, certain lenders have announced that they will apply more stringent lending standards for non-Title IV private student loans. KHE estimates that approximately 6% of its domestic revenues in 2008 will come from non-Title IV private loans obtained by its students. Prospectively, KHE expects private student loan funding to diminish due to strains in the U.S. credit markets; KHE expects this source to be replaced with funds provided under Title IV sources, student cash payments and, to a lesser extent, a self-funded internal loan program.

Test prep includes Kaplan's standardized test preparation and English-language course offerings, as well as the K12 and Score businesses. Test prep revenue, excluding Score, grew 14% in the third quarter of 2008 and 10% in the first nine months of 2008, largely due to growth in English-language programs. Score revenues declined 50% and 47%, respectively, for the third quarter and first nine months of 2008, respectively, as a result of the restructuring announced in the fourth quarter of 2007, which included the closing of 75 Score centers. After closings and consolidations, Score operates 79 centers that focus on providing computer-assisted instruction and small-group tutoring. Operating income for test prep declined in the first nine months of 2008 due to higher payroll and marketing costs for the traditional test preparation programs, along with continued weakness at Score.

Professional includes Kaplan’s domestic and overseas training businesses. Professional revenue grew 6% in the third quarter of 2008 and 12% in the first nine months of 2008 largely due to acquisitions made since the comparable periods of 2007. Excluding revenue from acquired businesses, professional revenue was down 3% for the third quarter of 2008 but grew 1% in the first nine months of 2008 due to continued declines in professional’s real estate book publishing and real estate course offerings, offset by revenue growth at Kaplan Professional (Asia-Pacific) and Schweser CFA exam course offerings. Operating income is down largely due to continued weakness in professional’s real estate businesses and to severance and other transition costs related to the restructuring of the Kaplan Professional (U.S.) financial education businesses, which was announced in the fourth quarter of 2007. In connection with this restructuring, product changes are being implemented and certain operations are being decentralized, in addition to employee terminations. The restructuring has largely been completed, and $0.7 million and $3.9 million in severance costs were recorded in the third quarter and first nine months of 2008, respectively.

Corporate represents unallocated expenses of Kaplan, Inc.’s corporate office and other minor activities.

Other includes charges for incentive compensation arising from equity awards under the Kaplan stock option plan, which was established for certain members of Kaplan’s management. Under the plan, the amount of compensation expense varies directly with the estimated fair value of Kaplan’s common stock, which is based on a comparison of operating results and public market values of other education companies. Kaplan recorded stock compensation expense of $2.5 million and $12.0 million in the third quarter of 2008 and 2007, respectively, and $9.8 million and $35.3 million in the first nine months of 2008 and 2007, respectively, related to this plan. In addition, Other includes amortization of certain intangibles, which increased due to recent Kaplan acquisitions.

**Newspaper Publishing Division.** Newspaper publishing division revenue totaled $196.2 million for the third quarter of 2008, a decrease of 7% from $210.2 million in the third quarter of 2007; division revenue decreased 9% to $599.6 million for the first nine months of 2008, from $657.2 million for the first nine months of 2007.

The Company offered a Voluntary Retirement Incentive Program to some employees of The Washington Post newspaper in March 2008, and 231 employees accepted the offer. Early retirement program expense of $79.8 million was recorded in the second quarter of 2008, which is being funded mostly from the assets of the Company’s pension plans. Also, as previously announced, The Post will close its College Park, MD, printing plant. The Post has recently determined that the plant will close in the second half of 2009 and that none of the four presses will be moved to The Post’s Springfield, VA, plant. The Company reassessed the useful life of the presses and the fair value of the plant building and recorded accelerated depreciation beginning in June 2008; as a result, accelerated depreciation of $12.5 million and $13.7 million, respectively, was recorded in the third quarter and first nine months of 2008, respectively. The Company estimates that additional accelerated depreciation of $9.4 million and $28.4 million, respectively, will be recorded in the fourth quarter of 2008 and in 2009, respectively. Additionally, in the third quarter of 2008, the Company completed an impairment review of its community newspapers and The Herald, which resulted in a $59.7 million goodwill impairment loss.

The newspaper division reported an operating loss of $82.7 million in the third quarter of 2008, compared to operating income of $8.8 million in the third quarter of 2007. For the first nine months of 2008, the newspaper division reported an operating loss of $178.3 million, compared to operating income of $41.5 million for the first nine months of 2007. The decline in operating results is due primarily to the $59.7 million goodwill impairment charge in the third quarter of 2008, the $79.8 million in early retirement program expense recorded in the second quarter of 2008 and accelerated depreciation of $13.7 million recorded in the first nine months of 2008. Excluding these charges, the newspaper division reported an operating loss for the third quarter and first nine months of 2008 due primarily to the continued decline in division revenues; expenses were modestly higher, with newsprint expense up 7% for the third quarter of 2008, but down 5% for the first nine months of 2008.

Print advertising revenue at The Post in the third quarter of 2008 declined 14% to $97.2 million, from $113.1 million in the third quarter of 2007, and decreased 16% to $308.6 million for the first nine months of 2008, from $366.6 million in the same period of 2007. The decreases are primarily the result of a large decline in classified advertising revenue, along with reductions in retail and supplements.

For the first nine months of 2008, Post daily and Sunday circulation declined 2.4% and 3.6%, respectively, compared to the same periods of the prior year. For the nine months ended September 28, 2008, average daily circulation at The Post totaled 623,100 and average Sunday circulation totaled 872,700.

Revenue generated by the Company’s online publishing activities, primarily washingtonpost.com, increased 13% to $30.8 million for the third quarter of 2008, from $27.2 million for the third quarter of 2007; online revenues increased 8% to $87.2 million in the first nine months of 2008, from $80.5 million for the first nine months of 2007. Display online advertising revenue grew 32% and 20% for the third quarter and first nine months of 2008, respectively. Online classified advertising revenue on washingtonpost.com declined 8% in the third quarter of 2008, and was down 2% for the first nine months of 2008. A small portion of the Company’s online publishing revenues is included in the magazine publishing division.

**Television Broadcasting Division.** Revenue for the television broadcasting division increased slightly in the third quarter of 2008 to $78.0 million, from $77.8 million in 2007; for the first nine months of 2008, revenue decreased 3% to $238.5 million, from $246.5 million in 2007. The increase in third quarter revenue was due to a $4.9 million increase in political advertising and $6.3 million in incremental summer Olympics-related advertising at the Company’s NBC affiliates, offset by weak advertising demand in most markets and product categories. The revenue decline for the first nine months of 2008 is the result of weak advertising demand in most markets and product categories, offset by an $8.3 million increase in political advertising and $6.3 million in incremental summer Olympics-related advertising at the Company’s NBC affiliates.

In the third quarter of 2008, the television broadcasting division recorded $4.9 million in non-cash property, plant and equipment gains as a reduction to expense due to new digital equipment received at no cost from Sprint/Nextel in connection with an FCC mandate reallocating a portion of the broadcast spectrum in order to eliminate interference with public safety wireless communication systems. In July 2007, the Company entered into a transaction to sell and lease back its current Miami television station facility; a $9.5 million gain was recorded as a reduction to expense in the third quarter of 2007.

Operating income for the third quarter of 2008 declined 16% to $30.1 million, from $36.0 million in 2007; operating income for the first nine months of 2008 declined 14% to $86.4 million, from $100.6 million in 2007. The declines in operating income are due to a $9.5 million gain on the sale of property at the Miami television station in the third quarter of 2007 and overall weak advertising demand for both the third quarter and nine months of 2008, offset by the $4.9 million in non-cash gains in the third quarter of 2008.

In July 2008, the Company announced an agreement with NBC Universal to acquire WTVJ, the NBC-owned and operated television station in Miami, FL. The Company will continue to operate WTVJ as an NBC affiliate. The purchase is expected to be completed by the end of 2008. The acquisition is subject to approval by the Federal Communications Commission. The Company also owns and operates WPLG, the ABC affiliate in Miami, FL.

**Magazine Publishing Division.** Revenue for the magazine publishing division totaled $60.0 million for the third quarter of 2008, a 4% decrease from $62.5 million for the third quarter of 2007; division revenue totaled $176.0 million for the first nine months of 2008, an 11% decrease from $197.1 million for the first nine months of 2007. The revenue decline for the third quarter of 2008 is primarily due to a decline in subscription revenue at the domestic edition as a result of the previously announced circulation rate base reduction, from 3.1 million to 2.6 million. The revenue decline for the first nine months of 2008 is largely due to a 13% reduction in advertising revenue at Newsweek as a result of fewer ad pages at the domestic edition and lower rates due to the rate base reduction. Subscription revenue at the domestic edition also declined due to the rate base reduction.

As previously announced, Newsweek offered a Voluntary Retirement Incentive Program to certain employees in the first quarter of 2008 and 117 employees accepted the offer. The early retirement program expense totaled $29.2 million, which will be funded mostly from the assets of the Company’s pension plans. Of this amount, $24.6 million was recorded in the first quarter of 2008 and $4.6 million was recorded in the second quarter of 2008.

Operating income totaled $9.0 million in the third quarter of 2008, compared to operating income of $7.0 million in the third quarter of 2007, with the increase due to a reduction in subscription, manufacturing and distribution expenses at the domestic edition of Newsweek, partially offset by revenue declines. The division had an operating loss of $27.0 million for the first nine months of 2008, compared to operating income of $13.9 million for the first nine months of 2007, with the decline due primarily to $29.2 million in early retirement program expense and the revenue reductions discussed above, offset by a decline in subscription, manufacturing and distribution expenses at the domestic edition of Newsweek.

**Cable Television Division.** Cable division revenue of $181.8 million for the third quarter of 2008 represents a 15% increase from $157.8 million in the third quarter of 2007; for the first nine months of 2008, revenue increased 16% to $535.0 million, from $461.1 million in the same period of 2007. The 2008 revenue increase is due to continued growth in the division’s cable modem, telephone and digital revenues, as well as a rate increase in September 2007 for most high-speed data subscribers; a January 2008 basic video cable service rate increase at nearly all of its systems; and a rate increase in August 2008 for telephone subscribers. The last rate increase for most high-speed data subscribers was in March 2003, and the last rate increase for basic cable subscribers was in February 2006. In January 2008, the cable division purchased approximately 6,600 subscribers in Winona, MS, which also had a favorable impact on revenue growth for 2008.

Cable division operating income increased 40% to $41.6 million in the third quarter of 2008, versus $29.8 million in the third quarter of 2007; cable division operating income for the first nine months of 2008 increased 29% to $116.0 million, from $89.9 million for the first nine months of 2007. The increase in operating income is due to the division’s revenue growth, offset by higher depreciation and programming expenses and increases in Internet and telephony costs.

At September 30, 2008, Revenue Generating Units (RGUs) grew 7% due to continued growth in high-speed data and telephony subscribers and increases in the basic video and digital video subscriber categories. The cable division began offering telephone service on a very limited basis in the second quarter of 2006; as of September 30, 2008, telephone service is being offered in all or part of systems representing 94% of homes passed. RGUs include about 7,000 subscribers who receive free basic cable service, primarily local governments, schools and other organizations as required by the various franchise agreements.

A summary of RGUs is as follows:

| Cable Television Division Subscribers | September 30, 2008 | September 30, 2007 |
|---|---|---|
| Basic | 701,711 | 699,268 |
| Digital | 224,231 | 221,033 |
| High-speed data | 368,614 | 329,815 |
| Telephony | 90,994 | 40,225 |
| Total | 1,385,550 | 1,290,341 |

Below are details of Cable division capital expenditures for the first nine months of 2008 and 2007, as defined by the NCTA Standard Reporting Categories (in millions):

| | 2008 | 2007 |
|---|---|---|
| Customer Premise Equipment | $27.6 | $ 40.3 |
| Scaleable Infrastructure | 11.7 | 14.1 |
| Line Extensions | 12.4 | 14.8 |
| Upgrade/Rebuild | 9.0 | 9.4 |
| Support Capital | 23.2 | 23.9 |
| Total | $83.9 | $102.5 |

**Other Businesses and Corporate Office.** In October 2007, the Company acquired the outstanding stock of CourseAdvisor, Inc., an online lead generation provider, headquartered in Wakefield, MA. Through its search engine marketing expertise and proprietary technology platform, CourseAdvisor generates student leads for the post-secondary education market. CourseAdvisor operates as an independent subsidiary of The Washington Post Company.

In the first nine months of 2008, other businesses and corporate office included the expenses of the Company's corporate office and the operating results of CourseAdvisor. In the first nine months of 2007, other businesses and corporate office included the expenses of the Company's corporate office.

Revenue for other businesses (CourseAdvisor) totaled $11.5 million and $30.1 million for the third quarter and first nine months of 2008, respectively. Operating expenses were $20.4 million for the third quarter of 2008, up from $8.6 million for the third quarter of 2007; operating expenses for the first nine months of 2008 were $60.5 million, up from $27.6 million in the first nine months of 2007. The increase in expenses for 2008 is due to expenses at CourseAdvisor and $3.0 million in corporate office early retirement program expense recorded in the second quarter of 2008.

**Equity in (Losses) Earnings of Affiliates.** The Company's equity in losses of affiliates for both the third quarter of 2008 and the third quarter of 2007 was $0.6 million. For the first nine months of 2008, the Company's equity in losses of affiliates totaled $9.5 million, compared to income of $8.3 million for the same period of 2007. Results for the first nine months of 2008 included $6.8 million in impairment charges at two of the Company's affiliates. In the first quarter of 2007, $8.9 million of the equity in earnings of affiliates was due to a gain on the sale of land at the Company's Bowater Mersey Paper Company Limited affiliate. The Company holds a 49% interest in Bowater Mersey Paper Company.

**Other Non-Operating Income (Expense).** The Company's non-operating income (expense) is primarily due to unrealized foreign currency gains or losses arising from the translation of British pound and Australian dollar denominated intercompany loans into U.S. dollars.

The Company recorded other non-operating expense, net, of $21.1 million for the third quarter of 2008, compared to other non-operating income, net, of $10.1 million for the third quarter of 2007. The third quarter 2008 non-operating income, net, included $20.6 million in unrealized foreign currency losses. The third quarter 2007 non-operating income, net, included $9.2 million in unrealized foreign currency gains.

The Company recorded other non-operating expense, net, of $14.2 million for the first nine months of 2008, compared to other non-operating income, net, of $15.3 million for the same period of the prior year. The 2008 non-operating expense, net, included $13.4 million in unrealized foreign currency losses. The 2007 non-operating income, net, included $13.8 million in unrealized foreign currency gains.

The unrealized foreign currency losses in 2008 were the result of a strengthening of the U.S. dollar against the British pound and the Australian dollar; the unrealized foreign currency gains in 2007 were the result of a weakening of the U.S. dollar against the British pound and the Australian dollar.

A summary of non-operating income (expense) for the thirty-nine weeks ended September 28, 2008 and September 30, 2007, is as follows (in millions):

| | 2008 | 2007 |
|---|---|---|
| Foreign currency (losses) gains, net | $(13.4) | $13.8 |
| Gain on cost method and other investments | | 0.5 |
| Other gains (losses), net | (0.8) | 1.0 |
| Total | $(14.2) | $15.3 |

**Net Interest Expense.** The Company incurred net interest expense of $5.7 million and $15.0 million for the third quarter and first nine months of 2008, respectively, compared to $3.0 million and $9.1 million for the same periods of 2007. The increases are due to a decline in interest income, as well as higher average borrowings in the first nine months of 2008 versus the same period of the prior year. At September 28, 2008, the Company had $509.1 million in borrowings outstanding at an average interest rate of 4.7%.

**Provision for Income Taxes.** The effective tax rate for the third quarter and first nine months of 2008 was 19.5% and 36.0%, respectively. The low effective tax rate for both of these periods is due to a reduction in state income taxes and a favorable $4.6 million provision to return adjustment from 2007, offset by $5.9 million from nondeductible goodwill in connection with the impairment charge recorded in the third quarter of 2008.

The effective tax rate for the third quarter and first nine months of 2007 was 38.0% and 39.9%, respectively. As previously discussed, results for the first nine months of 2007 included an additional $12.9 million in income tax expense related to the Company's Bowater Mersey affiliate and a $6.3 million income tax benefit related to a change in certain state income tax laws enacted in the second quarter of 2007. Both of these were non-cash items in 2007, impacting the Company's long-term net deferred income tax liabilities. Excluding the impact of these items, the effective tax rate for the first nine months of 2007 was 38.0%.

**Earnings Per Share.** The calculation of diluted earnings per share for the third quarter and first nine months of 2008 was based on 9,358,096 and 9,458,193 weighted average shares outstanding, respectively, compared to 9,508,752 and 9,531,195, respectively, for the third quarter and first nine months of 2007. The Company repurchased 167,642 shares of its Class B common stock at a cost of $99.0 million during the first nine months of 2008.

### Financial Condition: Capital Resources and Liquidity

**Acquisitions and Dispositions.** In the third quarter of 2008, Kaplan acquired a business in their professional division. Also in the third quarter of 2008, additional purchase consideration was recorded in connection with the achievement of certain operating results by a company acquired in 2007. The combined acquisition value of these activities was $10.8 million. In the second quarter of 2008, Kaplan acquired two businesses in their professional and test preparation divisions totaling $14.8 million. In the first quarter of 2008, Kaplan acquired two businesses in their professional and test preparation divisions totaling $31.4 million. Also in the first quarter of 2008, the cable division acquired subscribers in the Winona, Mississippi area for $15.6 million. Most of the purchase price for these acquisitions has been allocated to goodwill and other intangibles and property, plant and equipment on a preliminary basis.

In 2007, Kaplan purchased a 40% interest in ACE Education, a provider of education in China that provides preparation courses for entry to U.K. universities, along with degree and professional training programs at campuses throughout China. In the first quarter of 2008, Kaplan exercised an option to increase its investment in ACE Education to a majority interest. This transaction is expected to close in the fourth quarter of 2008. As of September 28, 2008, this investment is included in investment in affiliates as Kaplan did not have control of ACE Education.

In July 2008, the Company announced an agreement with NBC Universal to acquire WTVJ, the NBC-owned and operated television station in Miami, FL. The Company will continue to operate WTVJ as an NBC affiliate. The purchase price is approximately $205 million and the transaction is expected to be completed in the fourth quarter of 2008. The acquisition is subject to approval by the Federal Communications Commission. The Company also owns and operates WPLG, the ABC affiliate in Miami, FL.

In the third quarter of 2007, Kaplan acquired two businesses in their professional division and one business in their higher education division, totaling $43.3 million. These acquisitions included the education division of the Financial Services Institute of Australasia. In the second quarter of 2007, the Company completed four business acquisitions, primarily in the education division, totaling $29.1 million. These included Kaplan higher education division’s acquisitions of Sagemont Virtual, a leader in the growing field of online high school instruction that has been doing business as the University of Miami Online High School, and Virtual Sage, a developer of online high school courses. In the first quarter of 2007, Kaplan acquired two businesses in their professional division totaling $115.8 million. These acquisitions included EduNeering Holdings, Inc., a Princeton, N.J. based provider of knowledge management solutions for organizations in the pharmaceutical, medical device, healthcare, energy and manufacturing sectors. Also in the first quarter of 2007, the cable division acquired subscribers in the Boise, Idaho area for $4.3 million.

In July 2007, the television broadcasting division entered into a transaction to sell and lease back its current Miami television station facility; a $9.5 million gain was recorded as a reduction to expense in the third quarter. An additional $1.9 million deferred gain is being amortized over the leaseback period. The television broadcasting division purchased land and is building a new Miami television station facility which is expected to be completed in 2009.

**Capital expenditures.** During the first nine months of 2008, the Company’s capital expenditures totaled $203.0 million. The Company estimates that its capital expenditures will be in the range of $300 million to $325 million in 2008.

**Liquidity.** The Company’s borrowings have increased by $19.0 million, to $509.1 million at September 28, 2008, as compared to borrowings of $490.1 million at December 30, 2007. At September 28, 2008, the Company has $247.9 million in cash and cash equivalents, compared to $321.5 million at December 30, 2007. The Company had money market investments of $9.0 million and $5.1 million that are classified as “Cash and cash equivalents” in the Company’s Consolidated Balance Sheets as of September 28, 2008 and December 30, 2007, respectively.

At September 28, 2008, the Company had $509.1 million in total debt outstanding, which comprised $105.0 million of commercial paper borrowings, $399.9 million of 5.5 percent unsecured notes due February 15, 2009, and $4.2 million in other debt.

The Company's $500 million commercial paper program continues to serve as a significant source of short-term liquidity. The $500 million revolving credit facility that expires in August 2011 supports the issuance of the Company's short-term commercial paper and provides for general corporate purposes. Despite the recent disruption to the general credit markets, the Company continued to have access and borrowed funds under its commercial paper program and did not need to borrow funds under its revolving credit facility. There is no assurance, however, that the cost or availability of future borrowings under our commercial paper program in the debt markets will not be impacted by the ongoing capital market conditions.

The Company has $399.9 million in unsecured notes that mature on February 15, 2009 and are now classified as short-term borrowings. While the Company has sufficient cash and marketable equity securities as of September 28, 2008 that could be used to pay off this debt at maturity, the Company currently expects that it will refinance some or all of this debt by borrowing money in the capital markets and/or issuing commercial paper under its commercial paper program.

During the third quarter of 2008 and 2007, the Company had average borrowings outstanding of approximately $525.3 million and $405.7 million, respectively, at average annual interest rates of approximately 4.7 percent and 5.5 percent, respectively. During the third quarter of 2008 and 2007, the Company incurred net interest expense of $5.7 million and $3.0 million, respectively.

During the first nine months of 2008 and 2007, the Company had average borrowings outstanding of approximately $492.7 million and $405.6 million, respectively, at average annual interest rates of approximately 4.9 percent and 5.5 percent, respectively. During the first nine months of 2008 and 2007, the Company incurred net interest expense of $15.0 million and $9.1 million, respectively.

The Company's credit ratings were affirmed by the rating agencies in October 2008 with a change in ratings outlook from stable to negative. The Company's current credit ratings are as follows:

| | Moody's | Standard & Poor's |
|---|---|---|
| Long-term | A1 | A+ |
| Short-term | Prime-1 | A-1 |

At September 28, 2008 and December 30, 2007, the Company had a working capital deficit of $420.9 million and $18.5 million, respectively. The increase in working capital deficit is due to the Company's $399.9 million unsecured notes due February 15, 2009 now classified as current liabilities. The Company maintains working capital levels consistent with its underlying business requirements and consistently generates cash from operations in excess of required interest payments. The Company expects to fund its estimated capital needs primarily through existing cash balances and internally generated funds and, to a lesser extent, through commercial paper borrowings. In management's opinion, the Company will have ample liquidity to meet its various cash needs throughout 2008 and 2009.

In the second quarter of 2008, the Company executed a building lease agreement with a total commitment of approximately $114 million. The lease will commence in late 2008 and end in 2024. In the third quarter of 2008, the Company announced an agreement with NBC Universal to acquire WTVJ, the NBC-owned and operated television station in Miami, FL, for an approximate purchase price of $205 million. There were no other significant changes to the Company's contractual obligations or other commercial commitments from those disclosed in the Company's Annual Report on Form 10-K for the year ended December 30, 2007.

**Forward-Looking Statements**

This report contains certain forward-looking statements that are based largely on the Company's current expectations. Forward-looking statements are subject to various risks and uncertainties that could cause actual results or events to differ materially from those anticipated in such statements. For more information about these forward-looking statements and related risks, please refer to the section titled “Forward-Looking Statements” in Part I of the Company’s Annual Report on Form 10-K for the fiscal year ended December 30, 2007.

**Item 3. Quantitative and Qualitative Disclosures about Market Risk**

The Company is exposed to market risk in the normal course of its business due primarily to its ownership of marketable equity securities, which are subject to equity price risk; to its borrowing and cash-management activities, which are subject to interest rate risk; and to its foreign business operations, which are subject to foreign exchange rate risk. The Company’s market risk disclosures set forth in its 2007 Annual Report filed on Form 10-K have not otherwise changed significantly.

**Item 4. Controls and Procedures**

(a) Evaluation of Disclosure Controls and Procedures

An evaluation was performed by the Company’s management, with the participation of the Company’s Chief Executive Officer (the Company’s principal executive officer) and the Company’s Senior Vice President-Finance (the Company’s principal financial officer), of the effectiveness of the Company’s disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)), as of September 28, 2008. Based on that evaluation, the Company’s Chief Executive Officer and Senior Vice President-Finance have concluded that the Company’s disclosure controls and procedures, as designed and implemented, are effective in ensuring that information required to be disclosed by the Company in the reports that it files or submits under the Exchange Act is recorded, processed, summarized and reported, within the time periods specified in the Securities and Exchange Commission’s rules and forms and is accumulated and communicated to management, including the Chief Executive Officer and Senior Vice President—Finance, in a manner that allows timely decisions regarding required disclosure.

(b) Changes in Internal Control Over Financial Reporting

There has been no change in the Company’s internal control over financial reporting during the quarter ended September 28, 2008 that has materially affected, or is reasonably likely to materially affect, the Company’s internal control over financial reporting.

## PART II. OTHER INFORMATION

### Item 2. Unregistered Sales of Equity Securities and Use of Proceeds

**Purchases of Equity Securities by the Issuer and Affiliated Purchasers**

During the quarter ended September 28, 2008, the Company purchased shares of its Class B Common Stock as set forth in the following table:

| Period | Total Number of Shares Purchased | Average Price Paid per Share | Total Number of Shares Purchased as Part of Publicly Announced Plan* | Maximum Number of Shares That May Yet Be Purchased Under the Plan* |
|---|---|---|---|---|
| Jun.30 – Aug.3,2008 | 59,009 | $587.54 | 59,009 | 245,956 |
| Aug.4 – Aug.31,2008 | 0 | — | 0 | 245,956 |
| Sep.1 – Sep.28,2008 | 0 | — | 0 | 245,956 |
| Total | 59,009 | $587.54 | 59,009 | |

* On September 22, 2003, the Company's Board of Directors authorized the Company to purchase, on the open market or otherwise, up to 542,800 shares of its Class B Common Stock, and the existence of that authorization was disclosed in the Company's Annual Report on Form 10-K for the fiscal year ended December 28, 2003. There is no expiration date for that authorization. All purchases made during the quarter ended September 28, 2008 were open market transactions.

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**Item 6. Exhibits.**

| Exhibit Number | Description |
|---|---|
| 3.1 | Restated Certificate of Incorporation of the Company dated November 13, 2003 (incorporated by reference to Exhibit 3.1 to the Company's Annual Report on Form 10-K for the fiscal year ended December 28, 2003). |
| 3.2 | Certificate of Designation for the Company's Series A Preferred Stock dated September 22, 2003 (incorporated by reference to Exhibit 3.2 to Amendment No. 1 to the Company's Current Report on Form 8-K dated September 22, 2003). |
| 3.3 | By-Laws of the Company as amended and restated through November 8, 2007 (incorporated by reference to Exhibit 3.1 to the Company's Current Report on Form 8-K dated November 14, 2007). |
| 4.1 | Form of the Company's 5.50% Notes due February 15, 2009, issued under the Indenture dated as of February 17, 1999, between the Company and The First National Bank of Chicago, as Trustee (incorporated by reference to Exhibit 4.2 to the Company's Annual Report on Form 10-K for the fiscal year ended January 3, 1999). |
| 4.2 | Indenture dated as of February 17, 1999, between the Company and The First National Bank of Chicago, as Trustee (incorporated by reference to the Company's Annual Report on Form 10-K for the fiscal year ended January 3, 1999). |
| 4.3 | First Supplemental Indenture dated as of September 22, 2003, among WP Company LLC, the Company and Bank One, NA, as successor to The First National Bank of Chicago, as trustee, to the Indenture dated as of February 17, 1999, between The Washington Post Company and The First National Bank of Chicago, as trustee (incorporated by reference to Exhibit 4.1 to the Company's Current Report on Form 8-K dated September 22, 2003). |
| 4.4 | Five Year Credit Agreement dated as of August 8, 2006, among the Company, Citibank, N.A., JPMorgan Chase Bank, N.A., Wachovia Bank, National Association, SunTrust Bank, The Bank of New York, PNC Bank, National Association, Bank of America, N.A. and Wells Fargo Bank, N.A. (incorporated by reference to Exhibit 4.4 to the Company's Quarterly Report on Form 10-Q for the quarter ended July 2, 2006). |
| 10.1 | The Washington Post Company Supplemental Executive Retirement Plan as amended and restated on September 10, 2008. |
| 31.1 | Rule 13a-14(a)/15d-14(a) Certification of the Chief Executive Officer. |
| 31.2 | Rule 13a-14(a)/15d-14(a) Certification of the Chief Financial Officer. |
| 32 | Section 1350 Certification of the Chief Executive Officer and the Chief Financial Officer. |

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SIGNATURES

Pursuant to the requirements 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.

| | |
|---|---|
| | THE WASHINGTON POST COMPANY<br>(Registrant) |
| Date: November 4, 2008 | /s/ Donald E. Graham |
| | Donald E. Graham,<br>Chairman & Chief Executive Officer<br>(Principal Executive Officer) |
| Date: November 4, 2008 | /s/ John B. Morse, Jr. |
| | John B. Morse, Jr.,<br>Senior Vice President-Finance<br>(Principal Financial Officer) |

Exhibit 10.1

# THE WASHINGTON POST COMPANY
# SUPPLEMENTAL EXECUTIVE RETIREMENT PLAN

**(Originally Effective as of January 1, 1989)**
**Amended and Restated September 10, 2008**

THE WASHINGTON POST COMPANY

SUPPLEMENTAL EXECUTIVE RETIREMENT PLAN

Section 1. Purpose. The Washington Post Company Supplemental Executive Retirement Plan (the "Plan") is an unfunded plan established for the purpose of providing deferred compensation for a select group of management or highly compensated employees, as referred to in Sections 201(a)(2), 301(a)(3) and 401(a)(1) of ERISA, in order to induce employees of outstanding ability to join or continue in the employ of the Company or an Affiliate of the Company and to increase their efforts for its welfare by providing them with supplemental benefits notwithstanding the limitations imposed by the Internal Revenue Code on retirement and other benefits from tax qualified plans.

This Plan is strictly a voluntary undertaking on the part of the Company and shall not be deemed to constitute a contract of employment or part of a contract between the Company and any employee or any employee of an Affiliate, nor shall it be deemed to give any employee the right to be retained in the employ of the Company or an Affiliate, as the case be made, or to interfere with the right of the Company or an Affiliate, as the case may be, to discharge any employee at any time, nor shall this Plan interfere with the right of the Company or an Affiliate, as the case may be, to establish the terms and conditions of employment of any employee.

Benefits under this Plan shall be payable solely from the general assets of the Company and participants herein shall not be entitled to look to any source for payment of such benefits other than the general assets of the Company.

The Plan is hereby amended and restated for the purpose of complying with § 409A of the Internal Revenue Code ("§ 409A") and for the purpose of making certain administrative amendments. It is the intent of the Company that all benefits under the Plan shall either be exempt from § 409A or compliant with § 409A, and any ambiguity under the Plan shall be interpreted, to the extent possible, consistently with that objective. To the extent necessary to comply with § 409A, the provisions of this restated document shall be effective January 1, 2005. With respect to a Participant who terminated employment before January 1, 2005, any benefits payable hereunder shall be based on the terms of the Plan in effect on such termination of employment, and not on the terms of this amendment and restatement.

Section 2. Definitions. As used in this Plan, the following words shall have the following meanings:

(a) "Actuarial Equivalent" (or any similar term, whether or not capitalized) shall, except as otherwise provided herein, be determined using the actuarial assumptions specified in the Retirement Plans for such purpose, but taking into account any amendments to such actuarial assumptions to comply with the Pension Protection Act of 2006, even if such amendment has not yet been adopted.

(b) "Actual Salary" means the regular basic compensation paid or payable to an employee during a calendar year by the Company or an Affiliate (including tax-deferred contributions, otherwise payable to an employee, elected by the employee under any Savings Plan and including earnings not payable by application of a salary reduction election made pursuant to Section 125 of the Internal Revenue Code), but excluding any other items of compensation such as (i) bonuses and commissions, (ii) overtime, (iii) transportation benefit plan deferrals, (iv) compensation under the terms of the long-term component of the Incentive Compensation Plan of the Company paid during such Plan Year, (v) Workers' Compensation, (vi) amounts paid by the Company for insurance, retirement or other benefits, (vii) contributions or payments made by the Company or an Affiliate (other than tax-deferred contributions elected by the employee) under any Retirement Plan, any Savings Plan, this Plan or other benefits, or (viii) dismissal or other payments made to an employee as a result of termination of employment. The Actual Salary of an employee will include any payment made under any short-term disability income plan of the Company or an Affiliate.

(c) “Affiliate” means any corporation (other than the Company) 50% or more of the outstanding stock of which is directly or indirectly owned by the Company and any unincorporated trade or business which is under common control with the Company as determined in accordance with Section 414(c) of the Internal Revenue Code and the regulations issued thereunder.

(d) “Applicable Percentage” shall have the meaning set forth in Section 4.

(e) “Committee” means the Compensation Committee of the Board of Directors of the Company.

(f) “Company” means The Washington Post Company, a Delaware corporation, and any successors in interest thereto. Where required by context the term Company will include Affiliates.

(g) “Compensation” means the Actual Salary of an employee plus, starting in 1988, bonuses awarded under the annual component of the Incentive Compensation Plan of the Company during a calendar year by the Company or an Affiliate. Bonuses (other than “Special Annual Incentive Awards”) awarded under the annual component of the Incentive Compensation Plan of the Company will be considered as part of Compensation for the year in which they are paid to the Employee, or would otherwise be paid but for the Employee’s election to defer receipt of payment under the Company’s Deferred Compensation Plan.

(h) “ERISA” means the Employee Retirement Income Security Act of 1974, as amended.

(i) “Executive Participant” means an employee of the Company or an Affiliate recommended by the Company’s senior management and designated a participant in this Plan by the Committee, who is within the category of a select group of management or highly compensated employees as referred to in Sections 201(a)(2), 301(a)(3) and 401(a)(1) of ERISA for any Plan Year and who either holds or held the office of a Vice President of the Company or an Affiliate or any office senior thereto or a position of equivalent responsibility or importance, during the current Plan Year or the prior Plan

Year, and was covered under the Company's long-term component of the Incentive Compensation Plan or any successor programs. An Executive Participant shall be designated as being eligible to participate in Section 3 benefits or Section 4 benefits or both as determined in the sole discretion of the Committee.

(j) "415 Limitations" means Retirement Plan and Savings Plan provisions adopted pursuant to Section 415 of the Internal Revenue Code to limit (i) annual Retirement Plan benefits pursuant to Section 415(b) thereof, and (ii) annual additions to a Savings Plan pursuant to Section 415(c) thereof.

(k) "401(a)(17) Limitations" means Retirement Plan and Savings Plan provisions adopted pursuant to Section 401(a)(17) of the Internal Revenue Code to limit earnings considered for purposes of computing Retirement Plan benefits and Savings Plan contributions.

(l) "Investment Election" means an election made by the Executive Participant selecting the investment credit factor(s) that will be applicable to the Executive Participant's Supplemental Savings Account. The Committee shall determine the manner in which Investment Elections may be made and the frequency with which such elections may be prospectively changed.

(m) "Kaplan Key Employee Participant" means an Executive Participant or a Key Employee Participant with respect to such employee's years of Service with Kaplan, Inc. or an affiliate of Kaplan, Inc.

(n) "Key Employee Participant" means an employee of the Company or an Affiliate recommended by the Company's senior management and designated a participant in this Plan by the Committee, who is within the category of a select group of management or highly compensated employees as referred to in Sections 201(a)(2), 301(a)(3) and 401(a)(1) of ERISA for any Plan Year and who holds or held a key position during the current Plan Year or the prior Plan Year. A Key Employee Participant shall be designated as being eligible to participate in Section 3 benefits as determined in the sole discretion of the Committee.

(o) “Normal Retirement Date” means the first day of the calendar month following the month in which a person’s 65th birthday occurs.

(p) “Participant” means an Executive Participant or a Key Employee Participant, as applicable.

(q) “Plan Year” means the calendar year.

(r) “Retirement Plans” means The Retirement Plan for Washington Post Companies, The Washington Post Washington-Baltimore Newspaper Guild Retirement Income Plan and such other tax qualified, defined benefit retirement plans as may be sponsored by the Company or its Affiliates and designated for inclusion hereunder by the Committee.

(s) “Savings Plan” means The Washington Post Tax Deferral and Savings Plan, Post-Newsweek Stations, Inc. Tax Deferred Savings Plan, The Employees’ Savings Plan of Newsweek, Inc., The Savings and Retirement Plan of Affiliated Post Companies and such other tax qualified savings and profit-sharing plans as may be sponsored by the Company or its Affiliates and designated for inclusion hereunder by the Committee.

(t) “Service” means the period of employment by the Company or an Affiliate (excluding both service prior to the time an Affiliate became such and service after the time an Affiliate is no longer such, except to the extent required by Section 414(a) of the Code and the regulations promulgated thereunder).

(u) “Supplemental Retirement Benefit” shall have the meaning set forth in Section 3.

(v) “Supplemental Retirement Benefit Cash Balance Account” means the Supplemental Retirement Benefit applicable to a Participant who is covered by the Cash Balance provisions of the Retirement Plan.

(w) “Supplemental Basic Contributions,” “Supplemental Savings Account” and “Supplemental Savings Award” shall have the meanings set forth in Section 4.

(x) “Surviving Spouse” means the surviving husband or wife of an employee of the Company or an Affiliate, who has been married to the employee throughout the one-year period ending on the date of the death of such employee.

(y) “Termination” (relating to termination of service or termination of employment) shall mean a separation from service in accordance with § 409A and the regulations thereunder. A separation from service will be deemed to occur at any time that an employee and the Company reasonably anticipate that the bona fide level of services the employee will perform (whether as an employee or an independent contractor) will be permanently reduced to a level that is less than 50 percent of the average level of bona fide services the employee performed during the immediately preceding 36 months (or the entire period the employee has provided services if the employee has been providing services to the employer less than 36 months).

(z) “Vesting Year” means each calendar year in which a Participant has at least 1,000 hours of Service with the Company or an Affiliate. Except as provided for in the applicable schedule of the applicable Retirement Plan, service with a predecessor company prior to becoming an Affiliate will not be counted in calculating Vesting Years. In addition, a pro-rata portion of a year shall be counted as a partial Vesting Year in the first and last year of service to the extent such portion of the year is counted in the applicable schedule of the applicable Retirement Plan.

Section 3. Supplemental Retirement Benefits.

(a) (i) Each designated person (other than a Kaplan Key Employee Participant with respect to years of Service with Kaplan or a Kaplan affiliate), who is an Executive Participant as of December 3, 1993, or becomes an Executive Participant or a Key Employee Participant after December 3, 1993, for purposes of being eligible to receive benefits under this Section and has ten or more Vesting Years upon termination of Service and to whom benefits become payable under any of the Retirement Plans, shall be paid a supplemental annual retirement benefit (the “Supplemental Retirement Benefits”) under this Plan equal in amount to the difference between (i) the aggregate annual benefits paid to such person under the Retirement Plans and (ii) the aggregate annual benefits that would be payable to such person under the Retirement Plans if the 415 and 401(a)(17) Limitations were not contained therein (the "Unrestricted Benefit"). If such a Participant's Surviving Spouse is entitled to and is receiving a spouse's benefit under any of the Retirement Plans, the Surviving Spouse shall be paid a benefit hereunder equal to the difference between (i) the aggregate spouse's benefits payable to such Surviving Spouse under the Retirement Plans and (ii) the aggregate spouse's benefit that would be payable to such Surviving Spouse under the Retirement Plans if the 415 and 401(a)(17) Limitations were not contained therein(the "Unrestricted Spouse's Benefit").

(ii) Each designated person, who is a Kaplan Key Employee Participant for purposes of being eligible to receive benefits under this Section and has ten or more Vesting Years upon termination of Service and to whom benefits become payable under any of the Retirement Plans, shall be paid a Supplemental Retirement Benefit under this Plan for his or her years of Service with Kaplan equal in amount to the difference between (i) the Unrestricted Benefit calculated as if he or she were covered by the TWPC Retirement Benefit Schedule of The Retirement Plan for Washington Post Companies during his or her years of Service with Kaplan and (ii) the "Kaplan Qualified Benefit" which shall be the aggregate annual benefit (payable in the form of a life annuity) related to his or her years of Service with Kaplan payable to such person under the Kaplan Cash Balance Retirement Benefits Schedule of The Retirement Plan for Washington Post Companies. If such a Kaplan Key Employee Participant's Surviving Spouse is entitled to and is receiving a spouse's benefit thereunder, the Surviving Spouse shall be paid a benefit hereunder equal to the difference between (i) the Unrestricted Spouse's Benefit payable as if the Kaplan Key Employee Participant had been covered under the TWPC Retirement Benefits Schedule to The Retirement Plan for Washington Post Companies and (ii) the Kaplan Qualified Benefit, which in this case shall be the aggregate spouse's benefit payable in the form of a life annuity to such Surviving Spouse under the Kaplan Cash Balance Retirement Benefits Schedule of The Retirement Plan for Washington Post Companies.

(iii) For purposes of calculating the Supplemental Retirement Benefit or the Surviving Spouse's benefit hereunder for (i) an Executive Participant or the Surviving Spouse of an Executive Participant, or (ii) a Kaplan Key Employee Participant or the Surviving Spouse of a Kaplan Key Employee Participant with respect solely to years of Service at Kaplan, Inc. or any affiliate of Kaplan, Inc., as the case may be, Compensation rather than Actual Salary will be used.

(iv) Notwithstanding the above, effective January 1, 2008, except as specifically provided otherwise, benefits under this section 3 shall be determined without regard to any window benefit (specifically, as if the Retirement Plans did not have the window benefit). A window benefit for this purpose is an additional or enhanced benefit in the Retirement Plans that is available only to participants who terminate or retire during a specified period of time, not to exceed one year.

(v) The Company shall have the authority to amend the Plan to include window benefits approved after January 1, 2008. The authority to include such window benefits shall be delegated to the same individual, committee or other governing body as the authority to approve the window benefit in the Retirement Plans; provided however that, if such amendment is not approved by the Compensation Committee of the Board of Directors, the present value of the window benefit in the Plan shall not exceed the present value of the benefit that would be provided if Section 3(a)(iv) were deleted.

(vi) In the case of a Participant who elects to participate in the window benefit described in notices as the Newsweek, Inc. Voluntary Incentive Retirement / Resignation Program offered in the first half of 2008 (the "2008 VIRRP"), such Participant's Supplemental Retirement Benefits shall be determined and paid in accordance with the modifications in this paragraph (vi). The terms of the Retirement Plans, including the 2008 VIRRP, shall be used in determining the Participant's Supplemental Retirement Benefits. The Participant's Supplemental Retirement Benefits shall be paid as follows.

(1) The portion of the Supplemental Retirement Benefits attributable to the Improved Retirement Benefits (as described in the Newsweek, Inc. Notice of Voluntary Incentive Retirement / Resignation Program, hereinafter referred to as the "Notice") shall be paid in accordance with Section 3(b)(iv) hereof, provided however that if the earliest possible commencement date of the Improved Retirement Benefit in the Retirement Plans is earlier than the presumptive retirement date in Section 3(b)(iv) hereof, then the terms of payment of the monthly benefit described in this Section 3(a)(vi)(1) shall be modified as follows. First, the presumptive retirement date shall be such earliest benefit commencement date as specified in the Retirement Plans. Second, the actual commencement date shall be the later of (A) the first day of the seventh month following termination of employment, or (B) January 1, 2009. Notwithstanding the above, if the earliest possible commencement date of the Improved Retirement Benefit in the Retirement Plans is the same as the presumptive retirement date in Section 3(b)(iv) hereof, the actual commencement date shall not be earlier than January 1, 2009.

(2) The portion of the Supplemental Retirement Benefits attributable to the Special Retirement Incentive Payment (as described in the Notice) shall be paid in a single lump sum within 31 days after the Participant's termination of employment under the 2008 VIRRP (which, solely for this purpose shall not be "separation from service," but, instead shall be termination of employment for purposes of the Retirement Plans) but in no event later than January 31, 2009. Notwithstanding the above, for Angelo Rivello the portion of the Supplemental Retirement Benefits attributable to the Special Retirement Incentive Payment shall be payable as an actuarially equivalent annuity in the form specified in Section 3(b)(iv) hereof and commencing on the first day of the month that is on or after the Participant's retirement under the 2008 VIRRP, and provided further that any monthly payment otherwise due under this subparagraph (2) to Mr. Rivello before the later of (A) January 1, 2009 or (B) the first day of the seventh month following the Participant's separation from service shall be withheld and paid on such date.

(vii) In the case of a Participant who elects to participate in the Voluntary Retirement Incentive Program in the TWPC Retirement Benefits Schedule (including any associated benefits in any other benefit schedule or Retirement Plan attributable to the same program) whose election period ended in the second quarter of 2008 (the "2008 VRIP"), such Participant's Supplemental Retirement Benefits shall be determined and paid in accordance with the modifications in this paragraph (vii). The terms of the Retirement Plans, including the 2008 VRIP, shall be used in determining the Participant's Supplemental Retirement Benefits. The Participant's Supplemental Retirement Benefits shall be paid as follows.

(1) The portion of the Supplemental Retirement Benefits attributable to the Enhanced Retirement Benefits (as described in the Notice of Voluntary Retirement Incentive Program, hereinafter referred to as the "Notice") shall be paid in accordance with Section 3(b)(iv) hereof, provided however that if the earliest possible commencement date of the Enhanced Retirement Benefit in the Retirement Plans is earlier than the presumptive retirement date in Section 3(b)(iv) hereof, then the terms of payment of the monthly benefit described in this Section 3(a)(vii)(1) shall be modified as follows. First, the presumptive retirement shall be such earliest commencement date as specified in the Retirement Plans. Second, the actual commencement date shall be the later of (A) the first day of the seventh month following termination of employment, or (B) January 1, 2009. Notwithstanding the above, if the earliest possible commencement date of the Improved Retirement Benefit in the Retirement Plans is the same as the presumptive retirement date in Section 3(b)(iv) hereof, the actual commencement date shall not be earlier than January 1, 2009.

(2) The portion of the Supplemental Retirement Benefits attributable to the Special Retirement Incentive Payment (as described in the Notice) shall be paid in a single lump sum within 31 days after the Participant's termination of employment under the 2008 VRIP (which, solely for this purpose shall not be "separation from service," but, instead shall be termination of employment for purposes of the Retirement Plans) but in no event later than January 31, 2009.

(b) (i) Except as provided below, the Supplemental Retirement Benefits provided by this Plan shall be paid to the Participant (or to any beneficiary designated by him or her in accordance with the Retirement Plans, or to his or her Surviving Spouse if eligible for and receiving a spouse's benefit under the Retirement Plans) concurrently with the payment of the benefits payable under the applicable Retirement Plan in which he or she was participating at the date of termination and/or in which he or she had a vested right on such date and shall be payable in the same form as such Retirement Plan benefits are being paid thereunder.

(ii) Notwithstanding the above, with respect to a Participant covered by the Cash Balance Pension provisions of The Retirement Plan for Washington Post Companies, the Kaplan Qualified Benefit or the Retirement Plan benefit, as applicable (and the Unrestricted Benefit if the Participant is not a Kaplan Key Employee), shall be a single life annuity that is actuarially equivalent to the lump sum benefit payable in the Retirement Plan, with such actuarial equivalent determined using the interest rate specified in § 417(e) of the Internal Revenue Code (as determined in the Retirement Plan) plus 2%. In the event the Supplemental Retirement Benefit commences prior to Normal Retirement Date or is payable in a form other than an annuity for the life of the former employee only, the Supplemental Retirement Benefit shall be actuarially adjusted in the same manner as are benefits payable under the Retirement Plan in which he or she was participating at the time of termination and/or in which he or she had a vested right on such date. The Committee may, however, in its sole discretion direct that the Supplemental Retirement Benefit payable with respect to a former employee be paid as an actuarially equivalent single sum payment; provided, that no such payment may be made prior to termination of Service or prior to the date that benefits may become payable under any of the Retirement Plans, or after January 1, 2005 and provided, further, that in determining actuarial equivalency of a single sum payment in cash, there shall be used the same actuarial assumptions as are applicable for the calculation of a single sum payment under the applicable Retirement Plan. Further notwithstanding the above and except in the case of a Kaplan Key Employee Participant, if a portion of the Participant's benefit is determined in accordance with the Cash Balance Pension provisions of The Retirement Plan for Washington Post Companies, the benefits under the Supplemental Retirement Plan (to the extent determined under such Cash Balance provisions) will also be payable in a lump sum amount which shall be equal to his or her Supplemental Benefit Cash Balance Account as of the date of the lump sum payment. A Kaplan Key Employee Participant cannot receive the amount of his or her Supplemental Benefit in a lump sum regardless of his or her election to receive a lump sum payment in accordance with the Kaplan Cash Balance Retirement Benefits Schedule of The Retirement Plan for Washington Post Companies.

(iii) For purposes of the Supplemental Retirement Benefits provided by this Plan to be paid to a Kaplan Key Employee Participant (or to his or her Surviving Spouse if eligible for and receiving a spouse's benefit under the Retirement Plans) with respect to his or her years of Service with Kaplan, Inc. or an affiliate of Kaplan, Inc., the Unrestricted Benefit or the Unrestricted Spouse's Benefit shall be calculated as an annuity. If a Kaplan Key Employee Participant elects to receive a lump sum benefit from his or her Cash Balance Account under The Retirement Plan for Washington Post Companies, then the Supplemental Retirement Benefit for such Participant will be paid in the form of a single life annuity beginning at the same time the payment is commenced under The Retirement Plan for Washington Post Companies, but in no case prior to age 55.

(iv) Notwithstanding the above, effective January 1, 2008 the Supplemental Retirement Benefit shall be determined as if the benefit payable under the Retirement Plans is payable as a life annuity and actually commences on the "presumptive retirement date" which shall be the latest of the following dates: (i) the first day of the month on or after the date the Participant terminates employment; (ii) the first day of the month on or after the date the Participant attains age 55; or (iii) January 1, 2008. The Supplemental Retirement Benefit shall be determined as if it commenced on the presumptive retirement date, but the first payment shall be made no earlier than the first day of the seventh month following termination of employment (the "actual commencement date"), and on the actual commencement date, a number of monthly payments shall be made equal to the number of months from the presumptive retirement date to the actual commencement date, inclusive, with one monthly payment made on the first day of each month thereafter. The Supplemental Retirement Benefit shall be considered a series of separate payments for purposes of § 409A. The Supplemental Retirement Benefit shall be payable in the form of a life annuity, provided however that the Participant may elect, at any time prior to the presumptive retirement date, to have the Supplemental Retirement Benefit paid in the form of any other actuarially equivalent annuity that is permitted under the terms of the Retirement Plans, but only if such election is permitted by § 409A and the regulations thereunder.

(c) Notwithstanding (a) and (b) above, in the event any benefit in this Section 3 is payable in the form of an annuity, and the present value of such annuity as of the commencement date is less than $5,000, such benefit shall be paid in the form of a single lump sum equal to such present value on the date the annuity would otherwise commence. For purposes of this subsection (c), each annuity benefit (defined by the commencement date and form of annuity) shall be considered separately, and shall not be aggregated with any other benefit payable commencing on a different date or in a different form. The present value of the annuity benefit shall be determined using the actuarial assumptions in the definition of "Actuarial Equivalent" herein except that the present value of any benefit determined with respect to a Cash Balance account shall be the amount of such Cash Balance. This subsection (c) shall apply only so long as it is permissible under regulations or rulings under § 409A.

Section 4. Supplemental Savings Plan Benefits.

(a) In the event that the Actual Salary of an Executive Participant designated as eligible to receive benefits under this Section 4 for 1989 or any subsequent Plan Year exceeds the 401(a)(17) Limitations for such Plan Year, such Executive Participant shall be eligible to make additional salary reduction contributions under this Plan and receive a Supplemental Savings Award under this Plan for such Plan Year; provided, that such Executive Participant is then participating in his or her employer's Savings Plan and, as of the last day of the prior Plan Year (and without regard to any subsequent election to the contrary), has elected to make, for the Plan Year, (i) the maximum allowable basic, matchable tax-deferred contributions to such Savings Plan and (ii) the maximum allowable after-tax contributions which can result in a matching employer contribution, as permitted under such Savings Plan, after taking into account the application of the non-discrimination rules of Sections 401(k) and (m) of the Internal Revenue Code for such Plan Year. In order to compute the amount of such Supplemental Savings Award, a determination will be made of the dollar amount of contributions the Executive Participant is able to make to his or her employer's Savings Plan which result in matching employer contributions for such Executive Participant under the terms of such Savings Plan. This dollar amount will then be expressed as a percentage (the "Applicable Percentage") of the amount of compensation which can be recognized for purposes of the Savings Plan under Section 401(a)(17) of the Internal Revenue Code for the then-current Plan Year. Prior to the beginning of each Plan Year, the Executive Participant will be provided with the opportunity to elect to irrevocably defer under this Plan the Applicable Percentage (or any whole lower percentage) of the Executive Participant's Actual Salary earned in excess of the 401(a)(17) Limitations for such Plan Year. Such a salary reduction is referred to as a "Supplemental Basic Contribution." In the event that an Executive Participant elects to make a Supplemental Basic Contribution under this Plan such individual will receive a Supplemental Savings Award under this Plan in the form of (i) a matching contribution equal to the product of the Executive Participant's Supplemental Basic Contribution times the matching employer contribution percentage under the terms of the applicable Savings Plan and (ii) to the extent such Participant's employer makes an unmatched contribution to the applicable Savings Plan on behalf of such Participant, a contribution equal to the difference between the amount of such unmatched contribution actually made under such

Savings Plan on behalf of such Participant and the amount of such unmatched contribution such Participant would have received under such Savings Plan if the 401(a)(17) Limitations had not been in effect (the "Supplemental Savings Award"). The Supplemental Savings Award for any Plan Year shall be made as of the first day of the following year.

(b) The amount of an Executive Participant's supplemental savings plan benefits under this Plan shall be the aggregate amount of the Supplemental Savings Awards and the Supplemental Basic Contributions together with investment credits accrued thereon (the "Supplemental Savings Account"). Investment credits shall be credited on the amount of an Executive Participant's Supplemental Savings Account at the end of such Plan Year or on such other basis as may be approved by the Committee in accordance with the Executive Participant's Investment Election.

In the event an Executive Participant fails to complete a valid Investment Election, his or her Supplemental Savings Account will be credited with the investment credit amounts equivalent to the rates of return generated by the money market option under the Company's 401(k) plan.

(c) The Compensation Committee shall establish the investment credit factors that will be available in any Plan Year.

(d) Supplemental Savings Awards and the investment credits thereon shall be fully vested and, except as provided in Section 7 hereof, nonforfeitable.

(e) No withdrawal of funds in an Executive Participant's Supplemental Savings Account for hardship or any other reason may be made while an Executive Participant remains employed by the Company or an Affiliate. The Supplemental Savings Account shall be paid in cash on the first day of the seventh month following termination of Service.

(f) An Executive Participant shall designate a beneficiary to receive the unpaid portion of his or her Supplemental Savings Account in the event of his or her death. The designation shall be made in a writing filed with the Committee on a form approved by it and signed by the Executive Participant. If no effective designation of beneficiary shall be on file with the Committee when supplemental savings benefits would otherwise be distributable to a beneficiary, then such benefits shall be distributed to the Surviving Spouse of the Executive Participant or, if there is no Surviving Spouse, to his or her estate.

(g) Special provisions for participants who are suspended in the Savings Plans. This subsection shall apply only to an Executive Participant designated as eligible to receive benefits under this Section 4 who is suspended in the applicable Savings Plan for a portion of a Plan Year because the Executive Participant has less than one year of service at the start of such Plan Year. Such an Executive Participant shall be eligible to make salary reduction contributions under this Plan and receive a Supplemental Savings Award under this Plan for such Plan Year based on the Executive Participant's entire Actual Salary regardless of whether it exceeds the 401(a)(17) Limitations.

Section 5. Funding. Benefits under this Plan shall not be funded in order that the Plan may be exempt from the provisions of Parts 2, 3 and 4 of Title I of ERISA. The Committee shall maintain records of Supplemental Savings Accounts and records for the calculation of supplemental retirement benefits.

Section 6.

(a) Administration. This Plan shall be administered by the Committee. All decisions and interpretations of the Committee shall be conclusive and binding on the Company, and the Participants. The Plan may be amended or terminated by the Compensation Committee of the Board of Directors of the Company at any time and any Participant may have his or her designation as such terminated by the Committee at any time; provided, however, that no such amendment or termination or change in designation shall deprive any Participant of supplemental retirement or savings benefits accrued to the date of such amendment or termination.

(b) Claims Procedure. If a Participant or Beneficiary ("Claimant") has a complaint about the Plan's operation or about Plan benefits, the Claimant has the right to have the complaint reviewed by the Committee. All complaints and claims for benefits must be submitted in writing. All such complaints must be submitted within the "applicable limitations period." The "applicable limitations period" is two years, beginning on the earlier of (i) the date on which the payment was made, or (ii) for all other claims, the date on which the action complained or grieved of occurred.

If a Claimant has applied for a benefit under the Plan and that claim as been denied, in whole or in part, the Claimant has the right to a review of the denial.

Within 60 days after a claim is received, the Claimant will be notified in writing by the Committee of its decision. If special circumstances require an extension of up to 60 additional days of time for processing, the Committee will provide written notice of the extension prior to the expiration of the initial 60-day period. If the claim is denied or partially denied, the written notice will outline:

- The specific reasons for the denial,
- The provisions of the Plan on which the denial is based,
- The procedures for having the request reviewed, and
- Additional information needed to process the request and an explanation of why this information is necessary.

The Claimant may ask for a review of the denied request within 60 days after receipt of the notice of denial. If an appeal is not filed within this 60-day period, an appeal cannot be filed at a later date, nor shall any other remedy be available.

To appeal a denial a Claimant must request a review by the Committee, or an appeals committee appointed by the Committee. Any such request must be in writing and include:

- The reasons that support the claim,
- The reasons the claim should not have been denied,

- All written evidence that supports the claim, and
- Any other appropriate issues or comments.

The appeal must include all documentary evidence necessary to support the claim and must state the reasons that the Claimant is eligible for the benefit claimed. The appeals committee will make its decision based on the record and the arguments that presented, including any evidence presented in the initial claim.

A Claimant is entitled to receive, upon request and free of charge, reasonable access to and copies of all documents, records and other information relevant to a claim. If this information is requested in order to perfect an appeal, or to file a claim, and there is a delay in providing it, the applicable time limits will be extended by the period of the delay. A Claimant may also request in writing that copies of the Plan document be made available for examination.

The Committee normally will reach a decision no later than 60 days after it receives a request for review. If needed, the Committee will send a written notice of an extension of this period of up to 60 additional days. The Committee's decision will be in writing and will include specific reasons for the decision and references to the Plan provisions that apply.

Legal action may not be brought against the Committee or the Company without first pursuing this claims procedure. Any legal action to recover a benefit under this Plan must be filed within one year of the Committee's decision on appeal. Failure to file suit within this time period will extinguish any right to benefits under the Plan.

(c) Recovery of Payroll Taxes and Other Amounts. In the event that the Company pays the employee portion of any FICA or payroll tax, or any other amount with respect to benefits under this Plan, that should have been paid by the Participant or should have been reimbursed to the Company by the Participant, the following rules shall apply.

The Company shall make a diligent effort to collect such amount from the Participant, consistent with the amount involved and the likelihood of success (specifically, the Company shall not be required to expend an amount in such collection effort that is disproportionate to the amount anticipated to be collected). If the Company is not successful in such collection effort, the Company shall collect (or "offset") such amount out of the next future benefits to be paid to the Participant. Any such offset shall not affect the amount reported to the IRS or any other taxing authority as taxable benefits paid to the Participant. By way of clarification of the preceding sentence, the amount reported as a taxable distribution to the Participant on any date shall be the amount that would have been distributed to the Participant on such date had there been no offset.

(d) Administrative Amendments. The Company acting through any officer may amend this Plan without prior approval of the Compensation Committee of the Board of Directors provided such amendment (i) is for the purpose of compliance with § 409A or any other applicable law, or the avoidance of any legal penalty or excise tax, or for the purpose of reducing the administrative burden of the Plan on the Company, and (ii) such amendment does not increase the cost of the Plan to the Company; and (iii) such amendment does not materially affect benefits payable from the Plan. An amendment shall not be considered to materially affect benefits payable from the Plan if the only changes are changes in time and form of payment that are required by law, or minor changes in time and form of payment permitted under § 409A. The Company shall not, without the consent of the Compensation Committee of the Board of Directors, amend the Plan so as to increase the ability of officers of the Company to amend the Plan.

Section 7. Loss of Benefits. Notwithstanding any other section of this Plan, if a Participant is discharged by the Company or an Affiliate because of conduct that the Participant knew or should have known was detrimental to legitimate interests of the

Company or its Affiliates, dishonesty, fraud, misappropriation of funds or confidential, secret or proprietary information belonging to the Company or an Affiliate or commission of a crime, such Participant's rights to any benefits under this Plan shall be forfeited; except that such Participant shall be entitled to receive the aggregate amount of his or her Supplemental Basic Contributions, without any investment credits, in such event.

Section 8. Nonassignability. No Participant, or beneficiary shall have the right to assign, pledge or otherwise dispose of any benefits payable to him or her hereunder nor shall any benefit hereunder be subject to garnishment, attachment, transfer by operation of law, or any legal process, other than a qualified domestic relations order (as defined in § 414(p) of the Internal Revenue Code.

Section 9. Limitation of Liability. The Company's sole obligation under this Plan is to pay the benefits provided for herein and neither the Participant nor any other person shall have any legal or equitable right against the Company, an Affiliate, the Boards of Directors thereof, the Committee or any officer or employee of the Company or an Affiliate other than the right against the Company to receive such payments from the Company as provided herein.

Section 10. Special Grandfathering Rules for Certain Participants. With respect to individually designated grandfathered Participants, the portion of such Participant's benefit under Section 3 or Section 4 hereof that was accrued and not subject to a substantial risk of forfeiture as of December 31, 2004, plus any investment earnings thereon, shall be payable under the terms of the Plan in effect before January 1, 2005. Individually designated grandfathered Participants shall include John Hockenberry and Diana Daniels.

Section 11. Use of Masculine and Feminine; Singular and Plural. Wherever used in this Plan, the masculine gender will include the feminine gender and the singular will include the plural, unless the context indicates otherwise.

**Exhibit 31.1**

RULE 13a-14(a)/15d-14(a) CERTIFICATION OF THE CHIEF EXECUTIVE OFFICER

I, Donald E. Graham, Chief Executive Officer (principal executive officer) of The Washington Post Company (the "Registrant"), certify that:

1. I have reviewed this quarterly report on Form 10-Q of the Registrant;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the Registrant as of, and for, the periods presented in this report;

4. The Registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f))for the Registrant and have:

(a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the Registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

(b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

(c) Evaluated the effectiveness of the Registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

(d) Disclosed in this report any change in the Registrant's internal control over financial reporting that occurred during the Registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the Registrant's internal control over financial reporting; and

5. The Registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the Registrant's auditors and the audit committee of Registrant's board of directors (or persons performing the equivalent functions):

(a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the Registrant's ability to record, process, summarize and report financial information; and

(b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the Registrant's internal control over financial reporting.

/s/ Donald E. Graham

Donald E. Graham
Chief Executive Officer
November 4, 2008

**Exhibit 31.2**

RULE 13a-14(a)/15d-14(a) CERTIFICATION OF THE CHIEF FINANCIAL OFFICER

I, John B. Morse, Jr., Senior Vice President-Finance (principal financial officer) of The Washington Post Company (the "Registrant"), certify that:

1. I have reviewed this quarterly report on Form 10-Q of the Registrant;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the Registrant as of, and for, the periods presented in this report;

4. The Registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f))for the Registrant and have:

(a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the Registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

(b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

(c) Evaluated the effectiveness of the Registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

(d) Disclosed in this report any change in the Registrant's internal control over financial reporting that occurred during the Registrant's most recent fiscal quarter (the Registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the Registrant's internal control over financial reporting; and

5. The Registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the Registrant's auditors and the audit committee of Registrant's board of directors (or persons performing the equivalent functions):

(a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the Registrant's ability to record, process, summarize and report financial information; and

(b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the Registrant's internal control over financial reporting.

/s/ John B. Morse, Jr.

John B. Morse, Jr.
Senior Vice President-Finance
November 4, 2008

**Exhibit 32**

SECTION 1350 CERTIFICATION OF THE CHIEF EXECUTIVE OFFICER AND THE CHIEF FINANCIAL OFFICER

In connection with the Quarterly Report of The Washington Post Company (the "Company") on Form 10-Q for the period ended September 28, 2008 (the "Report"), Donald E. Graham, Chief Executive Officer of the Company and John B. Morse, Jr., Senior Vice President-Finance of the Company, each hereby certifies, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that:

(1) The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and

(2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

/s/ Donald E. Graham

Donald E. Graham
Chief Executive Officer
November 4, 2008

/s/ John B. Morse, Jr.

John B. Morse, Jr.
Senior Vice President-Finance
November 4, 2008