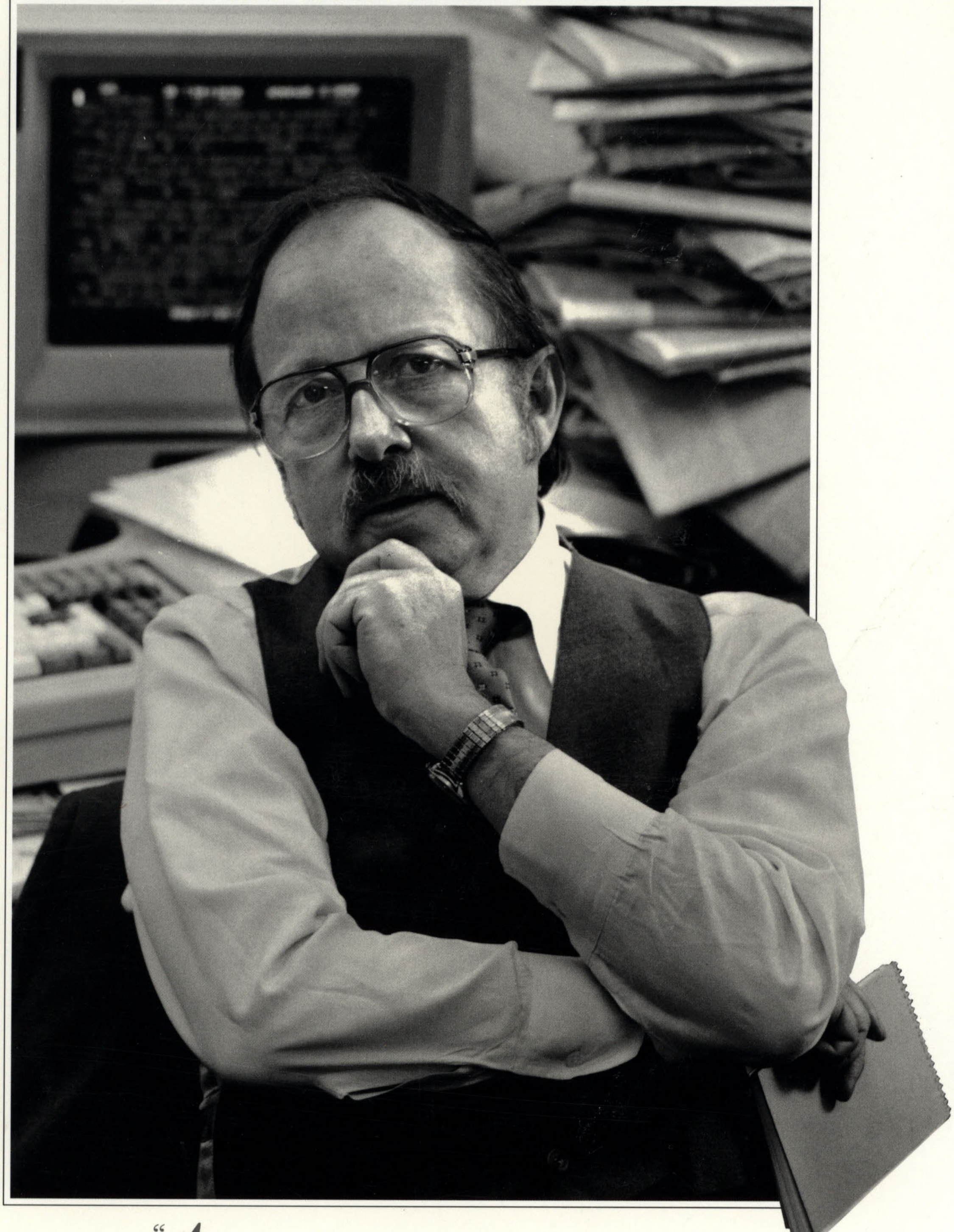
THE WASHINGTON POST COMPANY ANNUAL REPORT 1983



"As a reporter, I try to do two things at once—really understand a situation, person, issue from the inside out and write with detachment. That means, at times, being irreverent and skeptical. It also means being both critical and caring."

Lou Cannon
Senior White House correspondent, The Washington Post

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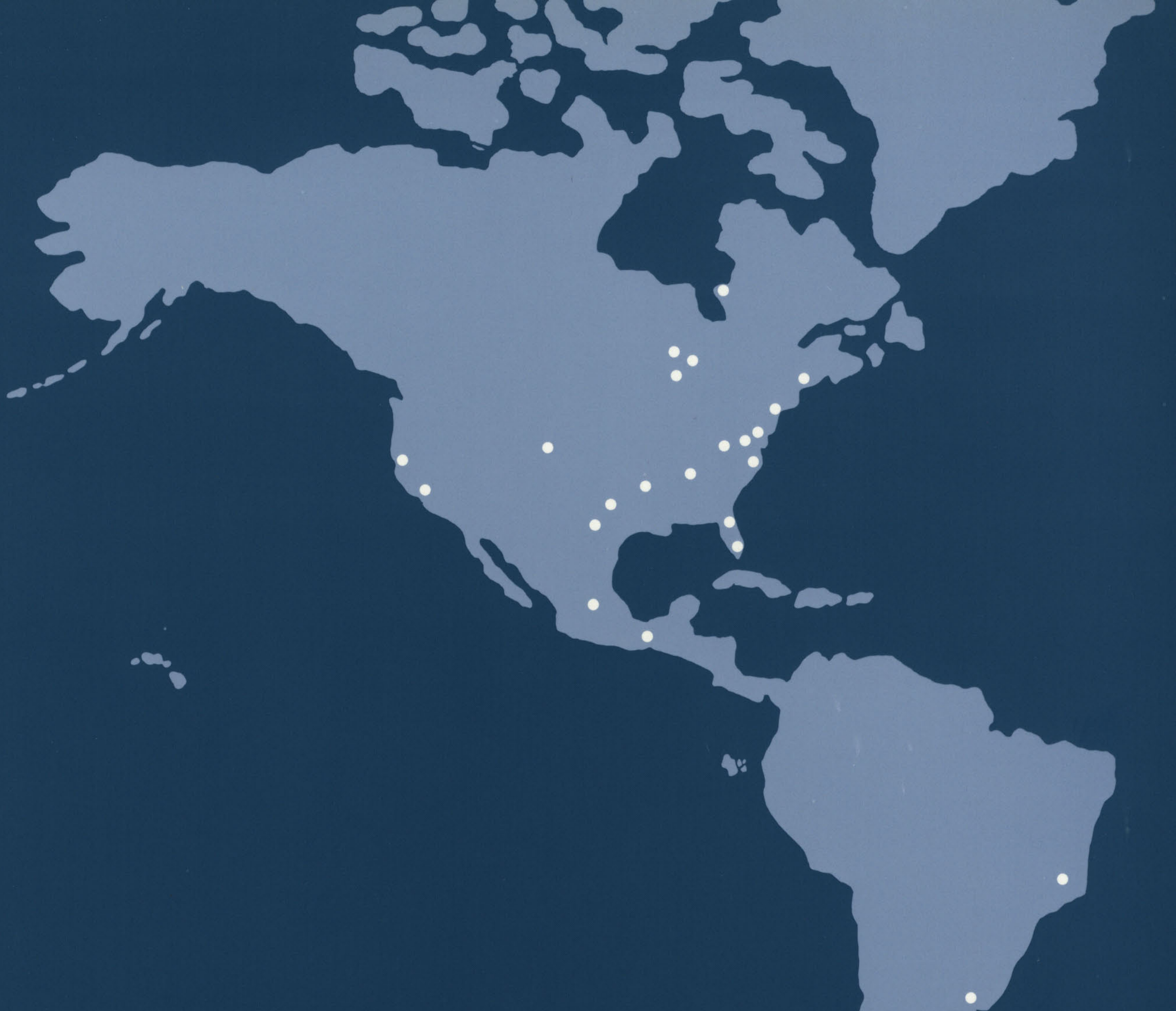


NEWSPAPER DIVISION

The Washington Post—a morning daily and Sunday newspaper published in Washington, D.C. For the six months ending September 30, 1983, The Post's average circulation was 718,842 daily and 996,621 Sunday. The Post maintains news bureaus in eight U.S. and 15 foreign cities.

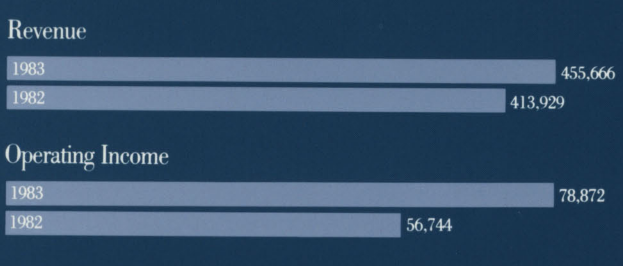
The Washington Post National Weekly Edition—a weekly tabloid publication of selected Post articles and features edited for a national audience, with more than 30,000 subscribers nationwide.

The Herald—a daily newspaper, published weekday afternoons and Saturday and Sunday mornings in Everett, Washington, 30 miles north of Seattle, with a circulation of 55,000.

The Washington Post Writers Group—a syndicator of columns and features to newspapers throughout the United States.

Robinson Terminal Warehouse Corporation—a newsprint handling and storage facility with operations in Alexandria and Springfield, Virginia.

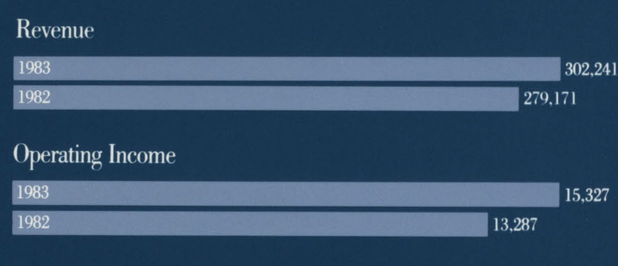
Legi-Slate—a database publisher that provides online computerized information on Federal legislative and regulatory activity.



NEWSWEEK

Newsweek—a weekly newsmagazine published in New York City, with a rate base of 3,000,000. It ranks first among the nation's leading newsmagazines in terms of advertising pages and second in audience and circulation. Newsweek publishes 62 geographic and demographic editions. It maintains news bureaus in 11 U.S. and 17 foreign cities and has 12 regional and overseas advertising sales offices.

Newsweek International—an English-language weekly newsmagazine published in New York City, printed in five countries and circulated around the world. In 1984, the Atlantic edition has a rate base of 300,000, the Pacific edition 230,000 and the Latin America edition 48,000. Newsweek International maintains sales offices in ten foreign and three U.S. cities.



BROADCAST DIVISION

Post-Newsweek Stations, Inc.—the owner and operator of four network-affiliated VHF television stations:

WDIV-4—an NBC affiliate in Detroit, Michigan, the seventh largest U.S. broadcasting market, with 1,644,000 television households.

WPLG-10—an ABC affiliate in Miami, Florida, the 13th largest U.S. broadcasting market, with 1,162,000 television households.

WFSB-3—a CBS affiliate in Hartford, Connecticut, the 22nd largest U.S. broadcasting market, with 806,500 television households.

WJXT-4—a CBS affiliate in Jacksonville, Florida, the 64th largest U.S. broadcasting market, with 384,500 television households.

Revenue

Operating Income

AFFILIATE OPERATIONS

Los Angeles Times-Washington Post News Service, Inc. (50 percent of common stock)—a supplier of articles and features to over 550 newspapers, broadcast stations and magazines worldwide.

Bowater Mersey Paper Company Limited (49 percent of common stock)—a newsprint manufacturer in Liverpool, Nova Scotia, supplying approximately 32% of the newsprint used by The Post.

Bear Island Paper Company (one-third limited partnership interest)—a newsprint manufacturer in Doswell, Virginia, supplying approximately 20% of the newsprint used by The Post.

International Herald Tribune, S.A. (33⅓ percent of common stock)—a daily newspaper published in Paris, France. Printed in Paris, London, Zurich, The Hague, Singapore and Hong Kong, it circulates more than 150,000 copies in 164 countries.

National Journal, Inc. (20 percent of common stock)—the publisher of a weekly magazine devoted to national affairs, with a circulation of approximately 5,000 nationwide.

Cable Sports Programming—the company has partnership interests in four regional pay cable sports programming networks serving more than 800,000 subscribers: SportsChannel Associates (New York), SportsChannel New England, SportsChannel Prism Associates (Philadelphia) and SportsChannel Chicago Associates.

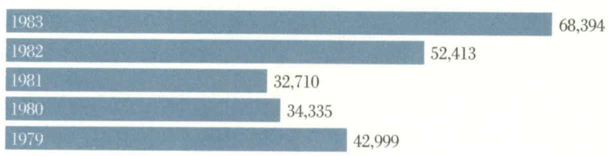
Cellular Radiotelephone Systems—in partnerships with others, the company has applied to the FCC for licenses to operate cellular systems in 14 U.S. markets. Licenses have been awarded to our partnerships in Washington, D.C., Baltimore and Detroit.

● *Washington Post Company editorial, sales, production or broadcast locations*

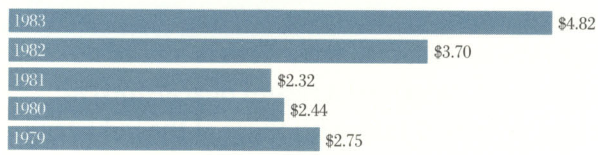
FINANCIAL HIGHLIGHTS

(In thousands, except per share amounts)	1983	1982	% Change
Operating revenues	$877,714	$800,824	+10%
Income from operations	$132,415	$ 98,106	+35%
Net income	$ 68,394	$ 52,413	+30%
Earnings per share	$ 4.82	$ 3.70	+30%
Dividends per share	$ .66	$ .56	+18%
Shareholders' equity per share	$ 22.50	$ 18.32	+23%
Average number of shares outstanding	14,195	14,153	—

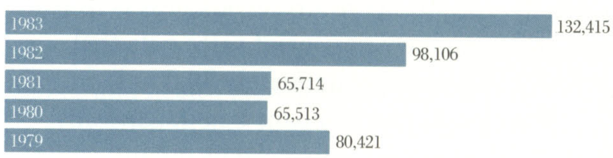
Net Income



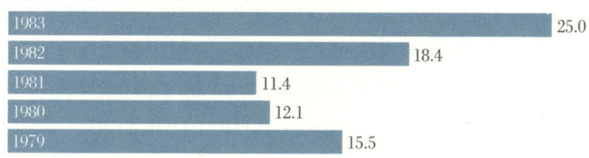
Earnings Per Share



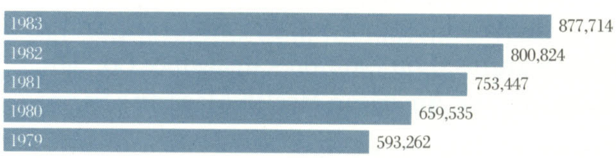
Operating Income



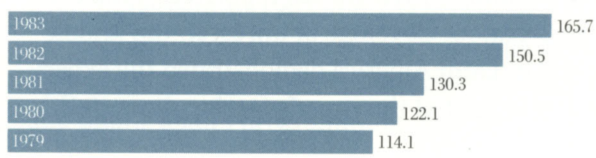
Operating Income per Employee



Revenue



Revenue per Employee



TO OUR SHAREHOLDERS

Earnings per share of The Washington Post Company were $4.82 in 1983, a gain of 30 percent over earnings per share of $3.70 the previous year. Net income also advanced 30 percent, to $68.4 million, from $52.4 million in 1982.

Revenue for 1983 totaled $877.7 million, up 10 percent from $800.8 million in 1982.

Operating income rose 35 percent, to $132.4 million, from the prior year's $98.1 million. Attention to cost control contributed to substantial margin gains in most operations. The company had a 24 percent return on average shareholders' equity, another important measure of business performance.

The annual dividend rate was raised from 66 cents to 80 cents per share on January 13, 1984, the eighth consecutive year of dividend increases.

The year's results reflect continued progress toward achieving three long-term goals: first, to enhance the quality of our products and our ability to serve the needs of readers, viewers and advertisers; second, to extend a record of year-to-year earnings gains that rank with those of the industry's leaders; third, to make the investments needed to maintain our strong franchises and to develop new sources of growth in years to come.

Newspaper Division Maintains Momentum

Newspaper Division operating income increased 39 percent, to $79 million, from $57 million in 1982. Revenue for the division rose 10 percent, to $456 million, from $414 million the prior year.

The Washington Post maintained the quality of its international, national and local coverage and was awarded two Pulitzer Prizes.

Post foreign correspondent Loren Jenkins shared a Pulitzer Prize for his reporting of the conflict in Lebanon. Coverage of unrest in the Middle East and in Latin America demonstrated the experience and insight of the paper's foreign news staff.

Loretta Tofani of The Post's metropolitan news staff won a Pulitzer Prize for special local reporting for a 1982 series, "Rape in the County Jail," that detailed a pattern of sexual assaults in the Prince George's County (Maryland) Detention Center.

On the national front, the activities of the Reagan administration were reported and analyzed by an exceptionally knowledgeable and experienced team. Local news coverage was increased and the paper's business, finance and economics coverage also expanded.

The Post's average Sunday circulation reached 997,000 for the six months ending September 30, 1983. This is a 2.5 percent increase over the September 1982 figure, and 26.7 percent above Sunday circulation five years ago. Average daily circulation of 719,000, though 1 percent less than in 1982, is 28.5 percent above daily circulation in 1978.

Advertisers benefited from The Post's growing audience, which is the best-educated and most affluent among the country's top ten markets. Total advertising linage rose 2.8 percent, to 104 million lines, with particular strength in preprints and classified. Advertising revenue increased 13 percent to a new record.

Operating margins at The Post were up substantially, reflecting the strong business performance and temporary newsprint price cuts that saved the division approximately $4.5 million.

The Herald, the company's newspaper in Everett, Washington, enhanced its quality while contending with adverse local economic conditions. The paper continued to apply the latest computer technology to newsroom operations and installed a new press in anticipation of renewed area growth.

The Washington Post Writers Group added three features: Lou Cannon's Reagan & Co., On Aging and the American Health Magazine Service.

Newsweek Registers Gains

Newsweek operating income rose 15 percent, to $15 million, from $13 million in 1982. Operating

revenue totaled $302 million in 1983, an 8 percent gain over $279 million in 1982. Operating margins were slightly ahead of last year.

For the 16th consecutive year, Newsweek was again the leader in advertising pages among newsmagazines. The domestic edition carried 2,949 ad pages, up 3.6 percent from 1982. Fifteen advertising supplements covering such subjects as personal finance and health contributed to the results.

Circulation also posted healthy growth. The rate base for the 1984 domestic edition rose 50,000, to 3 million, raising the rate bases for the Executive and Executive Plus high-demographic editions.

Newsweek enhanced its reporting of political, economic and social developments around the world. The magazine went beyond the surface of the news to provide insight on issues from "Americans At War" to "Central America/The First Casualty."

Richard M. Smith was named editor-in-chief of Newsweek in January 1984. Mr. Smith, who had been executive editor, brings 13 years of experience at Newsweek to his new position, including four years as managing editor of Newsweek International.

Newsweek International had a successful year as well. The total international rate base for 1984 rose from 570,000 to 578,000. Although advertising pages were essentially even with 1982, Newsweek International achieved record revenue and profits.

Broadcast Division Enjoys Excellent Year

The Broadcast Division's operating income totaled a record $39 million in 1983, up 33 percent from 1982's $30 million. Revenue increased 11 percent, to $120 million, from $108 million the previous year. Operating margins rose to 33 percent, up from 28 percent in 1982 and 23 percent in 1981.

All four Post-Newsweek stations registered significant growth. Major investments in local news and public affairs programming, new facilities and outstanding people continued to pay dividends in increased ratings, revenue and profits.

WDIV, our NBC affiliate in Detroit, was named Michigan's station of the year for the second consecutive year by United Press International. Despite Detroit's economy and NBC's relative standing, WDIV's revenue and operating income rose. Margins also improved significantly.

Detroit Tigers baseball games—the highest-rated baseball franchise in the country—produced excellent results. A new contract extends WDIV's Tiger broadcasts through 1988.

WPLG, Post-Newsweek's ABC affiliate in Miami, benefited from being the number one station in an exceptionally buoyant market. WPLG maintained its leadership in news and public affairs with expanded coverage of local issues. The station won nine Florida Emmys for news and programming, more than any other station in the state.

In Jacksonville, our CBS affiliate, WJXT, continued as the highest-rated station in the country among markets with five or more commercial stations. A WJXT public affairs documentary on the problem of teenage runaways, "Wards of the Street," won four Florida Emmys and was selected for nationwide syndication.

WFSB, our CBS affiliate in Hartford, ranked number one in its market. The station's noon, 5:30, 6:00 and late news all increased share points. WFSB won an Alfred I. du Pont-Columbia University citation for excellence in broadcast journalism for its documentary "Babies Shouldn't Die."

During 1983 Post-Newsweek Video was discontinued. Despite sound management and promising programming ventures, we concluded that this activity did not have the potential size and level of returns to warrant further investment.

Affiliates Achieve Mixed Results

The two newsprint manufacturers in which the company holds minority interests continued to be adversely affected by market conditions. Newsprint still is in oversupply, and currency exchange rates favor European manufacturers. However, Bear Island Paper Company operated at only a slight loss for the year as production increased 6 percent. Bowater Mersey Paper Company's production decreased 12 percent due to market conditions and shutdowns for equipment renovation.

The International Herald Tribune continued its progress. Circulation increased, and a sixth printing facility was opened, in The Hague.

The Los Angeles Times-Washington Post News Service expanded its client base at home and abroad. Satellite delivery was extended to Saudi Arabia, Taiwan and Kuwait. A new All-Sports Service, scheduled to start in time for the Summer Olympics, was greeted with such enthusiasm that it began operation on February 1, 1984. It will continue as an on-going service year-round.

Expanding Existing Franchises

The company undertook several initiatives during the year to expand its franchises for additional growth in the future.

The Washington Post National Weekly Edition was launched on November 7. It contains material from the daily Post that is specially edited and redesigned, in a tabloid format, for a national audience. Reception has been enthusiastic. The preliminary circulation target of 30,000 subscribers has been surpassed. Response from advertisers also has been positive.

Acquisition of Legi-Slate in February 1983 was another step that expanded the company's franchise for Washington news and information. Legi-Slate is a small but growing database publisher that provides online computerized information on Federal legislative and regulatory activity.

Acquisition of a 20 percent interest in the National Journal, completed in December 1983, added a third dimension to the company's Washington franchise. The National Journal is an influential weekly devoted to national affairs.

Newsweek, too, is capitalizing on its franchises—its ability to provide insightful coverage of important issues and to deliver an audience attractive to advertisers.

Newsweek on Campus, for example, continued its progress. This complete newsmagazine for college students was launched in the fall of 1982. It was profitable in its first year, when four issues were published. During the 1983-84 school year, it will expand to six issues. Total 1984 circulation will rise to 1.2 million, from 825,000 in 1983, and readership will increase to nearly 4 million students. The magazine carried more than 80 advertising pages in the five 1983 issues.

Post-Newsweek Stations capitalized on its news programming capabilities as well. One major project, "Drug Wars," combined the resources of three Post-Newsweek stations and Washington news bureau to produce a penetrating look at the impact of drug trafficking at all levels of society. This program has been sold to over 50 stations across the country.

Investments for the Future

More professional management of the company's traditional businesses, coupled with expansion of our existing franchises, should produce substantial growth for many years to come. But new businesses and new technologies offer opportunities for accelerated growth in the future.

Our objective is to identify those ventures that satisfy a marketplace need, are not incompatible with our existing operations and have the potential for financial success of significant proportions.

The company was involved in two such opportunities during 1983. The first is cellular radiotelephones, a newly available technology that vastly expands mobile telephone capacity. The company, in partnership with others, has applied to the Federal Communications Commission for cellular licenses in six of the top 30 U.S. markets and in 14 markets overall.

During 1983 a partnership in which the company has a 20 percent interest was awarded licenses in Washington, D.C. and Baltimore. The Washington-Baltimore cellular systems are now being marketed. In Detroit, the FCC awarded a cellular license to a partnership in which the company has an 18 percent interest. A partnership in which we have a one-sixth interest has been selected by FCC administrative law judges to receive the licenses for Seattle and Portland, although these decisions are being appealed by the other applicants. In addition, we are optimistic that the company will participate in cellular operations in other markets where our applications are pending.

Depending on the timing of license awards, cellular activity may reduce 1984 earnings by as much as 20 cents per share. However, this business should be profitable within three years and has strong growth potential.

Regional pay cable sports programming is a second new opportunity with good potential. Together with our partner, Charles Dolan's Cablevision Program Enterprises, we have become the largest participant in this field.

In July 1983 The Washington Post Company acquired 50 percent of SportsChannel Associates, with Cablevision owning 50 percent. This network serves 330,000 cable and 100,000 STV subscribers in the New York City metropolitan area. SportsChannel features Yankees, Mets, Islanders, Cosmos, Nets and New York Racing Association events.

Also in July the company acquired approximately 25 percent of SportsChannel New England. This network offers Boston Celtics basketball and Hartford Whalers hockey games, as well as many SportsChannel Associates' New York events, to 45,000 subscribers in more than 30 affiliated cable systems in New England and upper New York State. Cablevision also has approximately a 25 percent interest in this operation.

In November the company acquired a 90 percent interest in PRISM, a 24-hour-a-day pay television network. It presents Phillies, 76ers and Flyers sports events, as well as feature films. PRISM serves over 360,000 subscribers in 89 cable systems within a 125-mile radius of Philadelphia. Cablevision Program Enterprises has a 10 percent interest in this venture, with an option to purchase from us an additional 40 percent.

In January 1984 our partnership reached a long-term agreement with SportsVision of Chicago giving us exclusive rights to present on cable television at least 240 sports events per year. These include White Sox, Blackhawks, Bulls and Sting games, as well as events of local collegiate teams. The service is initially available to 13,000 cable subscribers. The Washington Post Company has an 85 percent interest in this venture. Cablevision holds 15 percent, with an option to purchase from us an additional 35 percent.

The company's SportsChannel operations may dilute earnings by as much as 50 cents per share in 1984. However, these operations should become profitable by 1987 and have those characteristics that suggest exceptional potential.

Regional sports channels have secured a loyal and growing audience; people are anxious to follow the home team. As the cabling of major cities is completed, audience size should grow dramatically. Finally, as team costs rise, team owners will need the additional revenue offered by cable networks. All of this points to a business with the potential for major financial rewards.

The Importance of People

The results of the past and the promise of the future make us ever more aware of the importance of people to our success. This year's annual report features several individuals who exemplify the commitment, values and achievements of the thousands of employees who have built this company and will contribute to our continued growth.

A number of management changes occurred in the past year that further strengthened our team.

Alan Perris, who had been president of Post-Newsweek Video, became vice president and general manager of WPLG in Miami.

Guyon Knight, who had been director of corporate communications, was elected a vice president of the company.

Christopher M. Little was named senior vice president/director of administration of Newsweek. He had been publisher of The Herald.

Larry Hanson, who had been executive vice president of The Herald, was appointed The Herald's publisher.

Gerard Smith became senior vice president and associate publisher of Newsweek. He had headed the Los Angeles office of Ogilvy & Mather.

Outlook and an Issue of Concern

The strength of our businesses, their capacity for growth and the encouraging potential of new fields make us confident that The Washington Post Company will have good results again in 1984. We believe the company is well positioned to achieve sustained earnings growth in the years to come.

However, there is an issue of concern that affects not only our future, but the future of all citizens. We refer to growing threats to freedom of the press in this country.

These threats are reflected in considerable public distrust and dislike of the media. They are felt in an alarming rise in the number of libel suits that go to trial, with concomitant heavy legal fees and onerous sums awarded to plaintiffs by trial juries. They are seen in the refusal to allow press coverage of the invasion of Grenada, as well as in recent attempts to limit the Freedom of Information Act, to classify more government documents and to censor the publications of many government officials.

All of these could undermine the ability of the media to do their job—to keep the American public informed about events that mold the future. The potential consequences are severe. If the news media are restricted, so, too, is the ability of people to understand and influence the course of their lives. If freedom of the press is sacrificed, so, too, is the freedom to govern ourselves that Americans have enjoyed for more than 200 years.

We recognize a heightened obligation to be fair, accurate and professional in reporting the news and in correcting our mistakes. At the same time, we are committed to defending First Amendment rights—the rights of people to have the most penetrating and illuminating information we can provide.

Sincerely,

Katharine Graham

Katharine Graham
Chairman of the Board

Richard D. Simmons
President

February 29, 1984

The Washington Post marked the 50th anniversary of its purchase by Eugene Meyer with renewed dedication to the principles he brought to the paper: editorial quality, sound business operations and service to the community.

"Advertising is the lifeblood of a newspaper. I love the challenge and excitement of helping advertisers get the best value for their investment. And, I feel good about representing The Post, where a commitment to quality and service carries through everything we do."

Gloria Pierce
Fashion advertising manager, The Washington Post

In 1933 Eugene Meyer purchased The Washington Post newspaper at a bankruptcy sale on its steps for $825,000. In 1983 The Post marked the 50th anniversary of this event with renewed dedication to those principles which Mr. Meyer brought to the paper: editorial quality, sound business operations and service to the community.

Post Enhances Quality Reporting

The Post strengthened its reporting in several ways. The Metro section stepped up its coverage, with expanded suburban bureaus and nine more columns of news each day. Stories such as Neil Henry's six-part series on migrant farm laborers, "The Black Dispatch," continued The Post's ongoing commitment to in-depth area coverage.

The Virginia Weekly section was expanded from two to three editions, enabling it to be more responsive to the needs of readers and advertisers.

The Post reopened its Beirut bureau, and the foreign and national desks combined to establish a new post in Miami, which also covers the Caribbean and Central America.

The Post won several journalism awards in addition to the Pulitzer Prizes awarded to Loren Jenkins and Loretta Tofani. Reporter Morton Mintz won the Columbia Journalism Award for "singular journalistic performance in the public interest." He was cited for long-term excellence, including his famous reports on the drug thalidomide. Molly Sinclair won the Consumer Federation of America's Consumer Media Award. Post photographers dominated the White House News Photographers' contest, with 12 winners taking 21 of 55 awards.

The Post's readership reflected the investment in quality journalism. A study conducted by The George Washington University and published in the Washington Journalism Review, for example, showed that U.S. Senators and Representatives are four times as dependent for news on The Washington Post as they are on the next most important source. The survey also showed that Congressional staffs spend much more time with The Post than with any other news source. Those surveyed spend an average of over 31 minutes daily with The Post, followed by the CBS Evening News (13 minutes), the New York Times (12 minutes) and the Wall Street Journal (11 minutes).

Marketing Effort Intensified

The Post's marketing effort was intensified to capitalize on the paper's readership, not only in Congress but throughout the Washington market. The Post reaches 56 percent of all area households daily and 71 percent on Sunday—the highest penetration of any major-market newspaper in the country.

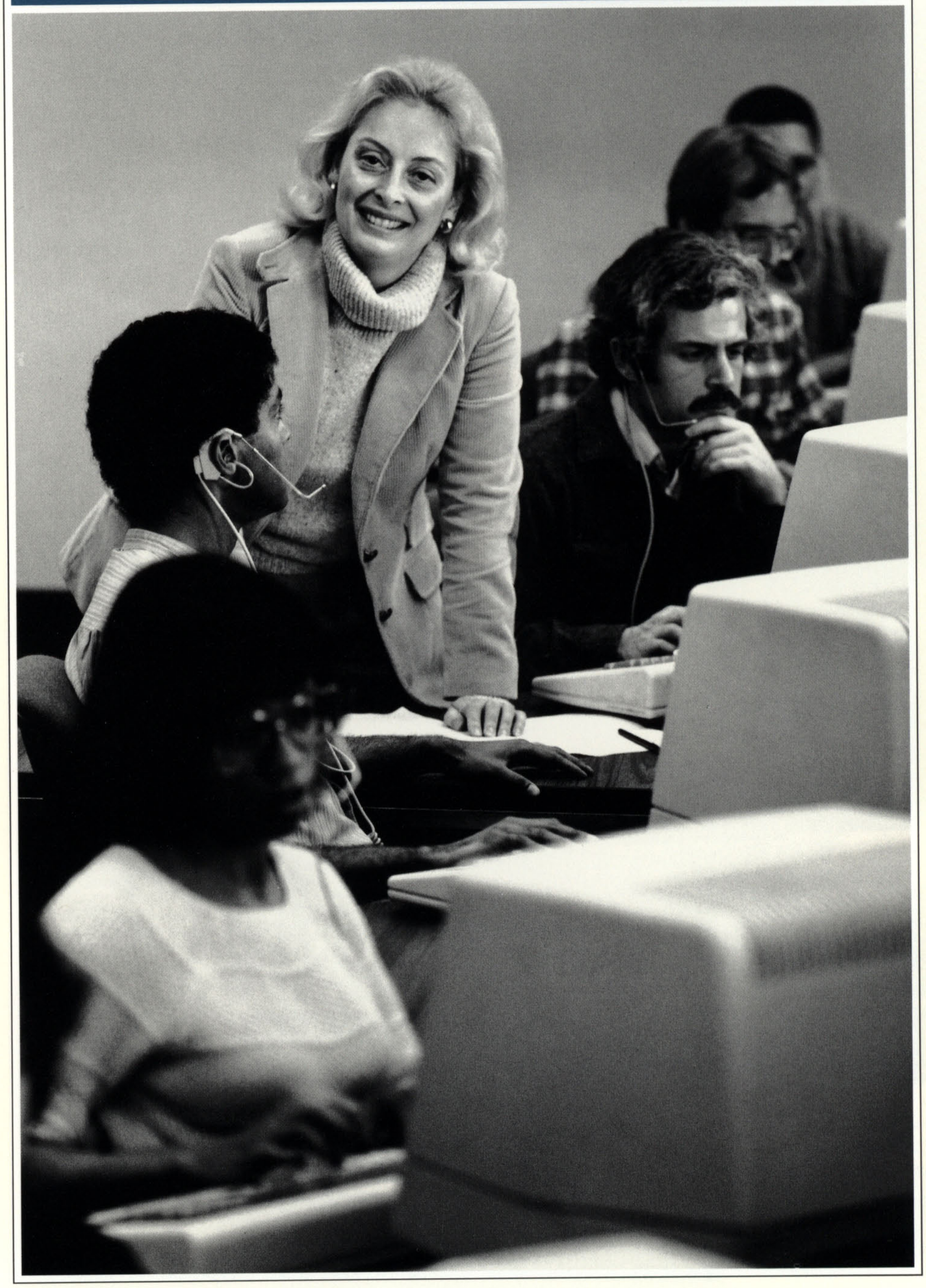
To complement this penetration, a substantial improvement was made in the Post Plus total market coverage program, which combines in-paper distribution of preprints with saturation or target mailings to non-subscribers. Updates of non-subscriber lists are now made at least once a week, compared with once a year under the old program. In addition to individual mailings, The Post began to offer shared mailings for all of the Washington market.

Also introduced was an innovative program of consumer and shopper attitude research for the benefit of advertisers in several categories of business served by The Post.

"The work that we do in the pressroom reflects on the company as a whole; therefore, our standards must be high. We do our job with a lot of pride."

Luis Lazzo
Northwest plant pressroom superintendent, The Washington Post


Now you can really play around.



"For an organization to be strong its people must be involved. Then they perform better and good things happen—to them and to the organization."

Natalie Panetti
Manager of employment and affirmative action, The Washington Post

"Classified ads are a miniature marketplace in a community, providing a forum for buyers and sellers to communicate with each other. They are sensitive indicators of economic trends. And they are good business for The Herald."

David Johnson
Classified advertising manager, The Herald

"The Style section aims to be a different kind of window on Washington, with a clear-eyed view of people, politics, the arts and the social scene. In effect, our staff puts out a fine magazine—only this magazine appears on doorsteps every morning, inside The Post."

Mary Hadar
Assistant managing editor, Style, The Washington Post

In addition, the number of presentations and promotion materials for both circulation and advertising was increased. These included, for the first time, a series of customized audiovisual presentations for the retail, national, corporate and automotive advertising categories.

The Post will convert its advertising format to six columns from nine in July 1984. At the same time, measurement of display advertising space will be changed from agate lines to inches. These changes are part of a program to standardize advertising units throughout the newspaper industry, sponsored by the American Newspaper Publishers Association and the National Advertising Bureau. Standard advertising units will reduce production costs for multi-newspaper advertisers as well as eliminate confusion brought on by column widths that vary from newspaper to newspaper. The new format will simplify the process of buying advertising space and will result in an easier-to-read page.

In connection with the new format, presses will be adjusted to enable them to accept smaller, 55-inch newsprint rolls. Currently, newsprint rolls are 56 inches wide. The change will produce savings in newsprint costs.

National Weekly Makes Debut

With the launch of The Washington Post National Weekly edition on November 7, The Post brought its quality reporting to a nationwide audience.

Response from readers indicates great enthusiasm for The Weekly's compact but in-depth coverage of government, politics, the economy and diplomatic affairs. The Weekly also features articles and editorials by Post writers and cartoons by Herblock and others.

A survey of charter subscribers showed that 82 percent have college degrees; 72 percent are employed in professional, technical, managerial or administrative positions, 83 percent have household incomes above $25,000 and 20 percent have household incomes of $75,000. This profile is of great appeal to advertisers. The first issue carried 18 pages of ads, and the outlook remains good.

The Weekly is printed at The Post's Springfield plant, which installed special equipment to handle its printing requirements.

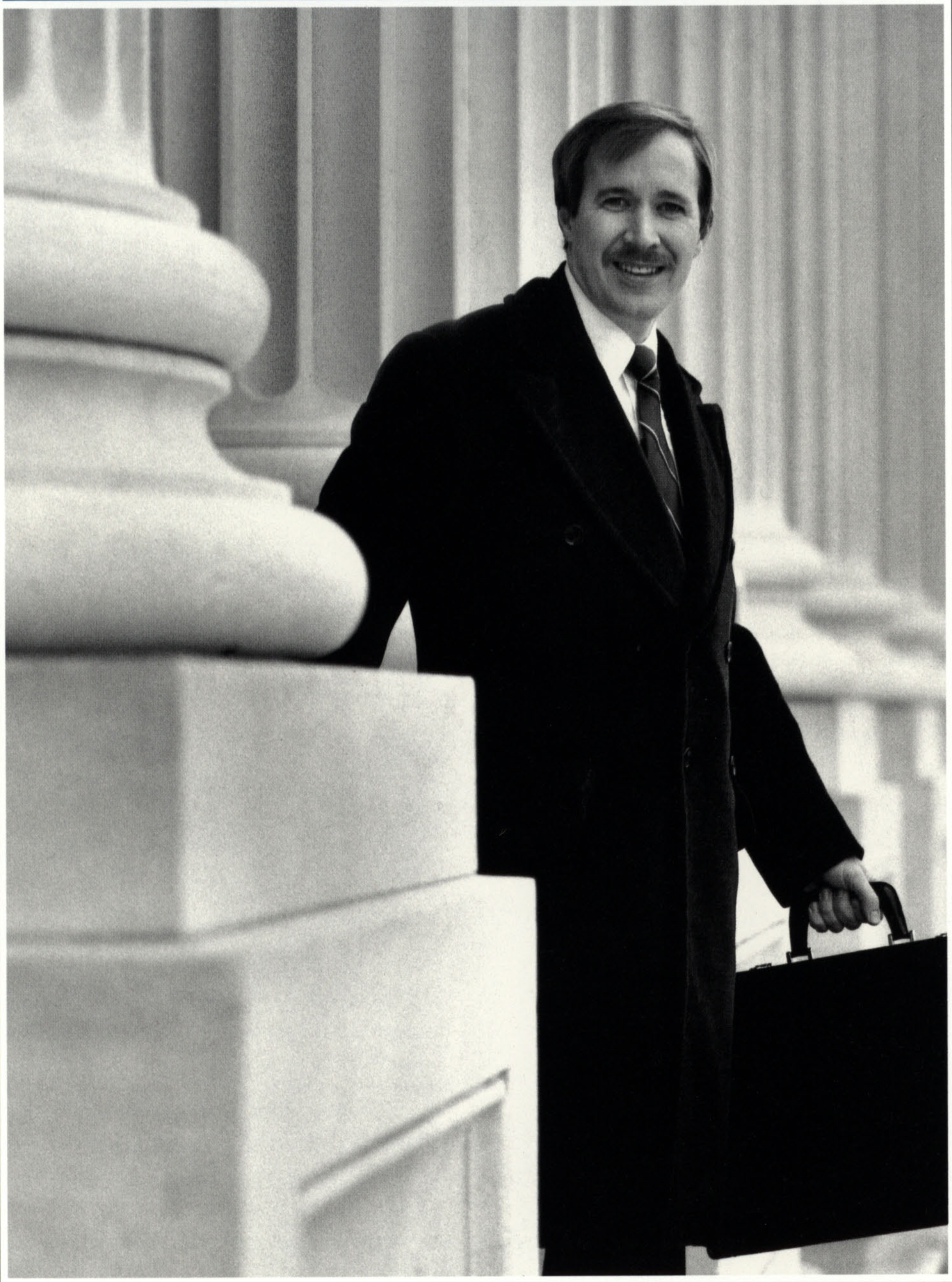
Post Improves Production and Service

Other production and service innovations were made during the year as well. At The Post's Northwest plant, three older presses were modified to enable them to produce a 128-page paper, permitting larger editions of The Post to be printed during the heavy pre-Christmas advertising period.

Now in its second year of operation, the Technical Services Department took over maintenance of 12 major computer systems resulting in considerable savings in maintenance costs. Among the systems maintained are the Ray-edit News and Advance News systems and the Classified and Circulation systems introduced in 1982.

New Community Programs Introduced

Recognizing that community service underlies its success, The Post established two programs to mark the 50th anniversary of Eugene Meyer's purchase of the paper. One was the Agnes E. Meyer Outstanding Teacher Awards, named after Eugene Meyer's wife. These salute outstanding teachers in each of the 12 school jurisdictions in The Post's area of circulation. The awards reflect Mrs. Meyer's long commitment to public education. Also instituted were The Washington Post Grants in Education. These fund small, imaginative programs devised by teachers for classroom use.



"Legi-Slate does two things for subscribers: it relieves them of an enormous amount of clerical work and gives them capabilities to use information in ways they never dreamed of before. That's the essence of database publishing."

Bob Hanson
Vice president, marketing, Legi-Slate

To honor valued employees who represent the principles espoused by Mr. Meyer, The Post also established the Eugene Meyer Awards. The first winners were circulation director Frank Manzon, diplomatic reporter Murrey Marder, advertising sales representative Neal Shelby and chief electrician Pat Taylor.

Herald Makes Progress Despite Local Economy

The Herald responded to the still-lagging local economy by continuing its cost-control efforts. At the same time, the paper increased both circulation and street sales and enhanced its editorial product.

To cover more effectively the leisure pursuits and lifestyles of its readers, The Herald initiated a new section, called NW Life. The Herald also responded creatively to national stories with particular local significance.

One was the death of Washington Senator Henry (Scoop) Jackson. A native of Everett and former Herald newsboy, Senator Jackson had a major impact on the community. The Herald covered his death by publishing two special sections within one week, one of which appeared within a few hours of his death.

The Herald received many awards during the year. These reflected not only the quality of the news product, but other aspects of the paper. Reporter Don Colburn was a runner-up for a Pulitzer Prize in the features category. The Herald received 15 awards for excellence from the Society of Newspaper Design, and five awards from the International Newspaper Promotion Association.

The newspaper's program of employing handicapped students from the Everett school district was honored with the top award from the National Association for Vocational Education Special Needs Personnel.

Legi-Slate Continues to Expand

During 1983 Legi-Slate refined its services, enabling it to capitalize further on the company's franchise to provide information on Washington and the Federal government. With a database updated daily, Legi-Slate offers users information that can be tailored to fit their specific needs.

Legi-Slate added sales staff to respond to increasing demand for its product and service staff to meet the needs of its customers, which include several hundred trade and political organizations, corporate government affairs officers, lobbyists, political action committees, as well as Federal, state and local governments.

The data entry department was upgraded with the installation of personal computer work stations, allowing for maximum flexibility and faster data input. The basic product was enhanced throughout the year by the development of new kinds of reports for users, the offering of more detailed legislative and regulatory information and the provision of comprehensive training to customers. All of these will allow Legi-Slate to increase the number of its customers and enlarge its already massive database.

NEWSWEEK

Newsweek celebrated the 50th anniversary of its founding with continued leadership in providing news and analysis to a growing audience around the world. Revenue and profits increased.

"Newsweek readers are active, intelligent, concerned people. They have come to expect—and they deserve—the kind of hard reporting, thoughtful writing and fair analysis that will help them make sense of the world each week."

Rick Smith
Editor-in-chief, Newsweek

Newsweek also celebrated a golden anniversary in 1983—the 50th anniversary of its founding in 1933. The magazine marked five decades of progress in several ways.

Newsweek produced a successful special issue, "The American Dream," which viewed the past 50 years through the lives of five families in Springfield, Ohio.

More than 2,500 newsmakers, advertisers and staff attended a birthday party at Lincoln Center in New York. Guests of honor were First Lady Nancy Reagan and former President Jimmy Carter and Mrs. Carter. The program included remarks by Art Buchwald, Meg Greenfield, Vernon Jordan, Henry Kissinger, George Will and others.

A videotaped edition of this program was subsequently shown to newsmakers and advertisers at celebrations in six cities across the country.

Newsweek International staged a worldwide teleconference featuring an exclusive speech by President Reagan on the economy and international affairs. The President's remarks were broadcast simultaneously by satellite to 700 key business and government leaders assembled by Newsweek International in Washington, London, Zurich and Tokyo. Following the President's address, a panel of Newsweek editors and correspondents fielded questions from the worldwide audience.

More important than these special events, Newsweek continued its leadership in providing news and analysis on a weekly basis to a growing audience around the world.

The magazine's comprehensive coverage of the Soviet downing of a Korean jetliner on September 1, 1983, was one example of quality journalism. Another was Newsweek's perceptive examination of capital punishment in a cover story on J.D. Autry's journey from childhood to a Texas prison's death row. Perhaps most illustrative of the magazine's spirit was Newsweek's fast response and in-depth reporting of the suicide-truck attack on the U.S. Marine compound in Beirut.

Word of the attack came shortly after midnight on Sunday, October 23. By 5:00 a.m. the decision was made to make this tragedy the new cover story. By noon the new cover was being transmitted by satellite to Newsweek's printing plants, and by 4:00 p.m. the presses were rolling. As a result, 70 percent of Newsweek's pressrun had the new cover story, and it was available in virtually all parts of the world on Monday.

Quality reporting brought Newsweek several important journalism awards in 1983. The Overseas Press Club gave Newsweek the Mary Hemingway Award for best magazine reporting from abroad for its Mideast reporting. Newsweek won the National Press Club's Edwin M. Hood Award for diplomatic reporting for "The Secret War in Nicaragua." This 1982 cover story revealed for the first time covert U.S. support for anti-Sandinista forces. Newsweek photographer Wally McNamee was named Photographer of the Year by the White House News Photographers' Association.

Business Performance Reflects Quality Journalism

Newsweek's business performance reflects the magazine's journalistic success. The domestic rate base increased in January 1984 by 1.7 percent to 3 million. To expand reader awareness, Newsweek launched a new multimillion-dollar consumer

"When you get right down to it, selling is an idea business, and sound marketing ideas bring in pages. The Newsweek sales staff tries to understand thoroughly our clients' objectives. Then we use all our resources to help them market their products."

Nick Friese
Central sales director, Chicago, Newsweek

"There's a lasting quality to print, a durability which other media cannot offer. That's why we in manufacturing and distribution take such pride in doing what we do—delivering the magazine to nearly three million mailboxes 52 times a year."

Angelo Rivello
Vice president, manufacturing and distribution, Newsweek

"The arts are an important part of the news—
and an important part of life itself—for more and more
Americans. At Newsweek, our job is to be as bright,
lively, and serious as the arts we cover."

Annalyn Swan
Senior editor, cultural sections, Newsweek

"Newsweek International strives to meet the diverse needs of advertisers and readers in 190 countries. My job involves a quarter million miles in airplanes each year, going to where our business is. Fortunately, the rewards are as great as the challenges."

Howard Smith
President, Newsweek International

promotion campaign in September. Television commercials were aimed primarily at a target market of baby-boom-generation readers for whom Newsweek had been particularly important in the late 1960s and early 1970s.

Recognizing that some traditional print advertisers are changing their strategies, Newsweek is focusing on other categories of advertisers with particular potential. These include automotive, financial services, business products, mass marketers and upscale consumer products. Results of the new marketing focus have been good. Corvette, for example, was one of several advertisers to run exclusive advertising specials in Newsweek during 1983.

Waldenbooks, the nation's largest book retailer, placed a total of 92 advertising pages in six issues of Newsweek between August 1983 and January 1984. This is the largest single advertising agreement in Newsweek's history and one of the biggest ad campaigns ever committed to a weekly magazine. Waldenbooks used the multiple-page inserts as centerpieces for a six-month retail and direct mail marketing program.

In addition, 15 special advertising supplements appeared in the national edition or in one of Newsweek's regional or demographic editions during 1983. These supplements were written by acknowledged experts in their fields and offered advertisers a special showcase for their products and services. Areas covered included travel, finance, insurance and office automation.

Newsweek continued to benefit from advanced technology. A new computerized writer-editor system will be installed during the first quarter of 1984. A telecommunications group has been established to maintain state-of-the-art capabilities in this area.

Newsweek Expands Outside United States

The magazine also took steps to expand its marketplace outside the U.S. An agreement was reached that enables Newsweek to print its domestic edition in Canada. As a result, readers will get their copies sooner. Canadian circulation, now at 60,000, is expected to grow.

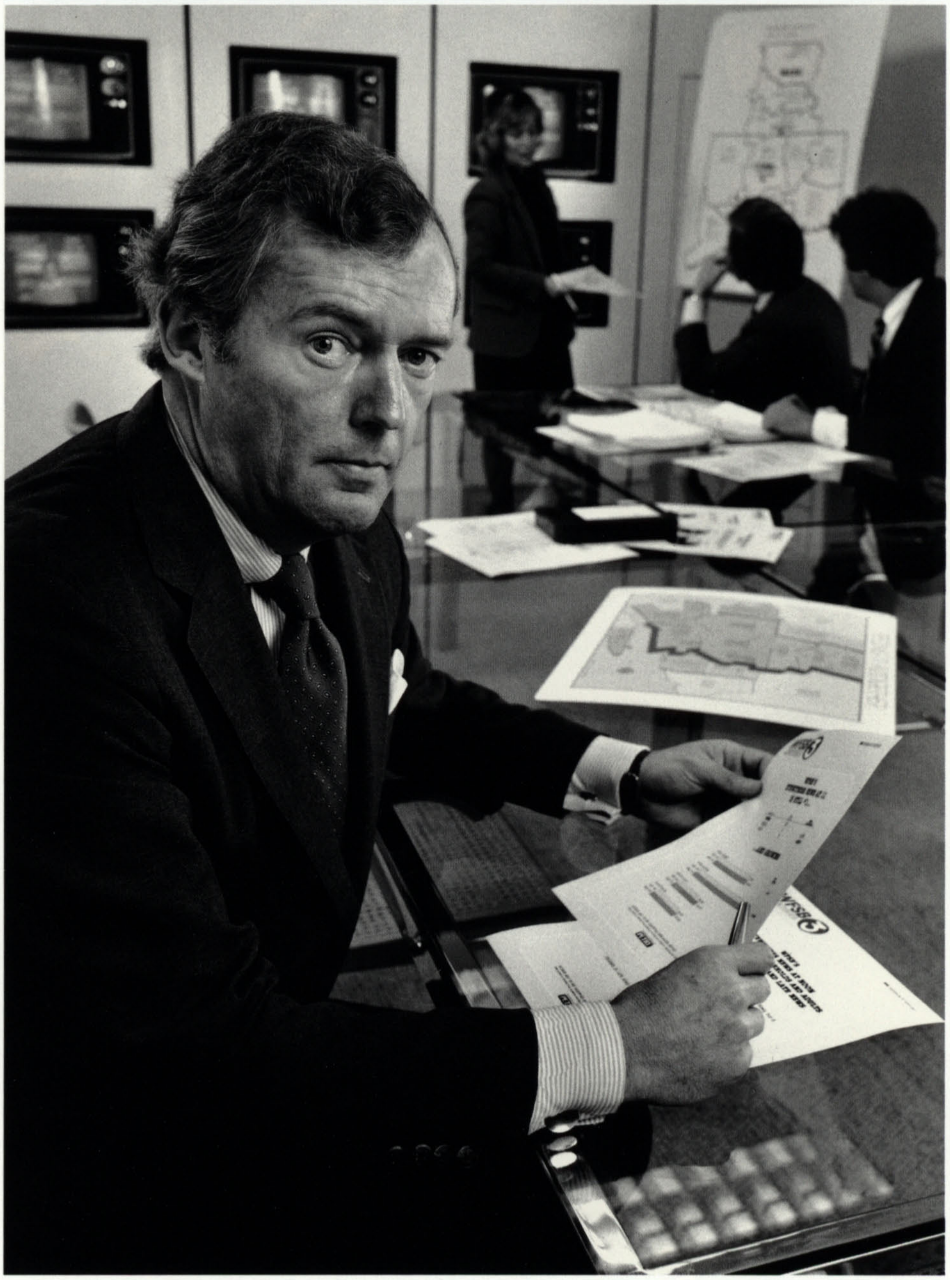
The Atlantic edition of Newsweek International had record revenue and operating income. The Latin America edition showed improvement in financial results, despite depressed economic conditions. The Pacific edition posted record revenues in 1983 and continued to increase its circulation in Southeast Asia, one of the fastest growing markets in the world.

Key factors in Newsweek International's successful year were two 12-page worldwide advertising insertions committed exclusively to Newsweek International by Nissan and the Saudi Arabian government.

Special emphasis was given during the year to those markets with exceptional potential. For example, a new regional editor was added to help provide more coverage of Europe for Europeans.

Newsweek International also showed editorial leadership with reporting and analysis of several stories on an exclusive basis. Such cover stories offered the first truly comprehensive preview of the Euromissile crisis, explored the emerging crisis of socialism in northern Europe, called attention to the surprising extent of child labor and its abuses worldwide and detailed how China is turning away from Lenin's dogma.

Strong marketing efforts and major investments in high-quality broadcast operations produced the revenue and income gains achieved by Post-Newsweek Stations. News programming showed exceptional strength.



"At WFSB, we recognize that our clients need more from us than air time. We know our market well, and we translate that knowledge into marketing philosophies and strategies that best meet our advertisers' needs."

Mike Dorsey
Vice president, sales and marketing, WFSB

Behind the revenue and earnings gains achieved by Post-Newsweek Stations in 1983 lie a strong marketing effort and major investments in high-quality broadcast operations. News programming, in particular, showed exceptional strength. Each station enhanced its position as the reference point for local news and public affairs information in its market.

WDIV Continues To Progress

Despite a more competitive environment, WDIV, our NBC affiliate in Detroit, maintained its solid number two position in weekday early and late news. The station changed its noon news to "12 O'Clock Live," a new one-hour newsmagazine program, and improved its competitive position in the market by adding more specialized substantive reporting with regular medical, economic and investigative features.

Continuing its tradition of quality programming, WDIV produced and presented programs throughout the year that addressed issues of local and national concern. "Target 4 Action," for example, is an on-going WDIV programming concept engaging all station resources to address critical issues in the community. This year's focus was "Drugs and Alcohol," aimed to motivate community groups and individuals to tackle the problems of drug and alcohol abuse. These were addressed not only on regularly scheduled programs, but also in a special news series, editorials, public service announcements and three Target 4 Action specials.

"Sonya," WDIV's entertainment/talk show, won a local Emmy for the second year in a row as the best daily interview discussion program. "Sonya" also airs nationally on the USA Cable Network.

Another Emmy award winner, "A Gift for Serena," focused on efforts to provide Serena Ecarius, a child born with cerebral palsy, with an electronic voice synthesizer to help her communicate. This documentary received an Alfred I. duPont-Columbia University citation for excellence.

WDIV received five awards from the UPI Michigan Broadcast Awards Competition. The station swept the local Emmys, receiving 15 awards, more than any other station in the city.

Completion and dedication of a new station building improved WDIV's technical capabilities and enabled the station to take advantage of production opportunities. The $13.5 million facility features state-of-the-art equipment, as well as two large and several small studios. The new building—the only television broadcasting facility in downtown Detroit—also enhanced WDIV's community presence.

Continuing its active involvement in the community, WDIV sponsored "Black Folk Art in America: 1930-1980" at the Detroit Institute of Art. In conjunction with the exhibit, WDIV produced a half-hour program entitled "Visions in Bubblegum, Canvas and Stone."

WPLG Remains Number One

WPLG, our ABC affiliate in Miami, maintained its number one position in the market from sign-on to sign-off, according to Nielsen ratings. News operations were particularly strong. More people in the Miami area get their news from WPLG than from any other station.

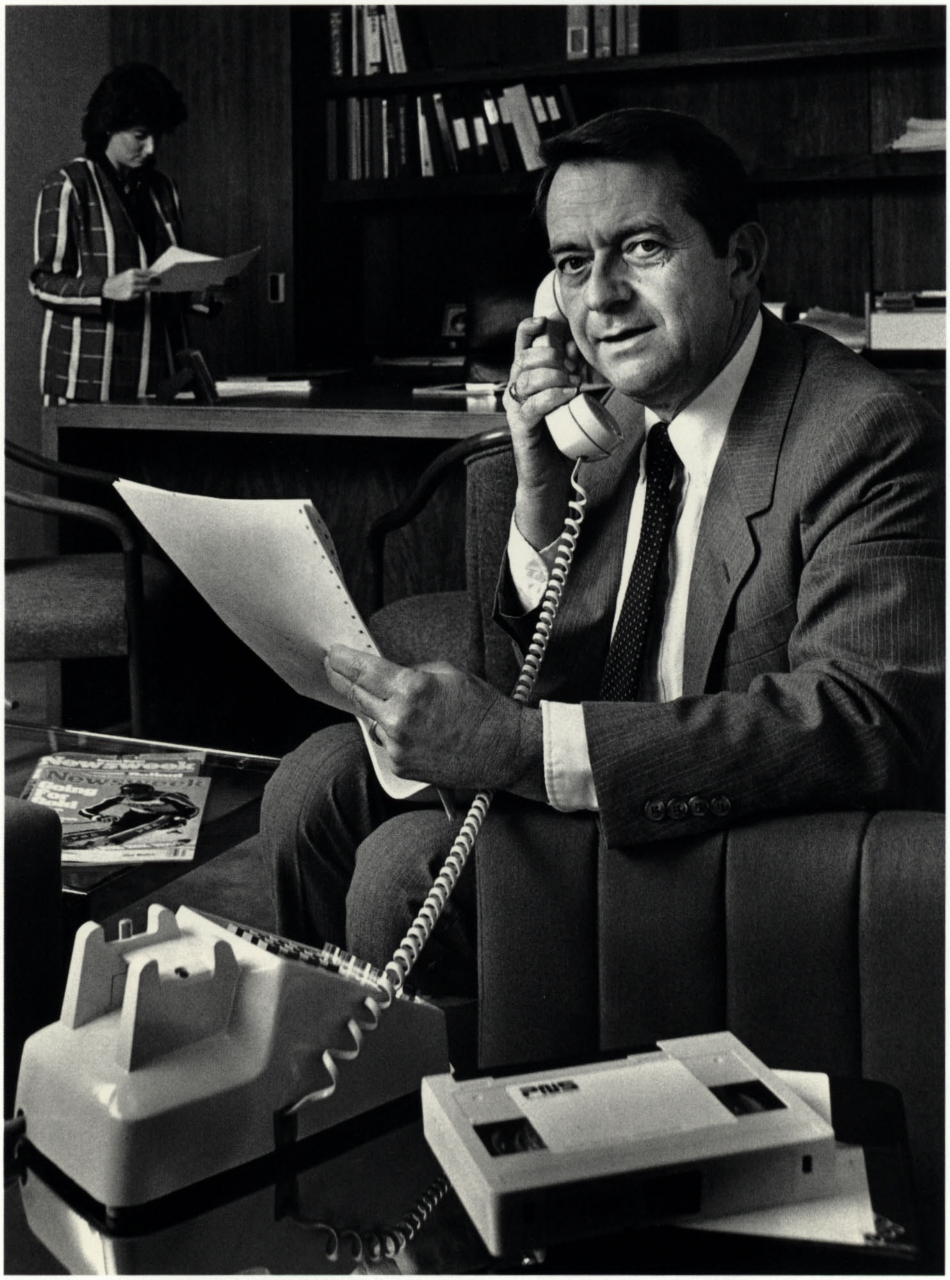
For the fourth consecutive year, the station was number one in late news. WPLG surpassed the competition to take the lead at 5:30 p.m. and came within one point of the leader at 6:00 p.m.

WPLG increased its use of satellites in order to get the news from remote places and bring it close to home. Coverage of the invasion of Grenada was just one of the stories enhanced by this greater reliance on satellites.

Representative of WPLG's commitment to high-quality programming with a significant local bent was a special seven-part series on the impact of Cuba's revolution on south Florida. In a separate three-part exclusive series, "Same Fight, New

"We work hard to respond to our viewers' needs and we are constantly looking for new and better ways to present the news. We want to be all of these things—compelling and comprehensive, easily understood and enlightening, instructive and interesting."

Robert Warfield
News director, WDIV



"In an industry changing as rapidly as broadcasting, it's important to remember that success won't depend on new technologies as much as on dedicated, talented people eager for opportunities and excited about what they do. That pretty well describes our team at PNS."

Gordon King
Executive vice president, Post-Newsweek Stations

"Making sure that all the right elements come together at air time to give the viewer a quality product is what operations is all about. What's great about working at WPLG is that everyone, from the stars to those who work behind the scenes, shares one goal: to be the best."

Mirtha Orue Muller
Operations manager, WPLG

"At a time when many stations and networks are cutting back on in-depth programs and documentaries, we are very fortunate to belong to a company that recognizes that quality programming makes good business sense."

Robbie Gordon
Director of documentaries and special projects, WJXT


NO SMOKING
EATING OR DRINKING

Front," reporter Ileana Bravo focused on Cuban exiles now living in south Florida who are working behind the scenes to support the efforts of the anti-Sandinista guerillas in Nicaragua.

WPLG also expanded its coverage of health and medicine and established south Florida's first unit to cover the subject comprehensively.

Indicative of the success of its programs, WPLG swept the Florida Emmy competition, garnering 18 Emmys in nine categories, more than any other station in Florida. Two series, "Arming the Americas" and "The Colombian Drug Wars," won Sigma Delta Chi Green Eyeshade awards for excellence. WPLG received best documentary, best investigative reporting and first place-spot news awards from the Florida Associated Press Broadcasters' competition.

WJXT Also Posts Gains

WJXT, our CBS affiliate in Jacksonville, also posted another record year, not only in increased operating revenue and income but in high-quality programming and improvements in ratings and share.

The November 1983 ratings books marked the fifth straight survey period in which WJXT's total share of audience was number one in the United States for markets with five or more commercial stations. This achievement was made despite increasing cable penetration and two independent stations in the market.

WJXT's early fringe lineup rose by nine points in the November Arbitron ratings compared with levels of a year ago. Eyewitness News at 6:00 p.m. gained four share points.

Contributing to its ability to get the news out quickly and accurately, WJXT became one of only a few stations in the country to completely computerize its news-gathering support operations.

Reflecting the station's successful year were WJXT's seven Florida Emmy nominations and five Emmy awards. "Comin' Home," a promotional series on community lifestyles and the beauty of the north Florida/south Georgia region, was the only promotion campaign in the state to receive an Emmy.

Four of the Emmys were awarded for WJXT's documentary "Wards of the Street," which focused on teenage runaways. The documentary also received the George Washington Honor Medal for Excellence from the Freedoms Foundation and CINE's Golden Eagle Award. In addition to its journalistic distinction, the program was a ratings success.

WFSB Competes Successfully in Crowded Market

WFSB, Post-Newsweek's CBS affiliate in Hartford, continued to meet the unique challenges of its market: heavy cable penetration and over-the-air competition from Boston and New York, plus a diverse audience extending in a corridor north from Hartford to Springfield, Massachusetts, and south to New Haven.

A new on-the-air look, including a new news set and live bureau reports from New Haven, Waterbury and Springfield, contributed to WFSB's news leadership.

Eyewitness News at Noon further increased its lead over the competition, showing a rating higher than the other three stations combined.

Eyewitness News at 5:30 p.m. experienced the greatest gain. Eyewitness News at 6:00 p.m. pulled further away from the competition by adding 20,000 adults aged 18 to 49 to its viewing audience. In late news, WFSB maintained a substantial lead over the competition and was the only station in the market to post an increase in share.

To better serve its audience and increase its news-gathering capabilities, WFSB became a part of the New England News Exchange, an association of five newspapers and three regional television stations. Under the new arrangement, WFSB will share resources with the five papers and with CBS affiliates in Boston and Providence and will have the ability to broadcast live from nearly anywhere in the entire New England area.

Responding to the exceptionally high infant death rates in southern New England cities, WFSB undertook a total-station campaign to educate viewers and motivate the people of the region to reduce infant mortality. The project, "Babies Shouldn't Die," consisted of news reports, editorials, a documentary and a series of public service announcements. It won for WFSB several awards and resulted in legislation and state appropriations to attack the problem.

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

Results of Operations

In each of the last three years, sales of newspaper, magazine and television advertising have accounted for approximately 75 percent of the company's operating revenues, with approximately 23 percent derived from newspaper and magazine circulation. During 1981 and to a lesser extent during 1982, however, several events took place which affect the comparison of those years' operating results with the preceding and succeeding years. The closing of the Washington Star in August 1981 resulted in substantially greater Washington Post circulation, increasing expenses in 1981 and revenues and expenses in 1982; a loss from the sale of several unprofitable businesses in 1981 adversely affected income for that year; and a gain from the sale in 1982 of a minority interest in an electronic photocomposition company increased that year's net income. These and other factors noted below should be borne in mind when comparing revenues, expenses, income from operations and net income for the last three years.

Total operating revenues increased by $47 million (6 percent) in 1982, despite the loss of $23 million in revenues due to the sales in late 1981 of the Trenton Times newspaper and Inside Sports magazine, and by $77 million (10 percent) in 1983. Advertising revenues increased in 1982 by $38 million (7 percent) reflecting higher rates that were offset to a large degree by the absence of the advertising revenues of the Trenton Times and Inside Sports, by a 1.5 percent decline in total advertising linage at The Washington Post and by an 8 percent decline in the number of advertising pages carried in Newsweek's domestic edition. In 1983 advertising revenue increased $70 million (12 percent) as a result of higher rates in each of the company's operating divisions and a recovery in the volume of advertising. Total advertising linage at The Washington Post increased 3 percent, with a particularly strong recovery in classified advertising lines, and total advertising pages in Newsweek's domestic edition increased 4 percent. Circulation revenues increased $9 million (5 percent) in 1982 and $6 million (3 percent) in 1983. In 1982 the increase was due to higher rates and substantially increased circulation at The Washington Post that were partially offset by the absence of $10 million of circulation revenues of the Trenton Times and Inside Sports. The increase in 1983 was largely the result of higher rates and to a lesser extent a 2.5 percent increase in Sunday circulation at The Washington Post.

Operating costs and expenses increased just $15 million in 1982, although the increase would have been $51 million (8 percent) if the $36 million of costs and expenses related to the Trenton Times and Inside Sports were eliminated from the 1981 base. The increase reflected increased circulation costs and higher costs of wages and services. Material costs, principally newsprint and magazine paper, remained relatively stable in 1982. Operating costs and expenses increased $43 million (6 percent) in 1983 due largely to higher costs of wages and related benefits. Newsprint and magazine paper prices declined or showed little increase throughout most of 1983, although price increases were announced late in the year.

Income from operations increased $32 million (49 percent) in 1982 and $34 million (35 percent) in 1983. The improvement in 1982 was due in part to the sales in 1981 of the Trenton Times and Inside Sports, which had incurred a combined operating loss of $13 million in that year. The newspaper division's operating margin, after adjusting for the sale of the Trenton Times, increased from 9 percent in 1981 to 14 percent in 1982 to 17 percent in 1983, reflecting higher revenues at The Washington Post and only moderate increases in costs and expenses during those years. After similarly adjusting for the sale of Inside Sports, the magazine division's operating margin declined from 9 percent in 1981 to 5 percent in 1982 because of a decline in advertising pages and the associated loss of revenues; the operating margin remained at 5 percent in 1983 as increased costs and expenses kept pace with the increased revenues associated with the increased number of pages. The broadcast division's operating margin increased from 23 percent in 1981 to 28 percent in 1982 to 33 percent in 1983, reflecting continuing improved performances at all four television stations.

The company's share in the earnings of its affiliates increased by $.3 million in 1982 but then declined by $4.2 million in 1983. The small increase in 1982 reflected continued improvement in the results of operations of Bear Island Paper Company, the company's one-third owned affiliate which constructed and operates a newsprint mill which began production in late 1979. The combination of a decline in newsprint prices in late 1982 and a cutback in operations due to major renovations at Bowater Mersey Paper Company Limited, the company's 49 percent owned affiliate which operates a newsprint mill, caused the company's share of earnings of its newsprint mill affiliates to decline $1.9 million in 1983. In addition, the company's share of losses of its sports programming affiliates, acquired during 1983 as discussed in Note B of the Notes to Consolidated Financial Statements, was $2.3 million.

During 1981 and most of 1982 the company was active in the short-term borrowing market, principally commercial paper, in order to finance a series of significant corporate expenditures noted under "Financial Condition" below. Then, in the fourth quarter of 1982, the company repaid the balance of its short-term borrowings and began accumulating cash, resulting in an increase in interest income of $.8 million in 1982 and $4.2 million in 1983. Interest costs before capitalization of interest on borrowings associated with construction projects were $5.7 million in 1981 and $3.1 million in 1982, reflecting the borrowings made during the periods; interest expense for 1983 was $2.7 million, which included $.9 million related to adjustment of prior years' Federal income tax returns.

Other income and expenses included in 1981 a nonrecurring loss of $3.4 million related to the sales of the Trenton Times, Inside Sports and a television sales company, and in 1982 a nonrecurring gain of $2 million related to the sale of the company's interest in an electronic photocomposition company.

In 1982 net income increased $19.7 million (60 percent) due in part to the disposition of the unprofitable businesses sold in 1981 and a $1.1 million after-tax gain on the sale of the company's interest in an affiliate, as previously discussed. In 1983 net income increased $16 million (30 percent). Earnings for 1982 would have increased 22 percent over the preceding year if the operating and capital losses from businesses sold in 1981 and the gain from the property sold in 1982 were eliminated.

Financial Condition: Capital Resources and Liquidity

During the period 1981 through 1983 the company expended approximately $150 million on various capital programs, principally the construction and purchase of additional plant and equipment and investment in new businesses. The timing of certain of these expenditures made it necessary to supplement internally generated funds with short-term borrowings, principally from the sale of commercial paper supported by the company's $75 million revolving credit agreement with a group of banks. At the end of 1981 the company had outstanding short-term borrowings of $24 million. During 1982 the company repaid the balance of its outstanding short-term borrowings, and in the fourth quarter began to accumulate cash. At the end of 1982 and 1983 the company had cash and temporary cash investments of $40 million and $69 million, respectively. Outstanding long-term debt at January 1, 1984 was $8.5 million.

During 1984 and 1985 the company expects to expend a total of about $90 million for capital plant and equipment, and to fund such expenditures with cash flow from operations. The company also expects to invest additional amounts in new business ventures during the next few years. As discussed in Note B of the Notes to Consolidated Financial Statements, during 1983 the company invested in several sports programming ventures. These businesses are expected to operate at a loss at least through 1986, during which period the company expects to invest additional amounts in these as well as additional sports programming operations. Also, as discussed in Note I, partnerships in which the company has interests were awarded licenses to construct and operate cellular radiotelephone systems in three markets. The outcome of eleven other applications to which the company is a party has not yet been decided and, accordingly, the company's total financial commitment with respect to the cellular radiotelephone systems cannot be estimated. The company's present financial commitments with respect to its new business ventures will have no significant effect on its financial position and are expected to be financed through the use of accumulated cash. Any further financial commitments that may result from entry into additional ventures will be financed to the extent possible through the use of accumulated cash and cash flow from operations and, if necessary, through borrowings.

CONSOLIDATED STATEMENTS OF INCOME

(In thousands, except share amounts)	Fiscal Year Ended January 1, 1984	Fiscal Year Ended January 2, 1983	Fiscal Year Ended January 3, 1982
Operating Revenues			
Advertising	$659,896	$590,173	$551,985
Circulation	201,706	195,996	187,465
Other	16,112	14,655	13,997
	877,714	800,824	753,447
Operating Costs and Expenses			
Operating	542,555	521,069	509,005
Selling, general and administrative	180,451	161,615	160,509
Depreciation and amortization of property, plant and equipment	20,080	18,837	16,704
Amortization of goodwill and other intangibles	2,213	1,197	1,515
	745,299	702,718	687,733
Income from Operations	132,415	98,106	65,714
Equity in earnings of affiliates	399	4,651	4,406
Interest income	6,101	1,865	1,067
Interest expense, net of capitalized interest of $883 in 1982 and $349 in 1981	(2,725)	(2,223)	(5,360)
Other income (expense), net	(1,571)	1,160	(3,359)
Income before Income Taxes	134,619	103,559	62,468
Provision for Income Taxes	66,225	51,146	29,758
Net Income	$ 68,394	$ 52,413	$ 32,710
Earnings per Share	$4.82	$3.70	$2.32

The information on pages 44 through 53 is an integral part of the financial statements.

CONSOLIDATED BALANCE SHEETS

(In thousands, except share amounts)	January 1, 1984	January 2, 1983
ASSETS		
Current Assets		
Cash and temporary cash investments	$ 68,767	$ 40,282
Accounts receivable, less estimated returns, doubtful accounts and allowances of $16,746 and $11,515	92,744	90,750
Inventories at lower of cost or market	11,694	22,051
Prepaid film rights	9,333	8,720
Other current assets	8,078	8,855
	190,616	170,658
Investments in Affiliates	83,025	39,365
Property, Plant and Equipment		
Buildings	90,880	88,493
Machinery, equipment and fixtures	158,442	147,259
Leasehold improvements	13,856	11,256
	263,178	247,008
Less accumulated depreciation and amortization	(103,244)	(86,033)
	159,934	160,975
Land	14,175	14,172
Construction in progress	7,224	6,835
	181,333	181,982
Goodwill and Other Intangibles, less accumulated amortization of $10,549 and $8,336	79,089	77,607
Deferred Charges and Other Assets	36,613	31,611
	$570,676	$501,223

The information on pages 44 through 53 is an integral part of the financial statements.

(In thousands, except share amounts)	January 1, 1984	January 2, 1983
LIABILITIES AND SHAREHOLDERS' EQUITY		
Current Liabilities		
Accounts payable and accrued liabilities	$ 86,729	$ 86,984
Federal and state income taxes	16,791	19,082
Current portion of long-term debt and note payable	5,250	2,250
	108,770	108,316
Other Liabilities	39,166	30,410
Long-Term Debt	8,500	10,750
Deferred Subscription Revenue	65,988	64,551
Deferred Income Taxes	29,362	28,353
	251,786	242,380
Shareholders' Equity		
Preferred stock, $1 par value, authorized 1,000,000 shares	—	—
Common stock		
Class A common stock, $1 par value, authorized 7,000,000 shares; 2,748,382 shares issued and outstanding	2,748	2,748
Class B common stock, $1 par value, authorized 40,000,000 shares; 17,251,618 shares issued; 11,423,117 and 11,383,835 shares outstanding	17,252	17,252
Capital in excess of par value	4,437	3,119
Retained earnings	373,871	314,829
Cumulative foreign currency translation adjustment	(2,858)	(2,029)
Cost of 5,828,501 and 5,867,783 shares of Class B common stock held in Treasury	(76,560)	(77,076)
	318,890	258,843
	$570,676	$501,223

The information on pages 44 through 53 is an integral part of the financial statements.

CONSOLIDATED STATEMENTS OF CHANGES IN FINANCIAL POSITION

(In thousands)	Fiscal Year Ended January 1, 1984	January 2, 1983	January 3, 1982
Sources of Working Capital			
Net income	$ 68,394	$ 52,413	$ 32,710
Charges (credits) to income not requiring working capital			
Depreciation and amortization of property, plant and equipment	20,080	18,837	16,704
Amortization of television film rights	11,410	10,268	10,067
Income tax timing differences	1,217	(118)	4,025
Equity in earnings of affiliates	(399)	(4,651)	(4,406)
Amortization of goodwill and other intangibles	2,213	1,197	1,515
Other	8,388	3,356	2,339
Total provided by operations	111,303	81,302	62,954
Increase from sale of businesses	—	—	7,731
Increase in contracted television film rights payable	484	1,337	1,426
Dividends received from affiliates	332	4,955	87
Increase (decrease) in deferred subscription revenue	1,110	(1,803)	1,080
Other	12,686	14,564	11,165
Total sources	125,915	100,355	84,443
Uses of Working Capital			
Investment in new businesses	48,063	—	—
Purchases of property, plant and equipment	21,576	30,555	41,229
Purchases of television film rights	13,234	13,141	12,162
Decrease in long-term debt	2,250	12,250	20,505
Investment in newsprint mill	—	945	4,200
Dividends on common stock	9,352	7,908	7,015
Other	11,936	7,244	6,917
Total uses	106,411	72,043	92,028
Net Increase (Decrease) in Working Capital	$ 19,504	$ 28,312	$ (7,585)
Changes in Composition of Working Capital			
Cash and temporary cash investments	$ 28,485	$ 29,153	$ 1,171
Accounts receivable	1,994	5,469	3,535
Inventories	(10,357)	(449)	1,828
Prepaid film rights	613	743	581
Other current assets	(777)	740	1,817
Increase in current assets	19,958	35,656	8,932
Accounts payable and accrued liabilities	255	(8,537)	2,183
Federal and state income taxes	2,291	(12,882)	(4,772)
Current portion of long-term debt and note payable	(3,000)	14,075	(13,928)
(Increase) in current liabilities	(454)	(7,344)	(16,517)
Net increase (decrease) in working capital	$ 19,504	$ 28,312	$ (7,585)

The information on pages 44 through 53 is an integral part of the financial statements.

CONSOLIDATED STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY

(In thousands, except share amounts)	Class A Common Stock	Class B Common Stock	Capital in Excess of Par Value	Retained Earnings	Cumulative Foreign Currency Translation Adjustment	Treasury Stock
Balance December 29, 1980	$2,748	$17,252	$1,679	$244,629	$ —	$(79,038)
Cumulative effect on years prior to 1981 of adoption of Statement of Financial Accounting Standards No. 52					(844)	
Net income for the year				32,710		
Dividends—$.50 per share				(7,015)		
Issuance of 86,973 shares of Class B common stock			(527)			1,110
Change in foreign currency translation adjustment					(157)	
Other			846			
Balance January 3, 1982	2,748	17,252	1,998	270,324	(1,001)	(77,928)
Net income for the year				52,413		
Dividends—$.56 per share				(7,908)		
Issuance of 66,940 shares of Class B common stock			834			852
Change in foreign currency translation adjustment					(1,028)	
Other			287			
Balance January 2, 1983	2,748	17,252	3,119	314,829	(2,029)	(77,076)
Net income for the year				68,394		
Dividends—$.66 per share				(9,352)		
Issuance of 39,282 shares of Class B common stock			1,212			516
Change in foreign currency translation adjustment					(829)	
Other			106			
Balance January 1, 1984	$2,748	$17,252	$4,437	$373,871	$(2,858)	$(76,560)

The information on pages 44 through 53 is an integral part of the financial statements.

A. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Fiscal Year. The company reports on a 52-53 week fiscal year ending on the Sunday nearest December 31. The fiscal year 1983, which ended on January 1, 1984, included 52 weeks; 1982 included 52 weeks and 1981 included 53 weeks.

Principles of Consolidation. The accompanying financial statements include the accounts of the company and its subsidiaries; significant intercompany transactions have been eliminated.

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

Investments in Affiliates. The company uses the equity method of accounting for its investments in and earnings of affiliates.

Property, Plant and Equipment. Property, plant and equipment is recorded at cost which since 1980, in accordance with Statement of Financial Accounting Standards No. 34, includes interest capitalized in connection with major long-term construction projects. Replacements and major improvements are capitalized; maintenance and repairs are charged to expense as incurred. Upon sale or retirement of property, plant and equipment, the costs and related accumulated depreciation are eliminated from the accounts. Any resulting gains or losses are included in the determination of net income.

Depreciation is calculated using the straight-line method over the estimated useful lives of the property, plant and equipment: 3 to 11 years for machinery and equipment, 20 to 50 years for buildings and 5 to 20 years for land improvements. The costs of leasehold improvements are amortized over the lesser of the useful lives or the terms of the respective leases.

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

Deferred Film Rights. The broadcast subsidiaries are parties to agreements which entitle them to show motion pictures and syndicated programs on television. The unamortized cost of these rights and the liability for future payments under these agreements are reflected in the Consolidated Balance Sheets. The unamortized cost is charged to expense using accelerated amortization rates for motion pictures and accelerated or straight-line rates for syndicated programs.

Deferred Subscription Revenue and Magazine Subscription Procurement Costs. Deferred subscription revenue, which principally represents amounts received from subscribers in advance of magazine and newspaper deliveries, is reflected in operating revenues over the subscription term. Subscription procurement costs are charged to expense as incurred.

Income Taxes. Deferred income taxes result from timing differences in the recognition of certain revenue and expense items, principally depreciation, for tax and financial reporting purposes, in the recognition of income tax to be withheld at the source of distribution of earnings of foreign affiliates, and in the recognition of investment tax credits which for financial reporting purposes are applied as a reduction of income taxes over the depreciable lives of the related assets.

Foreign Currency Translation. In 1981 the company adopted the provisions of Statement of Financial Accounting Standards No. 52, "Foreign Currency Translation." Gains and losses on foreign currency transactions and translation of accounts of the company's foreign operations are recognized currently in the Consolidated Statements of Income. Gains and losses on translation of the company's equity interests in its foreign affiliates are not included in the Consolidated Statements of Income but are reported separately and accumulated in the "Cumulative Foreign Currency Translation Adjustment" in the Consolidated Balance Sheets.

B. INVESTMENTS IN AFFILIATES

The company's investments in affiliates include the following (in thousands):

	1983	1982
Newsprint mills	$38,641	$36,801
Sports programming operations	41,667	—
Other	2,717	2,564
	$83,025	$39,365

The company's interest in newsprint mills includes a 49 percent interest in the common stock of Bowater Mersey Paper Company Limited which owns and operates a newsprint mill in Nova Scotia, and a one-third limited partnership interest in Bear Island Paper Company which constructed a newsprint mill near Richmond, Virginia which started production in December 1979. Operating costs and expenses of the company include cost of newsprint supplied by Bowater Mersey Paper Company and Bear Island Paper Company of $52,900,000 in 1983, $56,800,000 in 1982 and $47,400,000 in 1981.

During 1983 the company acquired interests in several businesses which distribute programming, principally sports events, to pay cable and subscription television subscribers. At year end the company's interests included a 50 percent partnership interest in SportsChannel Associates which operates in the metropolitan New York City area, a 90 percent partnership interest in SportsChannel Prism Associates which operates in the metropolitan Philadelphia area, an 85 percent partnership interest in SportsChannel Chicago Associates which operates in the metropolitan Chicago area and a 25 percent limited partnership interest in SportsChannel New England which operates in the New England and upstate New York areas.

Summarized financial data for the newsprint mills and sports programming operations, subsequent to the company's acquisitions, are as follows (in thousands):

	Newsprint Mills			Sports Programming Operations
	1983	1982	1981	1983
Financial Position				
Working capital	$ 6,893	$ 6,508	$ 16,421	$12,898
Property, plant and equipment	175,955	159,725	157,062	1,987
Total assets	218,290	203,692	199,307	55,425
Long-term debt	63,664	57,822	66,067	14,793
Net equity	102,865	97,824	98,622	22,112
Results of Operations				
Operating revenues	$145,871	$148,991	$144,924	$13,067
Operating income (loss)	7,271	19,149	17,422	(3,567)
Net income (loss)	5,374	7,400	7,374	(3,994)

The company's other investments include a one-third common stock interest in a French corporation which publishes the International Herald Tribune in Paris, a 50 percent common stock interest in the Los Angeles Times-Washington Post News Service, Inc. and a 20 percent common stock interest in the National Journal, Inc., publisher of a weekly magazine specializing in national affairs, which was acquired in late 1983.

The following tables summarize the status and results of the company's investments (in thousands):

	1983	1982	1981
Beginning investment	$39,365	$39,695	$32,177
Equity in earnings	399	4,651	4,406
Dividends received	(332)	(4,955)	(87)
New investment	44,674	1,338	4,200
Sale of investment	—	(336)	—
Other	(1,081)	(1,028)	(1,001)
Ending investment	$83,025	$39,365	$39,695
Equity in earnings			
Newsprint mills	$ 2,004	$ 3,879	$ 3,953
Sports programming operations	(2,330)	—	—
Other	725	772	453
	$ 399	$ 4,651	$ 4,406

At January 1, 1984 the unamortized excess of the company's investments over its equity in the underlying net assets of its affiliates at date of acquisition was $23,200,000 which is being amortized over periods of up to 30 years. Amortization included in equity in earnings of affiliates for the year ended January 1, 1984 was $900,000.

C. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

Accounts payable and accrued liabilities at January 1, 1984 and January 2, 1983 consist of the following (in thousands):

	1983	1982
Accounts payable and accrued expenses	$51,096	$44,243
Accrued payroll and related benefits	17,614	18,055
Film contracts payable	9,526	8,189
Contributions due employee benefit trust funds	3,393	7,586
Due to affiliates (newsprint)	5,100	8,911
	$86,729	$86,984

D. INCOME TAXES

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

	Current	Deferred
1983		
U.S. Federal	$53,886	$ 1,122
Foreign	716	348
State and local	10,406	(253)
	$65,008	$ 1,217
1982		
U.S. Federal	$41,271	$ 245
Foreign	1,506	(9)
State and local	8,487	(354)
	$51,264	$ (118)
1981		
U.S. Federal	$19,800	$ 3,045
Foreign	673	770
State and local	5,260	210
	$25,733	$ 4,025

Deferred taxes are attributable to the following (in thousands):

	1983	1982	1981
Tax depreciation in excess of depreciation for financial reporting purposes	$ 4,590	$ 3,141	$ 4,724
Deferral of investment tax credits for financial reporting purposes	(1,103)	559	(294)
Other	(2,270)	(3,818)	(405)
	$ 1,217	$ (118)	$ 4,025

The provision for income taxes exceeds the amount of taxes determined by applying the U.S. Federal statutory rate of 46 percent to income before income taxes as a result of the following (in thousands):

	1983	1982	1981
U.S. Federal income taxes at 46 percent of income before income taxes	$61,925	$47,637	$28,735
State and local taxes net of Federal income tax benefit	5,483	4,392	2,953
Amortization of goodwill not deductible for tax purposes	568	551	697
Foreign income taxes netted in equity in earnings of affiliates	(892)	(1,630)	(1,654)
Other	(859)	196	(973)
Provision for income taxes	$66,225	$51,146	$29,758

E. DEBT

Long-term debt of the company as of January 1, 1984 and January 2, 1983 is summarized as follows (in thousands):

	1983	1982
6.95 percent unsecured promissory notes due 1983-1987	$10,750	$13,000
10.93 percent unsecured note due January 1984	3,000	—
Less amount included in current liabilities	(5,250)	(2,250)
	$ 8,500	$10,750

The company has a revolving credit agreement with a group of banks which permits borrowings of up to $75,000,000 until January 1, 1986, at which time any outstanding borrowings may be converted into four-year notes, payable in equal semi-annual installments. Interest on borrowings under the revolving credit agreement is at the floating prime rate or, at the option of the company, at one-half percent over the London Interbank Offered Rate. Additionally, during the revolving credit period of the agreement a commitment fee of .25 percent is payable on the unused portion of the line.

The agreement relating to the 6.95 percent promissory notes and the revolving credit agreement include restrictive provisions which pertain principally to the payment of dividends and the redemption or purchase of the company's capital stock. At the end of 1983 retained earnings unrestricted by these provisions were approximately $147,000,000.

During 1982 and 1981, in addition to borrowings under the revolving credit agreement, the company issued commercial paper in the form of unsecured notes supported by the company's revolving credit agreement and, from time to time, issued to various banks unsecured notes also supported by the revolving credit agreement. The daily average borrowings under these instruments were $12,800,000 at a weighted average cost of 15.9 percent during 1982 and $24,600,000 at a weighted average cost of 17.8 percent during 1981. There were no such borrowings during 1983.

Annual maturities of long-term debt based on existing loan repayment schedules are $2,250,000 in each of the years 1985 and 1986 and $4,000,000 in 1987.

F. CAPITAL STOCK, STOCK OPTIONS AND STOCK AWARDS

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

Stock Options. In 1971 the company adopted a Stock Option Plan and reserved 1,400,000 shares of Class B common stock for options to be granted under the plan. The purchase price of the shares covered by an option must be equal to their fair market value on the granting date. At January 1, 1984 there were 218,200 shares reserved for issuance under the Stock Option Plan. Of this number 52,500 shares were subject to options outstanding and 165,700 shares were available for future grants. Changes in the options outstanding for the years ended January 1, 1984 and January 2, 1983 were as follows:

	1983		1982	
	Number of Shares	Average Option Price	Number of Shares	Average Option Price
Beginning of year	60,300	$15.80	77,500	$13.76
Granted	—	—	—	—
Exercised	(7,800)	5.25	(17,200)	6.59
Cancelled	—	—	—	—
End of year	52,500	17.37	60,300	15.80

Of the shares covered by options outstanding at the end of 1983, 39,500 were then exercisable, 8,375 will become exercisable in 1984 and 4,625 will become exercisable in 1985.

Stock Awards. Effective with the year 1982 the company adopted a Long-Term Incentive Compensation Plan which, among other provisions, provides for the awarding of stock to key employees. Stock awards made under the Incentive Compensation Plan are subject to the general restriction that stock awarded to a participant will be forfeited and revert to company ownership if the participant's employment terminates before the end of a specified period of service to the company. 275,000 shares of Class B common stock were reserved for stock awards to be made under the Incentive Compensation Plan. Activity related to stock awards for the years ended January 1, 1984 and January 2, 1983 was as follows:

	1983		1982	
	Number of Shares	Average Award Price	Number of Shares	Average Award Price
Beginning of year	51,000	$31.70	—	$ —
Awarded	34,498	52.38	55,429	31.69
Forfeited	(3,016)	39.63	(4,429)	33.50
End of year	82,482	40.06	51,000	31.70

Of the shares outstanding at January 1, 1984, the aforementioned restriction will lapse in January 1985 for 49,158 shares and in January 1987 for 33,324 shares.

Average Number of Shares Outstanding. Earnings per share are based on the weighted average number of shares of common stock outstanding during each year, adjusted for the dilutive effect of shares issuable under outstanding stock options. The average number of shares considered outstanding was 14,195,000 for 1983, 14,153,000 for 1982 and 14,077,000 for 1981.

G. RETIREMENT PLANS

The company and its subsidiaries have various retirement and incentive savings plans and in addition contribute to several multi-employer plans on behalf of certain union-represented employee groups. Substantially all of the company's employees including those located in foreign countries are covered by these plans. Total expense for these plans was $12,300,000 for 1983, $11,500,000 for 1982 and $10,900,000 for 1981.

The costs for the company's defined benefit plans are actuarially determined and include amortization of prior service costs over various periods, generally not exceeding 20 years. The company's policy is to fund the costs accrued for its defined benefit plans. In 1983, however, the company funded an amount less than the cost accrued for certain plans. The accumulated plan benefits and plan net assets for the company's domestic defined benefit plans as of January 1, 1983 and 1982, the most recent valuation dates, were as follows (in thousands):

	1983	1982
Actuarial present value of accumulated plan benefits		
Vested	$ 28,997	$25,369
Nonvested	6,558	5,953
	$ 35,555	$31,322
Net assets available for benefits	$102,129	$75,826

The assumed rate of return used in determining the actuarial present value of accumulated plan benefits is 8 percent.

The costs of unfunded retirement plans are charged to expense when accrued. The company's liability for such plans, which is included in "Other Liabilities" in the Consolidated Balance Sheets, was $13,100,000 at January 1, 1984 and $11,100,000 at January 2, 1983.

H. LEASES

Total rental expense included in operating costs and expenses was approximately $11,600,000 for 1983, $9,300,000 for 1982 and $7,900,000 for 1981. As of January 1, 1984 minimum future rentals under noncancelable leases, principally all for real estate, were as follows (in thousands):

1984	$ 7,000
1985	6,800
1986	6,100
1987	5,800
1988	5,300
Thereafter	22,300
	$53,300

Included in the rentals above is $3,200,000 per year related to a real estate lease which expires in 1994, but may be renewed for an additional fifteen-year period at the option of the company at an amount to be negotiated.

I. COMMITMENTS AND CONTINGENCIES

During 1982 and 1983 partnerships in which the company is a member filed applications with the Federal Communications Commission for licenses to operate cellular radiotelephone systems in fourteen markets. Licenses have been awarded in three of these markets to partnerships in which the company has interests ranging from 18 to 20 percent; neither the outcome nor the timing of the remaining awards is predictable. The company's financial commitment with respect to the licenses already awarded will be satisfied with existing available funds. If additional licenses are awarded, the company will satisfy any related financial commitments to the extent possible with available funds provided from operations; any additional funds required will be borrowed.

As discussed in Note B the company during 1983 acquired partnership interests in several businesses which provide programming, principally sports events, to pay cable and subscription television subscribers. In connection with the acquisition of these partnership interests, the company has guaranteed obligations of approximately $20,000,000 and, in addition, may be required to pay additional amounts of approximately $5,500,000 if the businesses achieve specified levels of performance.

The company is a party to various civil lawsuits, including libel actions, arising in the ordinary course of business. In the opinion of management, the company carries adequate liability insurance against such libel actions, and the company is not presently a party to any other material litigation.

J. DISPOSITIONS

During 1982 the company sold its 24 percent interest in Publishers Phototype, Inc., an electronic photocomposition company. The effect of this transaction before giving effect to taxes of $850,000 was a gain of $1,970,000, which amount is included in "Other Income (Expense), Net" in the Consolidated Statement of Income for 1982; the net effect on 1982 earnings was an increase of eight cents per share.

On October 30, 1981 the company sold all of the outstanding stock of its newspaper subsidiary in Trenton, New Jersey. During 1981 the company also sold its national television sales subsidiary and entered into an agreement which resulted in the sale of the company's magazine, Inside Sports, on January 29, 1982. The effect of these transactions before giving effect to a tax benefit of $1,300,000 was a loss of $3,400,000 which amount is included in "Other Income (Expense), Net" in the Consolidated Statement of Income for 1981; the net effect on 1981 earnings was a decrease of fifteen cents per share.

K. BUSINESS SEGMENTS

The company operates in three areas of the communications industry: newspaper publishing, magazine publishing and broadcasting.

Newspaper operations primarily involve the publication of newspapers in Washington, D.C. and Everett, Washington and, until October 30, 1981, Trenton, New Jersey; they also include a database publishing company acquired in February 1983 and a newsprint warehousing facility. Magazine operations consist primarily of the publication of a weekly newsmagazine, Newsweek, which has one domestic and three international editions. Inside Sports, a magazine which began publication in March 1980, is included in operations of the magazine publishing segment through 1981; the magazine has since been sold. Sales of books are also included in the magazine publishing segment. Revenues from both newspaper and magazine publishing operations are derived from advertising and, to a lesser extent, from circulation.

Broadcast operations are conducted primarily through four VHF television stations. All stations are network affiliated with revenues derived primarily from sales of advertising time. Broadcast operations also include video production.

Income from operations is the excess of operating revenues over operating expenses including corporate expenses which are allocated to operations of the segments. In computing income from operations by segment, the effects of equity in earnings of affiliates, interest income, interest expense, other income and expense items and income taxes are not included. Development costs for 1982 and 1983 relate to the company's applications for licenses to operate cellular radiotelephone systems.

Identifiable assets by segment are those assets used in the company's operations in each business segment. Investments in affiliates are discussed in Note B. Corporate assets are principally cash and temporary cash investments.

	Newspaper	Magazine	Broadcast	Consolidated
1983				
Operating revenues	$455,666	$302,241	$119,807	$877,714
Income from operations	$ 78,872	$ 15,327	$ 39,446	$133,645
Development costs				(1,230)
Total income from operations				132,415
Equity in earnings of affiliates				399
Interest expense				(2,725)
Other income, net				4,530
Income before income taxes				$134,619
Identifiable assets	$218,958	$ 63,563	$123,489	$406,010
Investments in affiliates				83,025
Corporate assets				81,641
Total assets				$570,676
Depreciation and amortization of property, plant and equipment	$ 11,912	$ 2,921	$ 5,247	$ 20,080
Amortization of goodwill and other intangibles	$ 1,549		$ 664	$ 2,213
Capital expenditures	$ 4,695	$ 11,243	$ 5,638	$ 21,576

	Newspaper	Magazine	Broadcast	Consolidated
1982				
Operating revenues	$413,929	$279,171	$107,724	$800,824
Income from operations	$ 56,744	$ 13,287	$ 29,753	$ 99,784
Development costs				(1,678)
Total income from operations				98,106
Equity in earnings of affiliates				4,651
Interest expense				(2,223)
Other income, net				3,025
Income before income taxes				$103,559
Identifiable assets	$224,236	$ 68,311	$122,868	$415,415
Investments in affiliates				39,365
Corporate assets				46,443
Total assets				$501,223
Depreciation and amortization of property, plant and equipment	$ 11,773	$ 2,753	$ 4,311	$ 18,837
Amortization of goodwill and other intangibles	$ 533		$ 664	$ 1,197
Capital expenditures	$ 11,979	$ 5,495	$ 13,081	$ 30,555

	Newspaper	Magazine	Broadcast	Consolidated
1981				
Operating revenues	$368,413	$294,272	$ 90,762	$753,447
Income from operations	$ 30,809	$ 13,881	$ 21,024	$ 65,714
Equity in earnings of affiliates				4,406
Interest expense				(5,360)
Other expense, net				(2,292)
Income before income taxes				$ 62,468
Identifiable assets	$217,034	$ 69,821	$111,634	$398,489
Investments in affiliates				39,695
Corporate assets				20,013
Total assets				$458,197
Depreciation and amortization of property, plant and equipment	$ 10,652	$ 2,316	$ 3,736	$ 16,704
Amortization of goodwill and other intangibles	$ 851		$ 664	$ 1,515
Capital expenditures	$ 25,515	$ 5,755	$ 9,959	$ 41,229

L. SUMMARY OF OPERATING RESULTS (Unaudited)

Quarterly results of operations for the years ended January 1, 1984 and January 2, 1983 are as follows (in thousands, except per share amounts):

	First Quarter	Second Quarter	Third Quarter	Fourth Quarter
1983				
Operating revenues	$196,545	$223,981	$202,928	$254,260
Income from operations	11,517	41,183	24,103	55,612
Net income	6,155	21,335	12,260	28,644
Earnings per share	$.43	$1.50	$.86	$2.02
Average number of shares outstanding	14,194	14,195	14,196	14,196

1982				
Operating revenues	$183,135	$207,215	$185,684	$224,790
Income from operations	7,806	31,228	14,756	44,316
Net income	5,106	16,590	8,511	22,206
Earnings per share	$.36	$1.17	$.60	$1.57
Average number of shares outstanding	14,145	14,151	14,158	14,157

The sum of the earnings per share for the four quarters may differ from the annual earnings per share as a result of computing the quarterly and annual amounts on the weighted number of shares outstanding in the respective periods in accordance with Accounting Principles Board Opinion No. 15.

M. INFORMATION ON INFLATION AND CHANGING PRICES (Unaudited)

In accordance with the requirements of Statement of Financial Accounting Standards No. 33, "Financial Reporting and Changing Prices," the company has prepared supplementary information which provides calculations illustrating the effects of inflation and changing prices on certain phases of the company's operations. Although changing price calculations and related disclosures are in the experimental stage, it is the company's opinion that the information has been reasonably prepared within the guidelines set forth in Statement No. 33. The information presented is necessarily based on numerous assumptions and estimates which required subjective judgments, and therefore should not be viewed as precise data. The difference between these data and historical data does not represent increases or decreases in the company's book value.

Consolidated Statement of Income Adjusted for the Effects of Inflation and Changing Prices for the Year Ended January 1, 1984
(In thousands, except per share amounts)

	As Reported In Financial Statements (Historical Cost)	Adjusted for General Inflation (Constant Dollars)	Adjusted for Changes in Specific Prices (Current Cost Dollars)
Operating revenues	$877,714	$877,714	$877,714
Costs and expenses			
Operating	542,555	542,876	542,950
Selling, general and administrative	180,451	180,451	180,451
Depreciation and amortization of property, plant and equipment	20,080	24,151	24,180
Amortization of goodwill and other intangibles	2,213	2,213	2,213
	745,299	749,691	749,794
Income from operations	132,415	128,023	127,920
Other income, net	2,204	2,204	2,204
Income before taxes	134,619	130,227	130,124
Provision for income taxes	66,225	66,225	66,225
Net income	$ 68,394	$ 64,002	$ 63,899
Earnings per share	$ 4.82	$ 4.51	$ 4.50
Increase in general price level of inventories and property, plant and equipment			$ 11,827
Less effect of increase in specific prices			7,077
Excess of increase in general price level over increase in specific prices			$ 4,750

Five-Year Comparison of Selected Financial Data Adjusted for Effects of Inflation (Constant Dollars) and Changing Prices (Current Cost)
(In thousands, expect per share amounts)

	1983	1982	1981	1980	1979
Operating Revenues					
As reported	$877,714	$800,824	$753,447	$659,535	$593,262
In constant 1983 dollars	877,714	826,863	825,639	797,695	814,575
Net Income					
As reported	$ 68,394	$ 52,413	$ 32,710	$ 34,335	$ 29,468
In constant 1983 dollars	64,002	48,195	28,601	32,086	32,812
In current cost 1983 dollars	63,899	50,589	28,431	33,685	33,989
Earnings per share					
As reported	$ 4.82	$ 3.70	$ 2.32	$ 2.44	$ 1.89
In constant 1983 dollars	4.51	3.41	2.03	2.28	2.11
In current cost 1983 dollars	4.50	3.57	2.02	2.40	2.18
Gain (loss) from change in purchasing power of net monetary position	$ (918)	$ 581	$ 2,805	$ 1,961	$ (2,187)
Excess of increase in general price level over increase in specific prices of inventories and property, plant and equipment	$ 4,750	$ (6,365)	$ 2,892	$ 12,207	$ 7,441
Cash dividends per share					
As reported	$ .66	$ .56	$ .50	$ .44	$ .36
In constant 1983 dollars	.66	.58	.55	.53	.49
Market price per common share at year end					
Historical amount	$ 73.25	$ 55.25	$ 31.38	$ 22.75	$ 21.00
In constant 1983 dollars	71.90	56.40	33.27	26.28	27.27
Average consumer price index	298.5	289.1	272.4	246.8	217.4

The information on inflation and changing prices is based upon the historical financial statements adjusted for general inflation relating to inventories and property, plant and equipment and for the changes in specific prices relating to these items.

The cost of newsprint and magazine paper included in operating costs and expenses was calculated using the same methods used in the historical financial statements. Depreciation and amortization of property, plant and equipment were calculated generally using the same methods and rates of depreciation used in the financial statements. In accordance with the requirements of Statement No. 33, income taxes were not adjusted for the effects of the resulting changes in operating costs and expenses and depreciation and amortization of property, plant and equipment. Operating revenues, all other operating costs and expenses and other income, net, were assumed to reflect the average price levels for the year as allowed under Statement No. 33, and accordingly have not been adjusted.

The information adjusted for general inflation is expressed in constant 1983 average dollars which represent historical costs stated in terms of dollars of equal purchasing power as measured by the Consumer Price Index for all Urban Consumers. The constant dollar amounts do not purport to represent appraised values or any other measure of current value.

The information adjusted for changes in specific prices attempts to estimate what the cost of the company's existing inventories and property, plant and equipment, and related costs and expenses, would be at the respective year ends. Indexation using specific industry indices and specific pricing using current prices and appraisals were used in estimating these amounts. The current cost amounts do not consider technological improvements and efficiencies associated with the normal replacement of productive capacity.

The gain or loss from change in purchasing power of the net monetary position was determined by calculating the difference between the company's net monetary positions at the beginning and end of the year, both amounts stated in average 1983 dollars. The calculation attempts to represent the effect of holding net monetary assets which lose purchasing power or net monetary liabilities which gain purchasing power during an inflationary period.

The increase in general price level of inventories and property, plant and equipment over the increase in specific prices of those items is determined by calculating the change in the balance of inventories and property, plant and equipment, stated at current cost, between years and removing that aspect of the change which is related to general inflation as measured by the Consumer Price Index for all Urban Consumers.

The constant dollar and current cost amounts of net monetary items, inventories and property, plant and equipment net of accumulated depreciation, stated in average 1983 dollars, and other net items, and corresponding historical cost amounts were as follows (in thousands):

	January 1, 1984*			January 2, 1983		
	Historical Cost	Constant Dollars	Current Cost	Historical Cost	Constant Dollars	Current Cost
Net monetary items	$ 41,156	$ 40,399	$ 40,399	$ 7,667	$ 7,827	$ 7,827
Inventories	11,694	11,469	11,666	22,051	22,388	22,954
Property, plant and equipment, net	181,333	252,627	279,517	181,982	259,223	288,467
Other net items	84,707	84,707	84,707	47,143	47,143	47,143
Net assets	$318,890	$389,202	$416,289	$258,843	$336,581	$366,391

*At January 1, 1984 the current cost of inventories was $11,885,000 and the current cost of property, plant and equipment net of accumulated depreciation was $284,760,000.

REPORT OF INDEPENDENT ACCOUNTANTS

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

In our opinion, based upon our examinations and the reports mentioned below of other independent accountants, the consolidated financial statements appearing on pages 39 through 43 present fairly the financial position of The Washington Post Company and its subsidiaries at January 1, 1984 and January 2, 1983 and the results of their operations and the changes in their financial position for each of the three fiscal years in the period ended January 1, 1984, in conformity with generally accepted accounting principles consistently applied. Our examinations of these statements were made in accordance with generally accepted auditing standards and accordingly included such tests of the accounting records and such other auditing procedures as we considered necessary in the circumstances. We did not examine the financial statements of the company's two newsprint manufacturing affiliates which are summarized in Note B. These statements were examined by other independent accountants whose reports thereon have been furnished to us, and our opinion expressed herein, insofar as it relates to the amounts included for these affiliates, is based solely upon the reports of the other independent accountants.

Price Waterhouse

Washington, D.C.
February 2, 1984

TEN-YEAR SUMMARY OF SELECTED FINANCIAL DATA

(In thousands, except per share amounts)	1983	1982	1981
Results of Operations			
Operating revenues	$877,714	$800,824	$753,447
Income from operations	$132,415	$ 98,106	$ 65,714
Income before cumulative effect of change in method of accounting	$ 68,394	$ 52,413	$ 32,710
Cumulative effect on years prior to 1979 of change in method of accounting for magazine subscription procurement costs	—	—	—
Net income	$ 68,394	$ 52,413	$ 32,710
Per Share Amounts			
Earnings per share			
Income before cumulative effect of change in method of accounting	$ 4.82	$ 3.70	$ 2.32
Cumulative effect on years prior to 1979 of change in method of accounting for magazine subscription procurement costs	—	—	—
Net income	$ 4.82	$ 3.70	$ 2.32
Cash dividends	$ .66	$ .56	$ .50
Shareholders' equity	$22.50	$18.32	$15.17
Average Number of Shares Outstanding	14,195	14,153	14,077
Financial Position			
Current assets	$190,616	$170,658	$135,002
Working capital	81,846	62,342	34,030
Property, plant and equipment	181,333	181,982	171,301
Total assets	570,676	501,223	458,197
Long-term debt	8,500	10,750	23,000
Shareholders' equity	318,890	258,843	213,393
Pro Forma Amounts			
Net income	$ 68,394	$ 52,413	$ 32,710
Earnings per share	$ 4.82	$ 3.70	$ 2.32

Notes:

See Notes to Consolidated Financial Statements for the summary of significant accounting policies and additional information relative to the years 1981-1983.

In 1978 and 1976 the company realized nonrecurring gains, mostly from the sales of two radio stations. The effect of these gains was to increase net income and earnings per share by $4,300,000 and $.27 for 1978 and by $1,800,000 and $.10 for 1976.

Share and per share data have been restated to give effect to two-for-one stock splits on December 29, 1978 and December 15, 1976.

In 1979 the company changed its method of accounting for magazine subscription procurement costs. Pro forma amounts shown for the years 1974-1978 show what net income and earnings per share would have been if the current method for magazine subscription procurement costs had been in effect during those years.

1980	1979	1978	1977	1976	1975	1974
$659,535	$593,262	$520,398	$436,102	$375,729	$309,335	$287,579
$ 65,513	$ 80,421	$ 89,190	$ 71,074	$ 49,045	$ 26,824	$ 28,140
$ 34,335	$ 42,999	$ 49,720	$ 35,469	$ 24,490	$ 12,042	$ 14,441
—	13,531	—	—	—	—	—
$ 34,335	$ 29,468	$ 49,720	$ 35,469	$ 24,490	$ 12,042	$ 14,441
$ 2.44	$ 2.75	$ 3.06	$ 2.09	$ 1.36	$ .64	$ .76
—	.86	—	—	—	—	—
$ 2.44	$ 1.89	$ 3.06	$ 2.09	$ 1.36	$ .64	$ .76
$ .44	$ .36	$ .30	$ .18	$ .125	$ .125	$ .125
$13.40	$11.56	$11.15	$ 8.59	$ 7.02	$ 5.91	$ 5.41
14,068	15,609	16,232	16,952	18,038	18,900	19,002
$126,070	$112,168	$119,468	$114,489	$100,919	$ 72,819	$ 70,009
41,615	36,615	53,813	58,114	44,828	35,129	31,108
152,109	93,734	67,674	63,476	58,753	58,594	57,125
429,103	357,949	328,517	278,574	259,000	230,599	266,397
43,586	17,550	19,930	22,300	29,550	39,934	47,318
187,270	164,782	177,414	140,377	123,392	110,154	102,745
$ 34,335	$ 42,999	$ 49,013	$ 33,394	$ 22,533	$ 9,042	$ 14,894
$ 2.44	$ 2.75	$ 3.02	$ 1.97	$ 1.25	$ .48	$ .78

CORPORATE DIRECTORY

BOARD OF DIRECTORS

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Director and Chairman of the Board
Chief Executive Officer (3, 4)

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Director and President
Chief Operating Officer (3)

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Chairman, Berkshire Hathaway Inc.
(textiles, insurance) (3, 4)

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Director
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Director
Dean Emeritus, Stanford University
Graduate School of Business (1, 2)

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Director Emeritus
Retired; Former Vice Chairman of the Board
and Publisher, The Washington Post

Committees of the Board of Directors
(1) Member of Audit Committee
(2) Member of Compensation Committee
(3) Member of Finance Committee
(4) Member of Stock Option Committee

OTHER COMPANY OFFICERS

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Martin Cohen
Vice President—Finance and Treasurer

Mark M. Edmiston
Vice President

Alan R. Finberg
Vice President, General Counsel and Secretary

Guyon Knight
Vice President—Corporate Communications

Alan G. Spoon
Vice President

Edward N. Van Gombos
Vice President—Information Systems

Howard E. Wall
Vice President and Chief Accounting Officer

Earl Chism
Controller

Stock Trading
The Washington Post Company Class B common shares are traded on the American Stock Exchange with the symbol WPOB.

Stock Transfer Agents and Registrars
Morgan Guaranty Trust Company of New York
Stock Transfer Department
30 West Broadway
New York, New York 10015

The Riggs National Bank of Washington, D.C.
Corporate Trust Division
Post Office Box 2651
Washington, D.C. 20013

Shareholder Inquiries
Communications concerning transfer requirements, lost certificates, dividends and changes of address should be directed to either transfer agent.

Form 10-K
The company's Form 10-K annual report to the Securities and Exchange Commission will be provided to shareholders upon written request to the Treasurer, The Washington Post Company, 1150 15th Street, N.W., Washington, D.C. 20071.

Annual Meeting
The annual meeting of stockholders will be held on Friday, May 11, 1984, at 9 a.m. at The Washington Post Company, 1150 15th Street, N.W., Washington, D.C. 20071.

Common Stock Prices and Dividends

The Class A common stock of the company is not publicly traded. The Class B common stock is listed on the American Stock Exchange, where the high and low sales prices during the last two years were as follows:

	1983		1982	
Quarter	High	Low	High	Low
January-March	\$64¾	\$54½	\$31¾	\$27⅜
April-June	71¾	60¾	35⅜	30
July-September	69½	60¾	44½	32½
October-December	73¼	66	60⅞	39¾

Both classes of common stock participate equally as to dividends. Quarterly dividends were paid at the rate of 16.5 cents per share in 1983 and 14 cents per share in 1982.

At February 24, 1984 there were 10 Class A and 1,949 Class B shareholders of record.

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The Washington Post Company
1150 15th Street, N.W.
Washington, D.C. 20071