
SECURITIES AND EXCHANGE COMMISSION

WASHINGTON, D.C. 20549

FORM 10-K

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

For the fiscal year ended January 1, 1989

Commission file number 1-6714

The Washington Post Company

(Exact name of registrant as specified in its charter)

Delaware
(State or other jurisdiction of
incorporation or organization)

53-0182885
(I.R.S. Employer
Identification No.)

1150 15th St., N.W., Washington, D.C.
(Address of principal executive offices)

20071
(Zip Code)

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

Securities registered pursuant to Section 12(b) of the Act:

<u>Title of each class</u>	<u>Name of each exchange on which registered</u>
Class B Common Stock, par value \$1.00 per share	American Stock Exchange

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports) and (2) has been subject to such filing requirements for the past 90 days. Yes No .

Aggregate market value of the Company's voting stock held by non-affiliates on February 28, 1989, based on the closing price for the Company's Class B Common Stock on the American Stock Exchange on such date: approximately \$1,153,000,000.

Shares outstanding at February 28, 1989:

Class A Common Stock - 2,058,702 shares
Class B Common Stock - 10,818,935 shares

Documents partially incorporated by reference:

The Company's 1988 Annual Report to Stockholders (incorporated in Part I to the extent provided in Item 1 hereof and incorporated in Part II to the extent provided in Items 5, 6, 7 and 8 hereof).

Definitive Proxy Statement for the Company's 1989 Annual Meeting of Stockholders (incorporated in Part III to the extent provided in Items 10, 11, 12 and 13 hereof).

PART I

Item 1. Business.

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

The information concerning the consolidated operating revenues, consolidated income from operations and identifiable assets attributable to the principal segments of the Company's business for the last three fiscal years contained in Note L to the Company's Consolidated Financial Statements appearing in the Company's 1988 Annual Report to Stockholders is incorporated herein by reference thereto. (Revenues for each segment are shown in such Note L net of intersegment sales, which did not exceed 1/10 of 1% of consolidated operating revenues.)

During each of the last three years the Company's operations in geographic areas outside the United States, consisting primarily of the publication of the international editions of *Newsweek*, accounted for less than 6% of the Company's consolidated revenues and less than 1% of its consolidated income from operations, and the identifiable assets attributable to such operations represented less than 3% of the Company's consolidated assets.

Newspaper Publishing

The Washington Post

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

The following table shows the average paid daily (including Saturday) and Sunday circulation of the *Post* for the twelve-month periods ended September 30 in each of the last five years, as reported by the Audit Bureau of Circulations ("ABC") for the years 1984-1987 and as reported to ABC by the *Post* for the twelve months ended September 30, 1988 (for which period ABC had not completed its audit as of the date of this report), together with the newspaper's circulation revenues for each of the last five fiscal years:

	<u>Average Paid Circulation</u>		<u>Circulation Revenues</u>
	<u>Daily</u>	<u>Sunday</u>	
1984.....	741,202	1,036,828	\$ 97,664,000
1985.....	745,275	1,056,358	99,708,000
1986.....	757,392	1,085,564	104,593,000
1987.....	770,819	1,104,994	110,263,000
1988.....	782,424	1,122,579	113,288,000

Since December 1983 the rate charged to Sunday-only subscribers for home delivered copies of the *Post* has been \$5.00 for each four-week period. The rate for home-delivered copies of the daily and Sunday newspaper for each four-week period was increased from \$8.60 to \$9.20 in March 1988.

General advertising rates were increased by approximately 7% on January 1, 1988, and approximately another 7% on January 1, 1989. Rates for most categories of classified and retail

advertising were increased by approximately 7% on February 1, 1988, and approximately an additional 7% on February 1, 1989.

The following table sets forth the *Post's* advertising inches and advertising revenues for the past five years:

	<u>1984</u>	<u>1985</u>	<u>1986</u>	<u>1987</u>	<u>1988</u>
Total Inches (in thousands)*.....	5,850	5,943	6,002	6,224	6,358
Full-Run Inches	5,005	5,028	5,022	5,135	5,161
Part-Run Inches	845	915	980	1,089	1,197
Advertising Revenue (in thousands)	\$390,683	\$426,664	\$454,335	\$505,299	\$535,017

* Advertising inches for 1985-1988 are as reported by Media Records Incorporated. Media Records converted its reporting format from agate lines to advertising inches in 1985 and corresponding figures are not available from Media Records for prior years. Accordingly, advertising inches for 1984 have been estimated from the advertising lineage reported by Media Records for such year. Because of differences in methodology, advertising inches reported by Media Records are not directly comparable with advertising inches computed by the *Post* and set forth in the Company's 1988 Annual Report to Stockholders.

Since 1983 the *Post* has also published *The Washington Post National Weekly Edition*, a tabloid which contains selected articles and features from *The Washington Post* edited for a national audience. *The National Weekly Edition* has a basic subscription price of \$48.00 per year and is delivered by second class mail to approximately 68,000 subscribers.

The *Post* has about 500 full-time editors, correspondents, reporters and photographers on its staff, draws upon the news reporting facilities of the major wire services and maintains correspondents in 18 news centers abroad and in New York City, Los Angeles, Chicago, Miami, Atlanta, Richmond, Baltimore, Annapolis, Denver and Austin, Texas.

The Herald

The Company owns The Daily Herald Company, publisher of *The Herald* in Everett, Washington, about 30 miles north of Seattle. *The Herald* is primarily distributed by home delivery in Snohomish County and is published on weekday evenings and on Saturday and Sunday mornings. *The Herald* also publishes a late morning weekday street sales edition.

The Herald's average paid circulation as reported to ABC for the twelve months ended September 30, 1988, was 56,217 daily and 61,953 Sunday (up 1.7% and 3.7%, respectively, from the twelve months ended September 30, 1987). Full-run advertising inches (excluding preprints) decreased 4.3% in 1988 to 1,042,922 inches, while zoned part-run advertising increased 50.9% to 32,437 inches. The number of preprints distributed increased 12.6% to 88,395,640.

The Herald employs approximately 70 editors, reporters and photographers.

Television Broadcasting

Through wholly owned subsidiaries the Company owns four VHF television stations located in Detroit, Michigan, Miami, Florida, Hartford, Connecticut, and Jacksonville, Florida, which are the 7th, 14th, 23rd and 57th largest broadcasting markets in the United States. Each of the Company's stations is affiliated with a national network. Although regulations of the Federal Communications Commission (the "FCC") limit the term of network contracts to two years, such regulations permit successive renewals and each of the Company's television stations has maintained its network affiliation continuously for at least twenty years.

The Company's 1988 net operating revenues from television advertising, by category, were as follows:

National	\$ 85,707,526
Local	81,599,757
Network	<u>8,869,383</u>
Total	\$176,176,666

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

Station Location and Year Commercial Operation Commenced	National Market Ranking (a)	Network Affiliation	Expiration Date of FCC License	Expiration Date of Network Contract	Total Commercial Stations in ADI(b)	
					Allocated	Operating
WDIV Detroit, Mich. 1947	7th	NBC	Oct. 1, 1992	June 30, 1990	VHF-4 UHF-6	VHF-4 UHF-4
WPLG Miami, Fla. 1961	14th	ABC	Feb. 1, 1992	April 2, 1991	VHF-5 UHF-8	VHF-4 UHF-6
WFSB Hartford, Conn. 1957	23rd	CBS	April 1, 1989(c)	April 10, 1990	VHF-2 UHF-6	VHF-2 UHF-5
WJXT Jacksonville, Fla. 1947	57th	CBS	Feb. 1, 1992	Jan. 3, 1990	VHF-2 UHF-7	VHF-2 UHF-3

(a) Source: 1988/89 ADI Market Rankings, The Arbitron Company, Fall 1988, based on television homes in ADI (see note (b) below).

(b) Area of Dominant Influence ("ADI") is a market designation of Arbitron which defines each television market exclusive of another, based on measured viewing patterns.

(c) Renewal application pending.

Regulation of Broadcasting and Related Matters

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

Each of the Company's television stations holds a license valid for a period of five years which is renewable upon application for a similar period.

The FCC is conducting proceedings dealing with such matters as the standards to be applied to contested renewal applications; whether to expand the rules requiring cable systems in certain cases

to delete from imported distant signals programs which are licensed for broadcast by local stations; proposals to permit additional television stations under conditions that could cause electrical interference to and loss of audience and revenues by existing television stations; a proposal to permit telephone companies to engage in cable television operations; and various other matters that could result in changes in the degree of interference caused to television operations. The Company cannot predict the resolution of these various matters although, depending upon their outcome, they could affect the Company's television broadcasting interests either adversely or favorably.

Various of the foregoing questions as well as other important substantive and policy issues are being considered in Congress or are the subject of court litigation to which television networks, trade associations or individual television stations are party.

Cable Television Division

On January 3, 1986, the Company purchased from Capital Cities Communications, Inc., for approximately \$350 million in cash, cable television systems which were then serving about 360,000 basic subscribers. Since that date the Company has acquired several small systems which were near systems already owned. As of the end of 1988 the Company (through subsidiaries) provided basic cable service to approximately 402,000 subscribers (representing about 68% of the 594,000 homes passed by the systems) and had in force more than 273,000 subscriptions to premium program services. The Company's cable systems are located in 15 Midwestern, Southern and Western states and typically serve smaller communities; thus 31 of the Company's systems pass fewer than 10,000 dwelling units, 13 pass 10,000-25,000 dwelling units, and only seven pass more than 25,000 dwelling units, of which the two largest are in Modesto and Santa Rosa, California, each serving more than 40,000 basic subscribers. All the systems are wholly owned except one system with about 16,000 subscribers which is 50% owned.

Regulation of Cable Television and Related Matters

The Company's cable operations are generally subject to the requirements of state and local law in the granting of a franchise and the operation of the systems. The franchises granted by local governmental authorities are typically nonexclusive and limited in time and generally contain various conditions and limitations relating to payment of fees to the local authority, determined generally as a percentage of revenues. Additionally, franchises often regulate the conditions of service and technical performance, and contain various types of restrictions on transferability. Failure to comply with such conditions and limitations may give rise to rights of termination by the franchising authority. Historically many franchises have also regulated the rates charged for installation and service.

The Cable Communications Policy Act of 1984 altered the extent to which the FCC and state and local governments can regulate cable television systems. Among other matters, the Act sets an upper limit (5%) on the franchise fees that local governments may levy on cable systems; establishes standards and procedures to govern the renewal of cable franchises; and requires systems with 36 or more activated channels to make available to third parties on a leased basis the opportunity to use a limited number of channels. Under this Act all rate regulation of cable systems operating in areas having "effective competition" (as defined by the FCC) is prohibited after December 1986; outside such areas local rate regulation is permitted subject to certain restraints. The definition of "effective competition" adopted by the FCC in April 1985 would have prohibited rate regulation wherever three different broadcast signals were "available" without the aid of cable. Most of the Company's systems would have been protected from rate regulation under that definition. However, in April 1988, as a result of a court decision that concluded the FCC had defined "available" too broadly, the FCC adopted a modified definition of that term which contemplates case-by-case rulings as to what signals are

available. The Company anticipates that most of its cable systems will still be protected from rate regulation under this modified version of the FCC's three-signal rule.

Litigation presently is pending in various courts in which parties seeking to provide cable television service in areas with existing cable service are challenging, on First Amendment, antitrust and other grounds, various local franchising practices that allegedly result in only one cable operator serving any given community or area.

The FCC regulates various aspects of the cable television business, although during the past decade the agency has repealed or relaxed many of its regulations. Current FCC regulations include rules that require cable systems in some circumstances to black out network programs that simultaneously duplicate network programs broadcast by local stations; require the blacking out of certain sports broadcasts originating in the vicinity of the system; require, beginning in January 1990, the blacking out from imported distant signals of syndicated programs which are exclusively licensed to local television stations; impose various technical requirements; restrict cross-ownership with local telephone companies or television stations or national networks; impose certain reporting requirements; provide for the licensing of microwave, business radio and other facilities commonly used by cable television systems (and regulate the transfer of control of such facilities); and impose certain affirmative action and equal employment opportunity obligations on cable systems.

For many years the FCC also had regulations requiring cable systems to carry the signals of local television stations. However, a 1985 decision by the U.S. Court of Appeals in Washington, D.C., held those "must carry" rules invalid as infringing upon the First Amendment rights of cable television operators. The FCC subsequently adopted new, limited "must-carry" rules which the Court of Appeals also held unconstitutional. The FCC has continued to collect data on the extent to which cable systems are not carrying local signals, and the television broadcast industry is urging Congress to consider the issue.

Under the Copyright Act of 1976, cable television systems may retransmit the signals of broadcast stations pursuant to a compulsory copyright license, subject to the payment of certain license fees fixed by the statute or by administrative regulations and certain other terms and conditions. The Copyright Royalty Tribunal has acted to increase the license fees on several occasions since this Act went into effect. From time to time bills have been introduced in Congress to modify or eliminate the present scheme of compulsory copyright licensing and representatives of the major copyright owners and cable television operators have been attempting to develop a new legislative scheme for copyright licensing of cable retransmissions of broadcast signals.

In May 1988 the FCC decided to reinstitute syndicated program exclusivity rules similar to those which had been in effect from 1972 until 1981. These rules generally require that cable systems delete from imported distant signals syndicated programs for which local stations have exclusive television exhibition rights. The new rules do not go into effect until January 1990 and may be modified in important respects after judicial review.

In response to proposals by telephone companies and others that such companies be permitted to offer various new communication services, including cable television service, in July 1988 the FCC tentatively concluded that it should recommend to Congress repeal of the provisions of the Cable Communications Policy Act of 1984 that prohibit telephone companies from owning co-located cable systems. The FCC has requested additional comments before making a legislative recommendation to Congress, and at this time the Company is unable to predict whether such a recommendation ultimately will be made or precisely what form such recommendation would take.

Pursuant to the Pole Attachment Act the FCC has since 1978 regulated rates which telephone companies and other utilities charge cable television systems for utilizing space on utility poles or in underground conduits. Generally the FCC has required significantly lower rates than utilities wished to charge. In February 1987 the U.S. Supreme Court upheld the constitutionality of the Act against a challenge that it authorized a taking of property without providing for just compensation; however the decision implies that utilities are free to refuse requests for pole attachments and did not address the question of whether the FCC may prevent the termination of existing attachments.

The Company cannot predict the outcome of the various matters discussed above or what effect such matters may eventually have on its cable television operations.

Magazine Publishing

Newsweek is a weekly news magazine published both domestically and internationally. In gathering, reporting and writing news and other material for publication, *Newsweek* maintains news bureaus in 10 U.S. and 15 foreign cities. Worldwide there are approximately 340 full-time editorial staff members, 250 of whom are in New York.

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

	<u>Newsweek Average Weekly Circulation Rate Base</u>	<u>Percentage of Three Leading News Magazines</u>	<u>Newsweek Circulation Revenues</u>
1984	3,000,000	31.1%	\$94,726,000
1985	3,000,000	31.1%	95,842,000
1986	3,050,000	31.4%	95,643,000
1987	3,050,000	31.4%	93,755,000
1988	3,100,000	31.8%	94,432,000

Newsweek is sold on newsstands and through subscription mail order sales derived from a number of sources, principally direct mail promotion. The basic one-year subscription price is \$41.00. During 1988, most subscriptions were sold at a discount from the basic price. *Newsweek's* newsstand price is \$2.00 per copy.

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

	<u>Newsweek Advertising Pages*</u>	<u>Percentage of Three Leading News Magazines</u>	<u>Newsweek Gross Advertising Revenues*</u>	<u>Percentage of Three Leading News Magazines</u>
1984	3,010	40.2%	\$247,130,000	36.6%
1985	2,689	38.2%	245,050,000	35.9%
1986	2,496	37.7%	235,195,000	35.2%
1987	2,537	39.1%	236,774,000	35.9%
1988	2,474	36.7%	241,293,000	34.2%

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

Newsweek's advertising rates are based on its average weekly circulation rate base and are competitive with the other weekly news magazines. Effective with the January 4, 1988 issue, national advertising rates were increased by 2.5% and the average weekly circulation rate base was increased from 3,050,000 to 3,100,000. National advertising rates were increased again in July 1988 by 3.7%. Beginning with the issue dated January 2, 1989, national advertising rates were increased by an additional 4.1%.

For several years, *Newsweek* has published two bi-weekly demographic editions for distribution to subscribers qualified by a professional or managerial job title: *Newsweek Executive Plus* and *Newsweek Gold*. Subscribers receiving *Newsweek Gold* were also qualified by a minimum income level. Each of these editions increased its advertising rates by 2.5% in January 1988 and by an additional 3.7% in July 1988. *Newsweek Executive Plus* had a circulation rate base of 950,000, while the circulation rate base of *Newsweek Gold* was 650,000. In January 1989 these two editions were combined to form *Newsweek Business*, which will qualify subscribers both by a professional or managerial job title and a minimum income level. *Newsweek Business* has an initial circulation rate base of 750,000.

Newsweek's other demographic edition, *Newsweek Woman*, has a circulation rate base of 700,000 selected female subscribers. In January 1988 advertising rates were increased by 2.5%, and by an additional 3.7% in July 1988. At the beginning of 1989, during which year this edition will be published 9 times, advertising rates were increased by 12%.

During 1988 *Newsweek* ceased the publication of *Newsweek on Campus*, which had been published since 1982. This edition contained special editorial content for college students not appearing in the national edition of *Newsweek*.

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

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

	<u>Average Weekly Circulation Rate Base</u>	<u>Circulation Revenues</u>	<u>Advertising Pages*</u>	<u>Gross Advertising Revenues*</u>
1984	578,000	\$19,649,000	2,400	\$43,173,000
1985	655,000	18,896,000	2,441	43,655,000
1986	677,000	21,371,000	2,155	43,723,000
1987	690,000	22,678,000	2,093	45,108,000
1988	675,000	24,837,000	2,505	55,316,000

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

For 1989 the average weekly circulation rate base for *Newsweek's* English language international editions (including *The Bulletin* insertions) will be 665,000. The average weekly circulation rate base for the Japanese-language edition is 120,000.

During 1988 *Newsweek* announced a restructuring plan designed to reduce ongoing expenses through several steps, including a voluntary early retirement program and the relocation of several business departments from Manhattan to *Newsweek's* facility in Mountain Lakes, New Jersey. The estimated total cost of this restructuring plan was recognized in the fourth quarter of 1988, resulting in one-time charges of \$21.1 million (\$12.6 million after tax). The Company anticipates that this plan will result in pre-tax savings of approximately \$12 million a year when fully implemented, with most of those savings expected to be realized by the end of 1990.

Other Activities

Stanley H. Kaplan Educational Centers

Effective December 31, 1984, a subsidiary of the Company acquired the Stanley H. Kaplan Educational Centers, which are engaged in preparing students for a broad range of admissions tests and licensing examinations including SAT's, LSAT's, GMAT's and GRE's, and nursing and medical boards. The Kaplan Centers also offer self-improvement programs in areas such as speed reading. Kaplan has approximately 50 full-time employees involved in the creation, editing and publishing of teaching materials for such courses and programs. In 1988 the Kaplan Centers served more than 110,000 students through 130 permanent educational centers located throughout the country.

Legi-Slate

Legi-Slate, Inc., another subsidiary of the Company, provides its customers with access, over standard telephone lines, to a computerized data base containing detailed information on the legislative and regulatory activities of the United States government. The Legi-Slate data base includes both abstracts and the full text of every bill and resolution introduced in Congress, the entire *Congressional*

Record and every document published in the *Federal Register*, as well as the schedule of each Congressional committee and the voting record of each member of Congress.

Cowles Media Company

The Company owns approximately 26% of the outstanding common stock of Cowles Media Company, most of which was acquired in 1985. Cowles owns the *Minneapolis Star and Tribune* and a number of smaller publications.

Cellular Telephone Operations

On January 4, 1988, the Company sold its remaining cellular telephone holdings, consisting of a 100% interest in the owner of the Miami-Fort Lauderdale, Florida non-wireline system and a minority interest in the owner of the West Palm Beach, Florida non-wireline system, to a subsidiary of McCaw Cellular Communications, Inc.

Production and Raw Materials

The Washington Post is produced at the newspaper's principal place of business and plant in downtown Washington, D.C., and at its satellite printing plants in Fairfax County, Virginia, and Southeast Washington, D.C.; all editions of *The Herald* are produced at its plant in Everett, Washington. *Newsweek's* domestic edition is produced in five independent printing plants, of which four are in the United States and one is in Canada; advertising inserts and photo-offset films for the domestic edition are also produced by independent contractors. The international editions of *Newsweek* are printed in Switzerland, Hong Kong and Hollywood, Florida; insertions for *The Bulletin* are printed in Australia.

In 1988 *The Washington Post* consumed about 280,000 tons* of newsprint purchased from a number of suppliers including Bowater Incorporated, which supplied approximately 30% of the *Post's* 1988 newsprint requirements under a contract which extends through 1990. Historically, most of the newsprint the *Post* has purchased from Bowater Incorporated has been provided by Bowater Mersey Paper Company Limited, 49% of the common stock of which is owned by the Company (the majority interest being held by a subsidiary of Bowater Incorporated). Bowater Mersey owns and operates a newsprint mill near Halifax, Nova Scotia, and owns extensive woodlands that provide much of the mill's wood requirements. In 1988 Bowater Mersey produced about 243,000 tons of newsprint.

The Company, through a subsidiary, has a one-third limited partnership interest in Bear Island Paper Company, which owns and operates a newsprint mill in Doswell, Virginia, about 85 miles south of Washington, D.C. The general partner, which also has a one-third interest and manages the mill, is Brant-Allen Industries, Inc., a firm experienced in the construction and operation of similar mills; the other limited partner, also with a one-third interest, is a subsidiary of Dow Jones & Company, Inc. In 1985 Bear Island Timberlands Company, in which a subsidiary of the Company also has a one-third limited partnership interest, was organized and acquired approximately 55,000 acres of Virginia woodlands; an additional 155,000 acres were acquired in 1988. These woodlands will supply a portion of the wood requirements of the Paper Company's mill. That mill produced approximately 214,000 tons of newsprint in 1988 when *The Washington Post* purchased approximately 20% of its newsprint requirements from Bear Island Paper Company.

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

In January 1988 most newsprint suppliers increased their announced price (excluding discounts) from \$553 to \$590 per ton, and suppliers have announced a further increase to about \$617 per ton that will take effect during the first or second quarter of 1989. The *Post* believes it has adequate newsprint available through contracts with Bowater, Bear Island and its other suppliers.

In 1988 *The Herald* consumed approximately 5,800 tons of newsprint supplied by four different suppliers, the largest of which furnished about 40% of the newspaper's total requirements.

The domestic edition of *Newsweek* consumed 36,981 tons of paper in 1988, the bulk of which was purchased from seven major suppliers under long-term contracts at prevailing market prices. The current cost of body paper (the principal paper component of the magazine) is approximately \$970 per ton.

Over 90% of the aggregate domestic circulation of *Newsweek* is delivered to subscribers by second class mail, and most subscriptions are solicited by either first or third class mail. Thus substantial increases in postal rates for these classes of mail may have a material adverse impact on *Newsweek's* operating income. The Board of Governors of the U.S. Postal Service approved an 18% average increase in second class postal rates which took effect on April 3, 1988. Average increases of 14.7% and 25%, respectively, in first and third class rates took effect at the same time, although such increases had a considerably smaller effect on *Newsweek's* postage costs than that resulting from the increase in second class rates.

Competition

The Washington Post is the only home-delivered morning paper published daily and on Sunday in Washington, D.C. Since 1982 *The Washington Times*, a weekday newspaper, has also been published in Washington, D.C. The *Post* also encounters competition in varying degrees from suburban newspapers, other nationally circulated newspapers and from television, radio, magazines and other advertising media, including direct mail advertising. The *Post* is distributed in suburban and outlying areas where it competes with newspapers published in a number of nearby counties, cities and towns. During the summer of 1988 a Canadian newspaper publishing company purchased a commercial printing firm in suburban Maryland, and according to several press accounts an executive of that company has indicated it is considering publishing a weekday tabloid newspaper in the Washington, D.C. market. At this time the Company does not know whether such a newspaper will be published and cannot predict the extent to which such publication, if it does occur, might affect the *Post*.

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

According to figures compiled by Publishers' Information Bureau, Inc., of the 156 magazines reported on by the Bureau, *Newsweek* ranked sixth in total advertising revenues in 1988, when it received approximately 4.6% of all advertising revenues of the magazines included in the report. The magazine industry is highly competitive both within itself and with other advertising media which compete for audience and advertising revenue.

The Company's television stations compete for audiences and advertising revenues with television and radio stations and cable television systems serving the same or nearby areas and to a lesser degree with other advertising media such as newspapers and magazines. UHF stations are becoming increasingly competitive and the FCC has proposed rules which would allow the licensing of additional VHF television stations, referred to as "short-spaced VHF drop-ins," which would not comply with the Commission's present requirements as to mileage separations between co-channel and adjacent channel stations. If adopted, these proposed rules would permit the addition of new VHF television stations in the Company's markets, although such stations would have smaller service areas than regular stations, and would also permit new VHF stations in nearby markets that could, by causing interference, reduce the service areas of the Company's stations. Cable television systems are expanding their operations in the Company's broadcast markets and compete for television viewing in varying degrees by importing out-of-market television signals and by distributing pay-cable and advertiser-supported programming that is originated for cable systems. In addition, the FCC has tentatively concluded to recommend that Congress eliminate the telephone/cable cross-ownership ban contained in the Cable Communications Policy Act. The Company's television stations may also become subject to increased competition from low power television stations, multi-channel multi-point microwave distribution services, direct home reception of satellite program services, satellite master antenna systems (which can carry pay-cable and similar program material), and prerecorded video programming. Further, high definition and other improved television technologies are being developed which in the future may enhance the ability of cable television systems, direct satellite-to-home broadcasting, multi-point distribution services and prerecorded video programming to compete for viewers with local television broadcasting stations such as those owned by the Company.

Until they were amended in April 1985, the FCC's multiple ownership rules imposed a limit of five on the number of VHF television stations any one entity can own or control and a limit of seven on the total number of television stations, both UHF and VHF. The new FCC rules generally impose a limit of 12 on the total number of television stations any one entity can own or control, subject to a further limitation based on the percentage of national audience included within the stations' markets. The Company's experience since this rule change occurred does not provide a basis for predicting the long-term effects, if any, this change will have on the competitive environment in which the Company's television stations operate.

Cable television systems operate in a highly competitive environment. In addition to competing with the direct reception of television broadcast signals by the viewer's own antenna, such systems (like existing television stations) are subject to competition from other forms of television program delivery such as low power television stations, multi-channel multi-point microwave distribution services, direct home reception of satellite program services, satellite master antenna systems and prerecorded video programming.

The Company's publication, television and cable television interests could be adversely affected in various ways should telephone companies be permitted to distribute news, advertising or entertainment programming to home television sets through telephone system connections.

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

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

Executive Officers

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

Katharine Graham, age 71, has been Chairman of the Board and Chief Executive Officer since 1973. She also served as President of the Company from 1963 to 1973 and from March to November 1977, and as Publisher of *The Washington Post* from 1969 through 1978.

Richard D. Simmons, age 54, has been President of the Company since September 1981. Prior to joining the Company Mr. Simmons was vice chairman of the board of The Dun & Bradstreet Corporation.

Joel Chaseman, age 63, has been a Vice President of the Company since 1973. He has also served as President of Post-Newsweek Stations, Inc. ("PNS") from 1973 until March 1988, when he became Chairman of the Board of PNS.

Martin Cohen, age 57, is a Vice President of the Company; from 1975 to July 1987 he served as Vice President-Finance and Treasurer of the Company.

Diana M. Daniels, age 39, has been Vice President and General Counsel of the Company since November 1988; from January 1988 to November 1988 she served as General Counsel of the Company. Prior to that she had been Vice President and General Counsel of Newsweek, Inc. since 1979.

Donald E. Graham, age 43, is a Vice President of the Company and Publisher of *The Washington Post*, having occupied the latter position since January 1979.

Beverly R. Keil, age 42, is Vice President-Human Resources of the Company, a position she has held since January 1986. From 1982 until 1986, Ms. Keil was the Company's Director of Human Resources.

Alan Spoon, age 37, has been Vice President-Finance of the Company since July 1987. He held several senior executive positions at *The Washington Post* from June 1984 to July 1987, and served as a Vice President of the Company responsible for strategic planning and corporate development from January 1982 to June 1984.

Howard E. Wall, age 59, has been a Vice President of the Company since May 1982 and in January 1986 also became President of the Company's Cable Television Division.

Employees

The Company and its subsidiaries employ approximately 6,300 persons on a full-time basis.

The Washington Post has approximately 3,100 full-time employees. About 2,400 of the *Post's* full-time employees and 600 part-time employees are represented by one or another of nine unions. Collective bargaining agreements are currently in effect with locals of the following unions covering the full-time and part-time employees and expiring on the dates indicated: 289 printers represented by the Columbia Typographical Union (September 30, 1990); approximately 160 paperhandlers and general workers represented by the Printing Specialty and Paper Products Union (March 31, 1989); 450 mailers and 220 mailroom helpers represented by the Washington Mailers' Union (February 16, 1991); 44 engineers, carpenters and painters represented by the International Union of Operating Engineers (February 28, 1991); 45 machinists represented by the International Association of Machinists and

Aerospace Workers (January 15, 1990); 120 building service employees represented by the Service Employees International Union (April 30, 1990); and 61 photoengravers-plate-makers represented by the Graphic Arts International Union (February 19, 1994). New contracts, to replace agreements which have expired or are about to expire, are currently being negotiated with the International Brotherhood of Electrical Workers, which represents 52 electricians and technical service employees, and the Printing Specialty and Paper Products Union. The *Post's* contract with the Washington-Baltimore Newspaper Guild, covering approximately 1,500 employees in the editorial, newsroom and commercial departments, expired in July 1986 but was continued in effect until October 1986. The *Post* negotiated with the Guild over a new contract between April 1986 and August 1987, at which time the *Post* declared that negotiations had reached an impasse and implemented its last wage proposal to the Guild. Charges by the Guild that the *Post* had failed in various respects to bargain in good faith have been dismissed by the National Labor Relations Board, and the *Post* and the Guild have agreed to commence negotiations on a new contract on May 1, 1989.

Of the approximately 225 full-time and 179 part-time employees at *The Herald*, about 48 full-time and 47 part-time employees are represented by one or another of three unions. The newspaper's collective bargaining agreement with the Seattle Newspaper Web Pressmen's Union will expire on January 15, 1992, and its agreement with the International Brotherhood of Teamsters, which represents part-time bundle haulers, will expire on May 31, 1993. *The Herald's* agreement with the Northwest Typographical Union expired on January 31, 1989, and a new agreement is being negotiated.

Newsweek has approximately 1,170 full-time employees (including 250 full-time editorial staff members in New York), some of whom are represented by the New York Newspaper Guild under a collective bargaining agreement which will expire in December 1989. Newsweek has never experienced a strike, although there have been occasional work stoppages by employees of some of its former independent printers which did not materially interfere with the publication of *Newsweek*.

The Company's broadcasting operations have approximately 700 full-time employees, of whom about 275 are union-represented. Of the 11 collective bargaining agreements covering union-represented employees, three which expired in 1988 are being renegotiated. Four collective bargaining agreements will expire in 1989.

The Company's Cable Television Division has approximately 800 full-time employees. Stanley H. Kaplan Educational Center Ltd. employs approximately 150 persons on a full-time basis (which number does not include administrators and instructors who are not employed by the Company). Robinson Terminal Warehouse Corporation (the Company's newsprint warehousing and distribution subsidiary) and Legi-Slate each has fewer than 100 employees. None of these units' employees is represented by a union.

Item 2. Properties.

The Company owns the publishing plant and principal offices of *The Washington Post* in downtown Washington, D.C., including both a seven-story building in use since 1950 and a connected nine-story office building on contiguous property completed in 1972 in which are located the Company's principal executive offices. In 1980 the Company completed construction of a satellite printing plant on 13 acres of land owned by the Company in Fairfax County, Virginia, and in September 1981 purchased the printing plant of the defunct *Washington Star* located in Southeast Washington, D.C. The Company owns an additional 10 acres of undeveloped land in Montgomery County, Maryland. The Company also owns a 34-acre tract of undeveloped land in Prince Georges County, Maryland, and a 39-acre tract of undeveloped land near Dulles Airport in Fairfax County, Virginia, each of which is suitable for the construction of facilities for the assembly and distribution of copies of the *Post* to suburban locations and for the construction of an additional satellite plant.

The Company also owns land on the corner of 15th and L Streets, N.W., in Washington, D.C., adjacent to *The Washington Post* plant and office building. The Company has leased this property under a long-term ground lease to The Prudential Insurance Company of America, which in 1982 completed construction of a new multi-story office building on the site. The Company rents two floors in this building. In 1987 the Company purchased a small office building on L Street which also is adjacent to the *Post's* downtown plant.

The Herald owns its plant and office building in Everett, Washington; completed in 1959, the building was expanded in 1968, 1980 and again in 1983, when a second press was installed. *The Herald* also owns two warehouses adjacent to its plant and a small office building in Lynnwood, Washington, from which it manages its south Snohomish County operations.

The principal offices of *Newsweek* are located in the Newsweek Building at 444 Madison Avenue in New York City, where Newsweek rents space on 20 floors. The leases on the space in the Newsweek Building expire between 1994 and 1996 but are renewable for a 15-year period at Newsweek's option at rentals to be negotiated or arbitrated. Subscription service and computer operations are located in a facility Newsweek built in 1987 on a 16-acre tract in Mountain Lakes, New Jersey. Newsweek's accounting, production and distribution departments are being relocated to the Mountain Lakes facility early in 1989.

The headquarters offices of the Company's broadcasting operations are located in the same facilities in downtown Washington that house the Company's principal executive offices. Each of the Company's television stations operates in facilities owned by the Company.

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

Robinson Terminal Warehouse Corporation owns two wharves and several warehouses in Alexandria, Virginia. These facilities are adjacent to the business district and occupy approximately seven acres of land. Robinson also owns a partially developed 18-acre tract in Fairfax County, Virginia, adjacent to *The Washington Post's* satellite printing plant, on which are located several warehouses.

Stanley H. Kaplan Educational Center Ltd. owns a six-story building located at 131 West 56th Street in New York City, which serves as the Manhattan Educational Center, and a one-story building in Brooklyn, New York, which houses Kaplan's printing and production facilities. Kaplan's headquarters offices are located at 810 Seventh Avenue in New York City, where Kaplan rents space on two floors under leases which expire between 1994 and 1998. All Kaplan educational centers outside of Manhattan occupy leased premises.

Legi-Slate's offices are located in leased premises in Washington, D.C.

Item 3. Legal Proceedings.

In November 1987 an action was commenced in the Federal District Court for the Southern District of Mississippi against Post-Newsweek Cable, Inc. ("PNC"), a subsidiary of the Company, and others arising out of the plaintiff's failure to receive a cable television franchise to serve the City of Gulfport, Mississippi, where PNC owns and operates a cable system. The other defendants are the City of Gulfport, the Mayor of Gulfport and a member of the Gulfport City Council. The complaint alleges that PNC and some or all of the other defendants conspired to deny the plaintiff's First Amendment and civil rights, to defame the plaintiff and to violate the antitrust laws, for which the plaintiff has sought \$95 million in alleged compensatory and punitive damages. PNC and the other defendants have

denied all the substantive allegations of the complaint, and motions to dismiss the First Amendment and civil rights portions of the complaint have been granted. Counsel for the plaintiff has advised the defendants in writing that the plaintiff no longer wishes to pursue the action and all parties are currently negotiating a settlement agreement pursuant to which management contemplates the action will be dismissed with prejudice and without the payment of any consideration by any party. There can be no assurance, however, that the action will be so concluded until the settlement agreement is finalized and the litigation is dismissed by the court.

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

Item 4. Submission of Matters to a Vote of Security Holders.

Not applicable.

PART II

Item 5. Market for the Registrant's Common Stock and Related Security Holder Matters.

The information contained under the heading "Common Stock Prices and Dividends" in the Company's 1988 Annual Report to Stockholders, and the information relating to the payment of dividends contained in Note F to the Company's Consolidated Financial Statements appearing in such Annual Report, is incorporated herein by reference thereto.

Item 6. Selected Financial Data.

The information for the years 1984 through 1988 contained under the heading "Ten-Year Summary of Selected Financial Data" in the Company's 1988 Annual Report to Stockholders is incorporated herein by reference thereto.

Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations.

The information contained under the heading "Management's Discussion and Analysis of Results of Operations and Financial Condition" in the Company's 1988 Annual Report to Stockholders is incorporated herein by reference thereto.

Item 8. Financial Statements and Supplementary Data.

The Company's Consolidated Financial Statements together with the report of Price Waterhouse thereon appearing on pages 23 through 37 of the Company's 1988 Annual Report to Stockholders, including the information contained in Note M to said Consolidated Financial Statements titled "Summary of Quarterly Operating Results (Unaudited)", are incorporated herein by reference thereto.

Item 9. Changes in and Disagreements with Accountants on Accounting and Financial Disclosure.

Not applicable.

PART III

Item 10. Directors and Executive Officers of the Registrant.

The information contained under the heading "Executive Officers" in Item 1 hereof, and the information contained under the headings "Nominees for Election by Class A Stockholders" and "Nominees for Election by Class B Stockholders" in the definitive Proxy Statement for the Company's 1989 Annual Meeting of Stockholders, is incorporated herein by reference thereto.

Item 11. Executive Compensation.

The information contained in the first paragraph after the list of nominees under the heading "Nominees for Election by Class B Stockholders" and under the heading "Executive Compensation" in the definitive Proxy Statement for the Company's 1989 Annual Meeting of Stockholders is incorporated herein by reference thereto.

Item 12. Security Ownership of Certain Beneficial Owners and Management.

The information contained under the heading "Stock Holdings of Certain Beneficial Owners and Management" in the definitive Proxy Statement for the Company's 1989 Annual Meeting of Stockholders is incorporated herein by reference thereto.

Item 13. Certain Relationships and Related Transactions.

The information contained under the caption "Certain Transactions" under the heading "Executive Compensation" in the definitive Proxy Statement for the Company's 1989 Annual Meeting of Stockholders is incorporated herein by reference thereto.

PART IV

Item 14. Exhibits, Financial Statement Schedules, and Reports on Form 8-K.

(a) The following documents are filed as part of this report:

(i) *Financial Statements*

As listed in the index to financial statements on page 18 hereof.

(ii) *Exhibits*

As listed in the index to exhibits on page 24 hereof.

(b) **Reports on Form 8-K.**

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

SIGNATURES

Pursuant to the requirements of Section 13 or 15(d) of the Securities Exchange Act of 1934, the Registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized, on March 27, 1988.

THE WASHINGTON POST COMPANY (Registrant)

By Alan Spoon
Alan Spoon
Vice President-Finance

Pursuant to the requirements of the Securities Exchange Act of 1934, this report has been signed below by the following persons on behalf of the Registrant and in the capacities indicated on March 27, 1988:

Katharine Graham	Chairman of the Board (Principal Executive Officer) and Director
Richard D. Simmons	President and Director
Alan Spoon	Vice President-Finance (Principal Financial and Accounting Officer)
Martin Cohen	Director
George J. Gillespie, III	Director
Donald E. Graham	Director
Nicholas deB. Katzenbach	Director
Robert S. McNamara	Director
Arjay Miller	Director
Anthony J. F. O'Reilly	Director
Barbara Scott Preiskel	Director
William J. Ruane	Director
George W. Wilson	Director

By Alan Spoon
Alan Spoon
Attorney-in-Fact

An original power of attorney authorizing Katharine Graham, Richard D. Simmons, Martin Cohen and Alan Spoon, and each of them, to sign all reports required to be filed by the Registrant pursuant to the Securities Exchange Act of 1934 on behalf of the above-named directors and officers has been filed with the Securities and Exchange Commission.

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THE WASHINGTON POST COMPANY

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* Incorporated by reference to the Company's 1988 Annual Report to Stockholders. See Item 8 of this report on Form 10-K.

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

THE WASHINGTON POST COMPANY
 SCHEDULE V - PROPERTY, PLANT AND EQUIPMENT
**REPORT OF INDEPENDENT ACCOUNTANTS ON
 FINANCIAL STATEMENT SCHEDULES**

To The Board of Directors
 The Washington Post Company

Our audits of the consolidated financial statements referred to in our report dated February 8, 1989 appearing on page 37 of the 1988 Annual Report to Stockholders of The Washington Post Company (which report and consolidated financial statements are incorporated by reference in this Annual Report on Form 10-K) also included an audit of the Financial Statement Schedules appearing on pages 20 through 23 of this Form 10-K. In our opinion, these Financial Statement Schedules present fairly, in all material respects, the information set forth therein when read in conjunction with the related consolidated financial statements.

PRICE WATERHOUSE

Washington, D.C.
 February 8, 1989

Account	1988	1987	1986	1985	1984
Land	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000
Buildings	10,000,000	10,000,000	10,000,000	10,000,000	10,000,000
Construction in progress	2,000,000	2,000,000	2,000,000	2,000,000	2,000,000
Leasehold improvements	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000
Machinery, equipment and fixtures	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000
Other Assets	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000
Total	17,000,000	17,000,000	17,000,000	17,000,000	17,000,000

(A) Includes \$1,000,000 of assets of cellular subsidiary sold and \$1,411,000 of completed construction transferred from related accounts.
 (B) Consists of completed construction transferred from related accounts.
 (C) Includes \$4,480,000 of assets of cable subsidiary acquired and \$1,788,000 of completed construction transferred from related accounts.
 (D) Includes \$28,000,000 of completed construction transferred to related accounts, \$1,381,000 of assets of cable subsidiary acquired and \$112,000 related to reversals of prior year transfers.
 (E) Includes \$2,889,000 of assets of cable subsidiary acquired and \$1,000 related from construction in progress.
 (F) Includes \$4,121,000 of completed construction transferred from related accounts, \$4,500 related to reversals of prior year transfers and \$12,000 related to reversals of prior year expenditures.
 (G) Includes \$13,308,000 of completed construction transferred from related accounts, \$4,381,000 related to reversals of prior year equipment and fixtures, and \$308,000 related to land.
 (H) Includes \$28,429,000 of completed construction transferred to related accounts and \$2,444,000 related to reversals of prior year expenditures.
 (I) Includes \$217,000 related from construction in progress, \$208,000 related from buildings, \$218,000 related to reversals of prior year expenditures and \$23,000 related to reversals of prior year expenditures.
 (J) Includes \$243,000 transferred from construction in progress and \$233,000 transferred from land.
 (K) Includes \$23,000 of completed construction transferred from related accounts and \$23,000 of assets of cellular subsidiary sold.
 (L) Includes \$1,430,000 of assets of cellular subsidiary sold and \$1,411,000 of completed construction transferred from related accounts.
 (M) Includes \$2,040,000 of assets of cellular subsidiary sold, \$1,807,000 of completed construction transferred from related accounts and \$1,000 related from land.
 (N) Includes \$2,382,000 of completed construction transferred to related accounts, \$4,021,000 of assets of cellular subsidiary acquired and \$2,000 related to reversals of prior year expenditures.
 (O) Includes \$1,732,000 of assets of cellular subsidiary sold, \$1,077,000 related to buildings and \$41,000 related from construction in progress.
 (P) Consists of non-operating property transferred from construction in progress.

THE WASHINGTON POST COMPANY

SCHEDULE V--PROPERTY, PLANT AND EQUIPMENT

Column A	Column B	Column C	Column D	Column E	Column F
Classification	Balance at beginning of period	Additions at cost	Retirements	Other changes add (deduct)	Balance at end of period
Year Ended December 28, 1986					
Plant Assets					
Machinery, equipment and fixtures ...	\$197,729,000	\$13,465,000	\$5,699,000	\$139,455,000 (A)	\$344,950,000
Leasehold improvements.....	24,679,000	2,579,000	426,000	1,502,000 (B)	28,334,000
Buildings.....	100,694,000	199,000	101,000	6,336,000 (C)	107,128,000
Construction in progress.....	21,338,000	49,479,000		(54,286,000)(D)	16,531,000
Land.....	18,106,000	863,000	47,000	2,890,000 (E)	21,812,000
	<u>362,546,000</u>	<u>66,585,000</u>	<u>6,273,000</u>	<u>95,897,000</u>	<u>518,755,000</u>
Other Assets					
Buildings.....	336,000	32,000			368,000
Land.....	2,483,000				2,483,000
	<u>2,819,000</u>	<u>32,000</u>			<u>2,851,000</u>
	<u>\$365,365,000</u>	<u>\$66,617,000</u>	<u>\$ 6,273,000</u>	<u>\$ 95,897,000</u>	<u>\$521,606,000</u>
Year Ended January 3, 1988					
Plant Assets					
Machinery, equipment and fixtures ...	\$344,950,000	\$ 9,890,000	\$ 6,724,000	\$ 39,639,000 (F)	\$387,755,000
Leasehold improvements.....	28,334,000	1,311,000	3,159,000	139,000 (B)	26,625,000
Buildings.....	107,128,000	1,756,000	201,000	17,331,000 (G)	126,014,000
Construction in progress.....	16,531,000	59,412,000	207,000	(59,373,000)(H)	16,363,000
Land.....	21,812,000	1,527,000	86,000	390,000 (I)	23,643,000
	<u>518,755,000</u>	<u>73,896,000</u>	<u>10,377,000</u>	<u>(1,874,000)</u>	<u>580,400,000</u>
Other Assets					
Buildings.....	368,000				368,000
Land.....	2,483,000	9,650,000		746,000 (J)	12,879,000
	<u>2,851,000</u>	<u>9,650,000</u>		<u>746,000</u>	<u>13,247,000</u>
	<u>\$521,606,000</u>	<u>\$83,546,000</u>	<u>\$10,377,000</u>	<u>\$ (1,128,000)</u>	<u>\$593,647,000</u>
Year Ended January 1, 1989					
Plant Assets					
Machinery, equipment and fixtures ...	\$387,755,000	\$ 8,616,000	\$7,312,000	\$ 11,733,000 (K)	\$400,792,000
Leasehold improvements.....	26,625,000	200,000	466,000	(98,000) (L)	26,261,000
Buildings.....	126,014,000	1,005,000	161,000	(986,000)(M)	125,872,000
Construction in progress.....	16,363,000	47,261,000		(42,473,000)(N)	21,151,000
Land.....	23,643,000	1,638,000		(2,775,000)(O)	22,506,000
	<u>580,400,000</u>	<u>58,720,000</u>	<u>7,939,000</u>	<u>(34,599,000)</u>	<u>596,582,000</u>
Other Assets					
Buildings.....	368,000	15,000		1,369,000 (P)	1,752,000
Land.....	12,879,000	15,000		573,000 (P)	13,467,000
	<u>13,247,000</u>	<u>30,000</u>		<u>1,942,000</u>	<u>15,219,000</u>
	<u>\$593,647,000</u>	<u>\$58,750,000</u>	<u>\$ 7,939,000</u>	<u>\$(32,657,000)</u>	<u>\$611,801,000</u>

(A) Includes \$87,074,000 of assets of cable subsidiary acquired and \$52,381,000 of completed construction transferred from related accounts.

(B) Consists of completed construction transferred from related accounts.

(C) Includes \$4,548,000 of assets of cable subsidiary acquired and \$1,788,000 of completed construction transferred from related accounts.

(D) Includes \$55,672,000 of completed construction transferred to related accounts, \$1,261,000 of assets of cable subsidiary acquired and \$125,000 related to reversals of prior year transfers.

(E) Includes \$2,889,000 of assets of cable subsidiary acquired and \$1,000 reclassified from construction in progress.

(F) Includes \$44,121,000 of completed construction transferred from related accounts, \$4,330,000 reclassified to buildings and \$152,000 related to reversals of prior year capitalizations.

(G) Includes \$13,309,000 of completed construction transferred from related accounts, \$4,330,000 reclassified from machinery, equipment and fixtures, and \$308,000 reclassified to land.

(H) Includes \$58,429,000 of completed construction transferred from related accounts and \$944,000 related to reversals of prior year capitalizations.

(I) Includes \$317,000 reclassified from construction in progress, \$308,000 reclassified from buildings, \$203,000 transferred to non-operating property, and \$32,000 related to reversals of prior year capitalization.

(J) Includes \$543,000 transferred from construction in progress and \$203,000 transferred from land.

(K) Includes \$32,079,000 of completed construction transferred from related accounts and \$20,346,000 of assets of cellular subsidiary sold.

(L) Includes \$1,439,000 of assets of cellular subsidiary sold and \$1,341,000 of completed construction transferred from related accounts.

(M) Includes \$5,049,000 of assets of cellular subsidiary sold, \$2,993,000 of completed construction transferred from related accounts and \$1,070,000 reclassified from land.

(N) Includes \$38,386,000 of completed construction transferred to related accounts, \$4,051,000 of assets of cellular subsidiary sold and \$36,000 related to reversals of prior year capitalizations.

(O) Includes \$1,735,000 of assets of cellular subsidiary sold, \$1,071,000 reclassified to buildings and \$31,000 reclassified from construction in progress.

(P) Consists of non-operating property transferred from construction in progress.

THE WASHINGTON POST COMPANY
SCHEDULE VI—ACCUMULATED DEPRECIATION AND
AMORTIZATION OF PROPERTY, PLANT AND EQUIPMENT

Column A	Column B	Column C	Column D	Column E	Column F
Description	Balance at beginning of period	Additions Charged to costs and expenses	Retirements	Other changes	Balance at end of period
Year Ended December 28, 1986					
Plant Assets					
Machinery, equipment and fixtures ...	\$108,897,000	\$31,502,000	\$5,001,000	\$	\$135,398,000
Leasehold improvements	7,411,000	1,900,000	358,000		8,953,000
Buildings	<u>26,928,000</u>	<u>3,808,000</u>	<u>34,000</u>		<u>30,702,000</u>
	<u>143,236,000</u>	<u>37,210,000</u>	<u>5,393,000</u>		<u>175,053,000</u>
Other Assets					
Buildings	213,000	34,000			247,000
	<u>\$143,449,000</u>	<u>\$37,244,000</u>	<u>\$5,393,000</u>	\$	<u>\$175,300,000</u>
Year Ended January 3, 1988					
Plant Assets					
Machinery, equipment and fixtures ...	\$135,398,000	\$36,946,000	\$5,416,000	\$ (89,000)(A)	\$166,839,000
Leasehold improvements	8,953,000	2,098,000	3,183,000	20,000 (A)	7,888,000
Buildings	<u>30,702,000</u>	<u>3,874,000</u>	<u>52,000</u>	<u>69,000 (A)</u>	<u>34,593,000</u>
	<u>175,053,000</u>	<u>42,918,000</u>	<u>8,651,000</u>		<u>209,320,000</u>
Other Assets					
Buildings	247,000	37,000			284,000
	<u>\$175,300,000</u>	<u>\$42,955,000</u>	<u>\$8,651,000</u>	\$	<u>\$209,604,000</u>
Year Ended January 1, 1989					
Plant Assets					
Machinery, equipment and fixtures ...	\$166,839,000	\$39,126,000	\$6,639,000	\$(2,671,000)(B)	\$196,655,000
Leasehold improvements	7,888,000	1,878,000	391,000	(145,000)(B)	9,230,000
Buildings	<u>34,593,000</u>	<u>4,313,000</u>	<u>102,000</u>	<u>(220,000)(B)</u>	<u>38,584,000</u>
	<u>209,320,000</u>	<u>45,317,000</u>	<u>7,132,000</u>	<u>(3,036,000)</u>	<u>244,469,000</u>
Other Assets					
Buildings	284,000	67,000			351,000
	<u>\$209,604,000</u>	<u>\$45,384,000</u>	<u>\$7,132,000</u>	<u>\$(3,036,000)</u>	<u>\$244,820,000</u>

(A) Relates to reclassification of prior year additions.

(B) Relates to assets of cellular subsidiary sold.

THE WASHINGTON POST COMPANY
SCHEDULE VIII-VALUATION ACCOUNTS AND RESERVES

Column A	Column B	Column C	Column D	Column E
Description	Balance at beginning of period	Additions - Charged to costs and expenses	Deductions	Balance at end of period
Year Ended December 28, 1986				
Allowance for doubtful accounts and returns	\$15,964,000	\$31,070,000	\$26,891,000	\$20,143,000
Allowance for advertising rate adjustments and discounts	<u>6,909,000</u>	<u>7,984,000</u>	<u>9,469,000</u>	<u>5,424,000</u>
	<u>\$22,873,000</u>	<u>\$39,054,000</u>	<u>\$36,360,000</u>	<u>\$25,567,000</u>
Year Ended January 3, 1988				
Allowance for doubtful accounts and returns	\$20,143,000	\$36,429,000	\$35,294,000	\$21,278,000
Allowance for advertising rate adjustments and discounts	<u>5,424,000</u>	<u>10,610,000</u>	<u>10,384,000</u>	<u>5,650,000</u>
	<u>\$25,567,000</u>	<u>\$47,039,000</u>	<u>\$45,678,000</u>	<u>\$26,928,000</u>
Year Ended January 1, 1989				
Allowance for doubtful accounts and returns	\$21,278,000	\$31,709,000	\$32,030,000	\$20,957,000
Allowance for advertising rate adjustments and discounts	<u>5,650,000</u>	<u>8,393,000</u>	<u>5,633,000</u>	<u>8,410,000</u>
	<u>\$26,928,000</u>	<u>\$40,102,000</u>	<u>\$37,663,000</u>	<u>\$29,367,000</u>

THE WASHINGTON POST COMPANY

SCHEDULE X--SUPPLEMENTARY INCOME STATEMENT INFORMATION

Description	Charged to costs and expenses year ended		
	December 28, 1986	January 3, 1988	January 1, 1989
Maintenance and repairs	\$ 8,494,000	\$ 9,350,000	\$10,917,000
Amortization of goodwill and other intangibles	12,185,000	12,731,000	13,602,000
Taxes other than payroll and income taxes	10,659,000	12,484,000	13,793,000
Royalties, primarily amortization of film rights	17,035,000	20,347,000	31,199,000
Advertising.....	13,893,000	11,981,000	12,137,000

INDEX TO EXHIBITS

<u>Exhibit Number</u>	<u>Description</u>
3.1 ---	Certificate of Incorporation of the Company as amended through May 12, 1988 (incorporated by reference to Exhibit 3 to the Company's Current Report on Form 8-K dated May 12, 1988).
3.2 ---	By-Laws of the Company as amended to June 8, 1971 (incorporated by reference to Exhibit 3.4 to Registration Statement No. 2-40389). In accordance with Item 601(b)(4)(iii)(A) of Regulation S-K, the Company hereby agrees to furnish to the Securities and Exchange Commission upon request a copy of any instrument defining the rights of holders of long-term debt of the Company or any subsidiary which is not required to be filed herewith because the total amount of securities authorized thereunder does not exceed 10 percent of the total consolidated assets of the Company.
10.1 ---	The Washington Post Company Annual Incentive Compensation Plan (adopted January 9, 1974) as amended through January 4, 1982 (incorporated by reference to Exhibit 10.10 to the Company's Annual Report on Form 10-K for the fiscal year ended January 3, 1982).
10.2 ---	The Washington Post Company Long-Term Incentive Compensation Plan (adopted December 11, 1981) (incorporated by reference to Exhibit 10.11 to the Company's Annual Report on Form 10-K for the fiscal year ended January 3, 1982).
10.3 ---	Amendment No. 1 (adopted July 14, 1988) to The Washington Post Company Long-Term Incentive Compensation Plan.
10.4 ---	The Washington Post Company Stock Option Plan (adopted June 11, 1971) as amended through July 11, 1981, and forms of non-qualified and incentive stock options (incorporated by reference to Exhibit 10.12 to the Company's Annual Report on Form 10-K for the fiscal year ended January 3, 1982).
10.5 ---	The Washington Post Company Supplemental Executive Retirement Plan (adopted March 9, 1989).
10.6 ---	Stock Purchase Agreement between Post-Newsweek Stations, Florida, Inc. and McCaw Communications of Florida, Inc. dated September 2, 1987 (incorporated by reference to Exhibit 10 to the Company's Quarterly Report on Form 10-Q for the quarter ended September 27, 1987).
11 ---	Calculation of earnings per share of common stock.
13 ---	The Company's 1988 Annual Report to Stockholders (furnished for the information of the Securities and Exchange Commission only and not to be deemed filed as part of this Annual Report on Form 10-K except for the portions thereof which are specifically incorporated herein by reference).
22 ---	List of subsidiaries of the Company.
24 ---	Consent of independent accountants.
25 ---	Power of attorney dated March 10, 1988 (incorporated by reference to Exhibit 25 to the Company's Annual Report on Form 10-K for the fiscal year ended January 3, 1988).