

This report (including all exhibits) consists of a total of 14 pages, of which this page is number 1. The exhibit index is on page 12.

FORM 10-Q  
SECURITIES AND EXCHANGE COMMISSION  
WASHINGTON, DC 20549

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

For the Quarterly  
Period Ended June 30, 1996 Commission File Number 1-6714

-----  
THE WASHINGTON POST COMPANY

-----  
(Exact name of registrant as specified in its charter)

Delaware

53-0182885

-----  
(State or other jurisdiction of  
incorporation or organization)

(I.R.S. Employer  
Identification No.)

1150 15th Street, N.W.

Washington, D.C.

20071

-----  
(Address of principal executive offices)

(Zip Code)

(202) 334-6000

-----  
(Registrant's telephone number, including area code)

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

Shares outstanding at August 5, 1996:

Class A Common Stock	1,804,250 Shares
Class B Common Stock	9,149,783 Shares

## THE WASHINGTON POST COMPANY

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PART I. FINANCIAL INFORMATION  
Item 1. Financial Statements

The Washington Post Company  
Consolidated Statements of Income (Unaudited)

(In thousands, except per share amounts)	Thirteen Weeks Ended		Twenty-six Weeks Ended	
	June 30, 1996	July 2, 1995	June 30, 1996	July 2, 1995
Operating revenues				
Advertising	\$310,459	\$284,954	\$563,266	\$537,163
Circulation and subscriber	121,488	114,079	238,559	222,546
Other	40,905	37,961	87,646	78,836
	-----	-----	-----	-----
	472,852	436,994	889,471	838,545
	-----	-----	-----	-----
Operating costs and expenses				
Operating	253,639	226,879	496,121	448,037
Selling, general and administrative	100,562	106,053	201,354	204,066
Depreciation and amortization of property, plant and equipment	16,004	16,370	32,164	32,744
Amortization of goodwill and other intangibles	7,162	8,956	14,147	16,629
	-----	-----	-----	-----
	377,367	358,258	743,786	701,476
	-----	-----	-----	-----
Income from operations	95,485	78,736	145,685	137,069
Other income (expense)				
Equity in earnings of affiliates	7,807	8,858	15,160	9,630
Interest income	1,175	2,032	2,399	4,366
Interest expense	(139)	(1,368)	(1,222)	(2,799)
Other	(689)	(869)	2,178	13,526
	-----	-----	-----	-----
Income before income taxes	103,639	87,389	164,200	161,792
	-----	-----	-----	-----
Provision for income taxes				
Current	39,243	35,844	61,586	64,343
Deferred	1,178	31	2,454	2,037
	-----	-----	-----	-----
	40,421	35,875	64,040	66,380
	-----	-----	-----	-----
Net income	63,218	51,514	100,160	95,412
Redeemable preferred stock dividends	--	--	(202)	--
Net income available for common stock	\$63,218	\$51,514	\$99,958	\$95,412
	=====	=====	=====	=====
Earnings per common share	\$ 5.76	\$ 4.65	\$ 9.09	\$ 8.56
	=====	=====	=====	=====
Dividends declared per common share	--	--	\$ 2.30	\$ 2.20
	=====	=====	=====	=====
Average number of common shares outstanding	10,970	11,084	10,998	11,152

The Washington Post Company  
Consolidated Balance Sheets (Unaudited)

(In thousands)	June 30, 1996 -----	December 31, 1995 -----
<b>Assets</b>		
<b>Current assets</b>		
Cash and cash equivalents	\$ 101,664	\$ 146,901
Marketable securities	--	12,756
Accounts receivable, less estimated returns, doubtful accounts and allowances	232,468	200,698
Inventories	24,531	26,766
Other current assets	22,221	19,449
	-----	-----
	380,884	406,570
Investments in affiliates	198,683	189,053
<b>Property, plant and equipment</b>		
Buildings	197,859	190,543
Machinery, equipment and fixtures	692,243	664,403
Leasehold improvements	34,326	33,805
	-----	-----
	924,428	888,751
Less accumulated depreciation and amortization	(566,918)	(535,691)
	-----	-----
	357,510	353,060
Land	34,350	32,513
Construction in progress	78,259	71,786
	-----	-----
	470,119	457,359
Goodwill and other intangibles, less accumulated amortization	522,488	472,291
Deferred charges and other assets	213,495	207,620
	-----	-----
	\$1,785,669	\$1,732,893
	=====	=====
<b>Liabilities and Shareholders' Equity</b>		
<b>Current liabilities</b>		
Accounts payable and accrued liabilities	\$ 191,982	\$ 172,004
Federal and state income taxes	2,900	3,494
Deferred subscription revenue	81,594	82,457
Current portion of long-term debt	--	50,222
	-----	-----
	276,476	308,177
Other liabilities	213,926	205,869
Deferred income taxes	37,037	34,643
	-----	-----
	527,439	548,689
Redeemable preferred stock	11,947	--
<b>Common shareholders' equity</b>		
Common stock	20,000	20,000
Capital in excess of par value	25,382	24,941
Retained earnings	1,907,385	1,832,706
Unrealized gain on available-for-sale securities	3,138	3,224
Cumulative foreign currency translation adjustment	5,364	5,537
Cost of Class B common stock held in Treasury	(714,986)	(702,204)
	-----	-----
	1,246,283	1,184,204
	-----	-----
	\$1,785,669	\$1,732,893
	=====	=====

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

(In thousands)	Twenty-six Weeks Ended	
	June 30, 1996	July 2, 1995
Cash flows from operating activities:		
Net income	\$100,160	\$ 95,412
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation and amortization of property, plant and equipment	32,164	32,744
Amortization of goodwill and other intangibles	14,147	16,629
Gain from sale of business	(3,112)	(14,253)
(Decrease) increase in income taxes payable	(594)	10,419
Provision for deferred income taxes	2,454	2,037
Equity in earnings of affiliates, net of distributions	(9,803)	(8,501)
Change in assets and liabilities:		
(Increase) in accounts receivable, net	(31,770)	(19,025)
Decrease (increase) in inventories	2,235	(4,966)
Increase (decrease) in accounts payable and accrued liabilities	24,125	(610)
(Increase) in other assets and other liabilities, net	(12,960)	(2,595)
Other	3,411	3,771
	-----	-----
Net cash provided by operating activities	120,457	111,062
Cash flows from investing activities:		
Net proceeds from sale of business	3,517	32,743
Purchases of property, plant and equipment	(16,197)	(81,971)
Purchases of marketable securities	--	(43,116)
Proceeds from sales of marketable securities	12,821	58,498
Investments in certain businesses	(89,471)	--
Other	332	85
	-----	-----
Net cash (used) by investing activities	(88,998)	(33,761)
Cash flows from financing activities:		
Principal payments on debt	(50,209)	--
Issuance of redeemable preferred stock	11,947	--
Dividends paid	(25,482)	(24,680)
Common shares repurchased	(12,952)	(79,580)
	-----	-----
Net cash (used) by financing activities	(76,696)	(104,260)
	-----	-----
Net (decrease) in cash and cash equivalents	(45,237)	(26,959)
Beginning cash and cash equivalents	146,901	117,269
	-----	-----
Ending cash and cash equivalents	\$101,664	\$ 90,310
	=====	=====

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

Note 1: Results of operations, when examined on a quarterly basis, reflect the seasonality of advertising that affects the newspaper, magazine and broadcasting operations. Advertising revenues in the second and fourth quarters are typically higher than first and third quarter revenues. All adjustments reflected in the interim financial statements are of a normal recurring nature. Certain prior year amounts have been reclassified to conform with current year presentation.

Note 2: Summarized combined (unaudited) results of operations for the second quarter and year-to-date of 1996 and 1995 for the company's affiliates are as follows (in thousands):

	Second Quarter		Year-to-Date	
	1996	1995	1996	1995
Operating revenues	\$236,430	\$229,850	\$471,903	\$430,660
Operating income	27,655	31,427	65,057	46,841
Net income	19,851	19,909	47,224	27,679

Note 3: In the first quarter of 1996 the company purchased two businesses for approximately \$60 million, a cable system in Texarkana serving about 24,000 subscribers and a commercial printing operation located in the Maryland suburbs of Washington, D.C. In the first quarter of 1996 the company also acquired a cable system in Columbus, Mississippi, serving about 15,700 subscribers for approximately \$23 million consisting of cash and non-convertible, redeemable preferred stock of the company.

The redeemable preferred stock issued in conjunction with the Columbus cable acquisition has a par value of \$1.00 per share, and a redemption price and liquidation preference of \$1,000 per share. Dividends are payable four times each year at the rate of \$20 per share. Shares of the redeemable preferred stock are redeemable by the company at any time on or after October 1, 2015. In addition, holders of such stock have a right to require the company to purchase their shares at the redemption price during an annual 60-day election period, with the first such period beginning on February 23, 2001.

Note 4: Effective January 1, 1996, the company adopted Statements of Financial Accounting Standards No. 121 (FAS 121) "Accounting for Impairment of Long-Lived Assets and for Long-Lived Assets to Be Disposed Of," and No. 123 (FAS 123), "Accounting for Stock-Based Compensation." In accordance with FAS 121 the company periodically evaluates the realizability of long-lived assets, including goodwill, based upon projected undiscounted cash flows and operating income for each subsidiary.

In accordance with the provisions of FAS 123, the company has elected to continue to measure compensation expense for its stock-based employee compensation plans using the intrinsic value method prescribed by Accounting Principles Board Opinion No. 25, "Accounting for Stock Issued to Employees" and will provide pro forma disclosures of net income and earnings per share as if the fair value-based method prescribed by FAS 123 had been applied in measuring compensation expense. The adoption of these standards did not have a material effect on the company's financial position or results of operations.

Note 5: During the first six months of 1996 the company repurchased 45,315 shares of its Class B common stock at a cost of \$13.0 million.

ITEM 2. MANAGEMENT'S DISCUSSION AND ANALYSIS OF RESULTS OF OPERATIONS AND FINANCIAL CONDITION

This analysis should be read in conjunction with the consolidated financial statements and the notes thereto.

Revenues and expenses in the first and third quarters are customarily lower than those in the second and fourth quarters because of significant seasonal fluctuations in advertising volume. For that reason, the results of operations for each quarter are compared with those of the corresponding quarter in the preceding year.

SECOND QUARTER COMPARISONS

Net income for the second quarter of 1996 was \$63.2 million, an increase of 23 percent from net income of \$51.5 million in the second quarter last year. Earnings per share increased 24 percent to \$5.76 per share, from \$4.65 per share in the second quarter of 1995, with a smaller number of shares outstanding.

Revenues for the second quarter of 1996 rose 8 percent to \$472.9 million, from \$437.0 million in the same period last year. Advertising revenues rose 9 percent and circulation and subscriber revenues increased 7 percent. Other revenues increased 8 percent over the second quarter of 1995. All divisions posted higher revenues in the second quarter this year. The magazine division had exceptionally strong gains resulting from increased advertising page volume as well as higher advertising revenue realized per page.

Costs and expenses for the second quarter of 1996 increased 5 percent to \$377.4 million, from \$358.3 million in the second quarter of 1995. Operating expenses increased 12 percent, while selling, general and administrative expenses decreased 5 percent. Depreciation expense decreased 2 percent compared to the second quarter of 1995. Amortization expense for the second quarter of 1996 decreased 20 percent as 1995 amortization included expense related to the operations of Mammoth Micro Productions which was written off in September 1995. A 16 percent higher newsprint expense accounted for about a fourth of the net increase in total costs and expenses. The remainder of the net increase relates primarily to additional expenses associated with newly acquired businesses as well as normal increases in the cost of operations.

In the second quarter of 1996 operating income rose to \$95.5 million, a 21 percent increase over \$78.7 million in 1995.

NEWSPAPER DIVISION. At the newspaper division revenues increased 4 percent in the second quarter of 1996. Although advertising volume at The Washington Post fell 5 percent, advertising revenues for the division rose 3 percent for the quarter due mainly to rate increases

for retail and classified advertising. Classified volume at the Post increased 2 percent in the quarter, as recruitment advertising volume remained strong. Retail lineage was down 13 percent, and general lineage declined 4 percent compared with the same period last year. Preprint volume decreased 2 percent versus the second quarter of 1995. Circulation revenues for the division increased 2 percent compared with the same period last year.

**BROADCAST DIVISION.** Revenues at the broadcast division increased 5 percent in the second quarter of 1996. Local advertising revenues increased 10 percent and national advertising revenues rose 6 percent over the second quarter of 1995. Network compensation increased 20 percent over the comparable period last year.

**MAGAZINE DIVISION.** Newsweek revenues in the second quarter of 1996 increased 16 percent. Advertising revenues rose 31 percent, primarily due to increased advertising page volume combined with higher net advertising revenue realized per page. Circulation revenues declined 2 percent. In the second quarter Newsweek published the same number of weekly issues (13) as in 1995; 1995 also included one special newsstand-only issue.

**CABLE DIVISION.** At the cable division, second quarter 1996 revenues were 17 percent higher than 1995. Higher subscriber levels, resulting mainly from recent acquisitions, as well as higher rates accounted for the increase. At the end of the second quarter, the number of basic subscribers totaled approximately 560,000, 11 percent higher than at the same time last year.

**OTHER BUSINESSES.** In the second quarter of 1996, revenues from other businesses -- principally Kaplan Educational Centers, PASS Sports, Legi-Slate, Digital Ink, and MLJ (Moffet, Larson & Johnson) -- increased 7 percent over the prior year. At MLJ, increased demand for engineering services to the expanding PCS industry generated a 33 percent jump in revenues.

**EQUITY IN EARNINGS AND LOSSES OF AFFILIATES.** The company's equity in earnings of affiliates in the second quarter of 1996 was \$7.8 million, compared with \$8.9 million in the second quarter of 1995.

**NON-OPERATING ITEMS.** Interest income, net of interest expense, was \$1.0 million for the second quarter of 1996, compared to \$0.6 million in 1995.

**INCOME TAXES.** The effective tax rate in the second quarter of 1996 decreased to 39 percent, from 41 percent in 1995.



## SIX MONTH COMPARISONS

Net income for the first six months of 1996 was \$100.2 million (\$9.09 per share), compared with net income of \$95.4 million (\$8.56 per share) in the first half of 1995. The company's net income for the first half of 1995 includes \$8.4 million (\$0.75 per share) from the sale, at its original cost, of substantially all of the company's investment in American PCS, L.P. Excluding the effect of the sale, net income increased \$13.2 million, or 15 percent, in the first six months of 1996.

Revenues for the first half of 1996 increased 6 percent to \$889.5 million, from \$838.5 million in the comparable period last year. Advertising revenues increased 5 percent, circulation and subscriber revenues increased 7 percent and other revenues increased 11 percent.

Costs and expenses increased 6 percent during the first half of 1996 to \$743.8 million, from \$701.5 million in the corresponding period of 1995. Operating expenses increased 11 percent and selling, general and administrative expenses decreased 1 percent. Depreciation expense decreased 2 percent. Amortization expense for the first half of 1996 decreased 15 percent as the 1995 amortization includes expense related to the operations of Mammoth Micro Productions which was written off in September 1995. A 23 percent higher newsprint expense accounted for about one-third of the net increase in total costs and expenses. The remainder of the net increase relates primarily to additional expenses associated with newly acquired businesses as well as normal growth in the cost of operations.

In the first half of 1996 operating income rose to \$145.7 million, an increase of 6 percent over \$137.1 million in the same period last year.

**NEWSPAPER DIVISION.** Newspaper division revenues were up 2 percent in the first half of 1996 over the comparable period of 1995. Although advertising volume at The Washington Post fell 8 percent, advertising revenues for the division rose 1 percent in the period due mainly to the growth in volume and rates realized in recruitment advertising. Circulation revenues for the division increased 2 percent compared with the first half of 1995. Both daily and Sunday circulation at The Post declined 1 percent from the prior year.

**BROADCAST DIVISION.** Revenues at the broadcast division increased 5 percent over the first six months of 1995. In the first half of 1996 local advertising rose 9 percent, national advertising revenues increased 4 percent and network compensation increased 15 percent.

**MAGAZINE DIVISION.** At Newsweek revenues increased 8 percent in the first half of 1996. A major contributor to the improvement was a 15 percent increase in advertising revenues, which resulted primarily

from higher advertising page volume, combined with higher net advertising revenue realized per page. In the first six months of 1996, circulation revenues declined 1 percent, primarily due to the publication of one less issue in 1996.

**CABLE DIVISION.** Cable division revenues increased 17 percent in the first half of 1996. Subscriber revenues grew 18 percent in the first six months of 1996 due to an increase of 11 percent in the number of basic subscribers, resulting mainly from recent acquisitions, as well as higher rates.

**OTHER BUSINESSES.** At the company's other businesses, revenues rose 10 percent in the first half of 1996. At MLJ, increased demand for engineering services to the expanding PCS industry generated a 72 percent increase in revenues.

**EQUITY IN EARNINGS AND LOSSES OF AFFILIATES.** The company's equity in earnings of affiliates during the first half of 1996 was income of \$15.2 million, compared with \$9.6 million in the first six months of 1995. Improved results from the company's newsprint mill affiliates were the major contributors to the increase.

**NON-OPERATING ITEMS.** Interest income, net of interest expense, was \$1.2 million in the first six months of 1996, compared to \$1.6 million in 1995.

Other income in the first half of 1996 was \$2.2 million, compared with \$13.5 million in the comparable period of 1995. The 1995 amount includes the gain resulting from the sale of substantially all of the company's interest in American PCS, L.P. in January 1995.

**INCOME TAXES.** The effective tax rate in 1996 decreased to 39 percent, from 41 percent in 1995.

#### FINANCIAL CONDITION: CAPITAL RESOURCES AND LIQUIDITY

During the first half 1996 the company purchased two businesses for approximately \$60 million, a cable system in Texarkana serving about 24,000 subscribers and a commercial printing operation located in the Maryland suburbs of Washington, D.C. The company also acquired a cable system in Columbus, Mississippi, serving about 15,700 subscribers for approximately \$23 million consisting of cash and shares of non-convertible, redeemable preferred stock of the company. The company has also reached agreements in principle to purchase cable systems serving 41,000 subscribers in two states for approximately \$70 million, and to exchange the assets of certain cable systems with Tele-Communications, Inc. (TCI). According to the terms of the TCI agreements, the exchanges will result in an aggregate increase of

about 28,000 subscribers for the company. These transactions are expected to be completed before the end of 1996.

In January 1996 the company established a five-year, \$300 million revolving credit facility with a group of banks to provide for general corporate purposes and support the issuance of short-term promissory notes. The company has yet to draw on this facility in 1996. In March 1996, the company retired its European Currency Notes for \$50.2 million.

As of the end of 1995, the company had repurchased approximately 235,000 shares of the one million Class B shares authorized for repurchase by the Board of Directors in January 1995. In the first half of 1996, the company repurchased 45,315 shares of its Class B common stock for approximately \$13.0 million. Approximately 720,000 Class B common shares remain to be repurchased under the January 1995 authorization.

The company has experienced no other significant changes in its financial condition since the end of 1995.

## PART II - OTHER INFORMATION

## ITEM 6. EXHIBITS AND REPORTS ON FORM 8-K.

(a) The following document is filed as an exhibit to this report:

EXHIBIT NUMBER	DESCRIPTION
11	Calculation of Earnings Per Share of Common Stock
27	Financial Data Schedule (Electronic Filing Only)

(b) No reports on Form 8-K were filed during the period covered by this report.

## SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

THE WASHINGTON POST COMPANY  
(Registrant)

Date: August 14, 1996  
-----

/s/ Donald E. Graham  
-----

Donald E. Graham, Chairman &  
Chief Executive Officer  
(Principal Executive Officer)

Date: August 14, 1996  
-----

/s/ John B. Morse, Jr.  
-----

John B. Morse, Jr., Vice President-Finance  
(Principal Financial Officer)

CALCULATION OF EARNINGS  
PER SHARE OF COMMON STOCK  
(In thousands of shares)

	Thirteen Weeks Ended		Twenty-Six Weeks Ended	
	June 30, 1996	July 2, 1995	June 30, 1996	July 2, 1995
Number of shares of Class A and Class B stock outstanding at beginning of period	10,986	11,109	11,005	11,346
Issuance of shares of Class B common stock (weighted), net of forfeiture of restricted stock awards	--	--	1	18
Repurchase of Class B common stock (weighted)	(16)	(34)	(23)	(219)
Unexercised stock option equivalent shares computed under the "treasury stock method"	--	9	15	7
Shares used in the computation of primary earnings per share	10,970	11,084	10,998	11,152
Adjustment to reflect fully dilution computation (1)	--	--	--	--
	10,970	11,084	10,998	11,152
Net income available for common stock	\$63,218	\$51,514	\$99,958	\$95,412
Primary earnings per share	\$ 5.76	\$ 4.65	\$ 9.09	\$ 8.56
Fully diluted earnings per share (1)	\$ 5.76	\$ 4.65	\$ 9.09	\$ 8.56

(1) This computation is submitted although it is not required by Accounting Principles Board Opinion No. 15 since it results in dilution of less than 3 percent.

This schedule contains summary financial information extracted from the Consolidated Statement of Income for the twenty-six weeks ended June 30, 1996 and the Consolidated Balance Sheet as of June 30, 1996 and is qualified in its entirety by reference to such financial statements.

1,000

6-MOS		
	DEC-29-1996	
	JUN-30-1996	
		101,664
		0
		277,092
		44,624
		24,531
		380,884
		1,037,037
		566,918
		1,785,669
	276,476	
		0
	11,947	
		0
		20,000
		1,226,283
1,785,669		
		0
	889,471	
		0
		496,121
		0
		28,338
		1,222
		164,200
		64,040
	100,160	
		0
		0
		0
		100,160
		9.09
		9.09