

---

---

**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 December 28, 1986.

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 27, 1987, based on the closing price for the Company's Class B Common Stock on the American Stock Exchange on such date: approximately \$1,373,000,000.00.

Shares outstanding at February 27, 1987:

Class A Common Stock—2,098,702 shares  
Class B Common Stock—10,746,078 shares

Documents partially incorporated by reference:

The Company's 1986 Annual Report to Stockholders (incorporated in Part II to the extent provided in Items 5, 6, 7 and 8 hereof).

Definitive Proxy Statement for the Company's May 15, 1987 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*), magazine publishing (*Newsweek* magazine), television broadcasting (through the ownership and operation of four network-affiliated stations) and, since January 3, 1986, the ownership and operation of cable television systems.

Set forth below for each of the Company's last three fiscal years are the amount and percentage of the Company's consolidated operating revenues and consolidated income from operations attributable to the principal segments of its business, and the identifiable assets attributable to each such segment. (Revenues for each segment are shown net of intersegment sales, which did not exceed 1/10 of 1% of consolidated operating revenues.) Operating revenues are shown before other income (principally interest and equity in earnings of affiliates). Income from operations is shown after allocation of all corporate operating expenses but before adding or deducting other income and expense (which in 1986 and 1985 included nonrecurring gains from sales of certain businesses), taxes on income and new business development costs. The category "other businesses" includes the operations of Stanley H. Kaplan Educational Center Ltd. (which was acquired at the beginning of 1985), a Miami, Florida cellular radiotelephone system (which commenced certain commercial operations during 1985), and Legi-Slate, Inc. (For 1984 the operations of Legi-Slate, Inc., which account for less than 1% of the Company's operating revenues, income from operations and identifiable assets, are included in the category "newspaper publishing and related operations.")

	Fiscal Year Ended					
	December 28, 1986		December 29, 1985		December 30, 1984	
	Amount	%	Amount	%	Amount	%
<b>Operating Revenues</b>						
(dollars in thousands)						
Newspaper publishing and related operations .....	\$ 589,252	49	\$ 556,070	52	\$ 516,648	52
Magazine publishing and related operations .....	320,924	26	326,053	30	331,614	34
Broadcasting and related operations .....	167,122	14	154,513	14	136,041	14
Cable television and related operations .....	84,878	7	—	—	—	—
Other businesses .....	52,888	4	42,014	4	—	—
	<u>\$1,215,064</u>	<u>100</u>	<u>\$1,078,650</u>	<u>100</u>	<u>\$984,303</u>	<u>100</u>
<b>Income from Operations</b>						
Newspaper publishing and related operations .....	\$ 130,138	57	\$ 114,477	56	\$ 94,604	57
Magazine publishing and related operations .....	17,934	8	29,064	14	22,048	13
Broadcasting and related operations .....	70,004	30	57,945	28	50,813	30
Cable television and related operations .....	11,829	5	—	—	—	—
Other businesses .....	(919)	—	3,668	2	—	—
	<u>\$ 228,986</u>	<u>100</u>	<u>\$ 205,154</u>	<u>100</u>	<u>\$167,465</u>	<u>100</u>
<b>Identifiable Assets</b>						
Newspaper publishing and related operations .....	\$ 246,810		\$ 228,958		\$225,064	
Magazine publishing and related operations .....	86,992		91,866		80,737	
Broadcasting and related operations .....	151,962		146,181		140,205	
Cable television and related operations .....	365,963		—		—	
Other businesses .....	84,279		50,662		—	
	<u>\$ 936,006</u>		<u>\$ 517,667</u>		<u>\$446,006</u>	

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 4% 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 1982-1985 and as reported to ABC by the *Post* for the twelve months ended September 30, 1986 (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:

	Average Paid Circulation		Circulation Revenues
	Daily	Sunday	
1982.....	735,796	979,830	\$88,463,000
1983.....	725,765	1,000,868	89,285,000
1984.....	741,202	1,036,828	97,664,000
1985.....	745,275	1,056,358	99,708,000
1986.....	757,392	1,085,208	104,593,000

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 has been \$8.60 for each four-week period since March 1984.

General advertising rates were increased by approximately 7.0% on January 1, 1986, and approximately 6.2% on January 1, 1987. Classified and retail advertising rates were increased by approximately 6.5% on February 1, 1986, and approximately 6.3% on February 1, 1987.

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

	1982	1983	1984	1985	1986
Total Inches (in thousands) * .....	5,468	5,584	5,850	5,943	6,002
Full-Run Inches.....	4,362	4,695	5,005	5,028	5,022
Part-Run Inches .....	1,106	889	845	915	980
Advertising Revenue (in thousands).....	\$304,765	\$343,075	\$390,683	\$426,664	\$454,335

\* Advertising inches for 1985 and 1986 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 the years 1982-1984 have been estimated from the advertising lineage reported by Media Records for such years. 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 1986 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 \$39.00 per year and is delivered by second class mail to approximately 50,000 subscribers.

The *Post* has about 475 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 17 news centers abroad and in New York City, Los Angeles, Chicago, Miami, 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 for the twelve-month period ended March 31, 1986, audited by ABC, was 55,107 daily (up .8% from the preceding year) and 56,648 Sunday (up 1.7%). The unaudited average paid circulation reported by *The Herald* to ABC for the six months ended September 30, 1986, was 55,570 daily and 55,838 Sunday (up 1.2% and down .8%, respectively, from the six months ended September 30, 1985). Full-run advertising inches decreased 3% in 1986 to 1,043,000 inches, while zoned part-run advertising decreased 49% to 26,500 inches. The number of preprints distributed increased 13.5% to 75,169,000.

*The Herald* employs approximately 78 editors, reporters and photographers.

### 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 17 foreign cities. Worldwide there are approximately 370 full-time editorial staff members, 308 of whom are in New York.

The domestic edition of *Newsweek* is comprised of 58 different geographic and demographic editions which carry substantially identical news and feature material but enable advertisers to direct messages to specific market areas and 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>
1982.....	2,950,000	31.4%	\$81,629,000
1983.....	2,950,000	30.7%	88,425,000
1984.....	3,000,000	31.1%	94,726,000
1985.....	3,000,000	31.1%	95,842,000
1986.....	3,050,000	31.4%	95,630,000

*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 1986, approximately half of the subscriptions were sold at a discount from the basic price. Effective with the issue dated January 13, 1986, the newsstand price was increased from \$1.95 to \$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>
1982.....	2,846	39.8%	\$194,165,000	36.8%
1983.....	2,937	40.0%	218,119,000	36.2%
1984.....	3,010	40.2%	247,130,000	36.6%
1985.....	2,689	38.2%	245,050,000	35.9%
1986.....	2,497	37.7%	235,277,000	35.2%

\* 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 issue dated January 6, 1986, national advertising rates were increased 6.5%. Beginning with the January 5, 1987 issue, national advertising rates were increased by an additional 2.5% for four-color advertising only.

*Newsweek Gold* is a bi-weekly demographic edition distributed to subscribers qualified by a professional or managerial job title and minimum income level. This edition increased its advertising rates by 6.5% in January 1986, when the circulation rate base was increased from 600,000 to 650,000. Advertising rates were increased by an additional 2.5% for four-color advertising beginning with the January 5, 1987 issue.

*Newsweek* publishes another bi-weekly demographic edition, *Newsweek Executive Plus*, which is distributed to subscribers qualified by a professional or managerial job title. This edition, which has a circulation rate base of 950,000, increased its advertising rates by 6.5% in January 1986, and by an additional 2.5% for four-color advertising in January 1987.

*Newsweek's* third demographic edition, *Newsweek Woman*, has a circulation rate base of 700,000 selected female subscribers. At the beginning of 1987, during which year this edition will be published 10 times, advertising rates for four-color advertising were increased by 2.5%.

Since 1982 *Newsweek* has published *Newsweek on Campus*, an edition for college students containing special editorial content not appearing in the national edition of *Newsweek*. This edition has a paid circulation rate base of 400,000, while guaranteeing a total circulation of 1,200,000 through the use of inserts in student newspapers at major colleges and universities. This edition was published six times in 1986. Advertising rates rose by 5.0% in January 1986, and by an additional 5.0% in January 1987.

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 of purely 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. Also in 1986 *Newsweek* began publishing *Travel & Leisure/Asia*, a monthly magazine for the Asian market, with editorial copy supplied by American Express Publishing Corporation.

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

	Average Weekly Circulation Rate Base	Circulation Revenues	Advertising Pages*	Gross Advertising Revenues*
1982.....	566,000	\$19,450,000	2,546	\$39,624,000
1983.....	570,000	19,409,000	2,544	42,305,000
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	2,180	43,324,000

\* 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 1987 the average weekly circulation rate base for *Newsweek's* English-language international editions (including *The Bulletin* insertions) has been increased to 690,000. The average weekly circulation rate base for the Japanese-language edition is 120,000.

#### Postal Rate Increases

Approximately 95% 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 have had, and further such increases could have, a material adverse impact on *Newsweek's* operating income.

#### 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 1986 net operating revenues from television advertising, by category, were as follows:

National.....	\$ 79,084,456
Local.....	74,709,422
Network.....	8,475,047
Total.....	\$162,268,925

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, 1987	June 30, 1988	VHF-4 UHF-6	VHF-4 UHF-4
WPLG Miami, Fla. 1961	14th	ABC	Feb. 1, 1992	April 2, 1989	VHF-5 UHF-8	VHF-4 UHF-5
WFSB Hartford, Conn. 1957	23rd	CBS	April 1, 1989	Sept. 10, 1988	VHF-2 UHF-6	VHF-2 UHF-5
WJXT Jacksonville, Fla. 1947	57th	CBS	Feb. 1, 1992	Sept. 29, 1988	VHF-2 UHF-7	VHF-2 UHF-3

(a) Source: 1986/87 ADI Market Rankings, The Arbitron Company, Fall 1986, 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.

### 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 cable systems must carry the signals of local television stations and must also carry their teletext or multi-channel sound signals; 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; a proposal to allow commercial UHF stations to exchange channels with non-commercial VHF 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; 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. Some of these questions are also 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 two small systems which were adjacent to systems already owned. As of the end of 1986 the Company (through subsidiaries) provided basic cable service to approximately 369,000 subscribers (representing about 66% of the 557,000 homes passed by the systems) and had in force more than 225,000 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 33 of the Company's systems pass fewer than 10,000 dwelling units, 12 pass 10,000-25,000 dwelling units, and only six pass more than 25,000 dwelling units, of which the two largest are in Modesto and Santa Rosa, California, each serving about 40,000 basic subscribers. All the systems are wholly owned except two with about 3,500 subscribers (80% owned) and 14,500 subscribers (50% owned), respectively.

### **Regulation of Cable Television and Related Matters**

The Company's cable operations are generally subject to the requirements of state and local governmental 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. Pursuant to the definition adopted by the FCC in April 1985, the Company believes that the majority of its cable systems are in areas having "effective competition," but litigation asserting that the FCC has defined this term too broadly is pending.

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; 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, in a July 1985 decision by the U.S. Court of Appeals in Washington, D.C., those "must carry" rules were declared invalid as infringing upon the First Amendment rights of cable television operators. The FCC subsequently adopted new, limited "must carry" rules which were intended to meet the criteria for constitutionality set forth in the decision of the Court of Appeals. These rules



would, among other things, have required cable systems to install switches in the homes of subscribers to enable them to receive broadcast signals over-the-air. In December 1986 the FCC stayed the effectiveness of these new rules pending a reconsideration. Any rules that are finally adopted are likely to be challenged in court and legislative initiatives on the must carry issue are also possible.

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; in 1983 the Tribunal imposed a surcharge of 3.75% of gross subscriber revenues generally for each distant signal that could not have been carried under the FCC's former limitation on the carriage of distant signals. 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.

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.

On February 12, 1987, the FCC instituted a rulemaking proceeding to consider strengthening the network nonduplication rules and reinstating the syndicated program exclusivity rules (which required certain cable systems to delete from imported distant signals syndicated programs for which local broadcast stations had exclusive television exhibition rights). Concurrently the agency announced an inquiry to determine whether it should recommend the enactment of legislation to abolish or revise the compulsory copyright license provided to cable television operators.

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.

## **Other Activities**

### **Cellular Telephone Operations**

During the last several years the FCC has been awarding licenses to provide a new type of two-way radiotelephone service. This service, technically known as the "domestic public cellular radio telecommunications service," utilizes networks of low-power transmitters linked by computerized switching systems to permit greatly increased numbers of subscribers in comparison with previously existing radiotelephone systems. Under FCC rules two cellular licenses are being awarded in each geographic area, with one license reserved for a telephone company providing local service and the recipient of the other license selected from among the non-telephone company ("non-wireline") applicants. In the larger cellular markets the FCC selected from among multiple applicants on the basis of comparative hearings, while in smaller markets it decided to award licenses on the basis of lotteries.

The Company currently has interests in the non-wireline cellular telephone systems which are serving Detroit, Michigan and the Washington, D.C./Baltimore, Maryland area, and which shortly will begin serving Miami and West Palm Beach, Florida. During 1986 the Company sold its minority interests in the Jacksonville and Orlando, Florida non-wireline cellular systems.

Washington/Baltimore Cellular Telephone Company, a partnership formed by the non-wireline applicants for licenses in Washington, D.C. and Baltimore, Maryland, has been providing cellular service in both cities since late 1983. The Company has a 20% interest in this partnership, and in September 1986 agreed to sell that interest to Southwestern Bell Corporation, which will simultaneously buy the interests of all the other partners.

The Company has an 18% interest in Detroit Cellular Telephone Company ("Detroit Cellular"), a partnership which completed construction of its Detroit, Michigan cellular system and commenced full commercial operations in July 1985. In December 1986 a unit of Pacific Telesis Group agreed to acquire the Detroit system and certain adjacent non-wireline cellular systems.

Consummation of the sales of both the Washington/Baltimore and Detroit systems is contingent upon the receipt of governmental approvals.

In late 1986 and early 1987 the Company acquired the 40% interest it did not already own in Florida Cellular Telephone Company ("FCTC"), an applicant for the Miami, Florida non-wireline cellular license. The decision of the FCC administrative law judge in favor of FCTC's application was affirmed by the FCC in May 1985; all appeals of the FCC's action to the U.S. Court of Appeals in Washington, D.C. were dismissed in early 1987. FCTC, which since 1985 had been reselling cellular service obtained from the local telephone company, has completed construction of its Miami cellular system and initiated full commercial operations in early March 1987.

Through FCTC and a separate subsidiary the Company also has a 21.8% interest in the partnership holding the non-wireline cellular license for West Palm Beach, Florida. This partnership has agreed to operate its cellular system using FCTC's Miami switch and commenced full commercial operations at the same time as the Miami system.

### **SportsChannel**

The Company has interests in four SportsChannel regional cable sports networks which are jointly owned by subsidiaries of the Company and CBS, Inc. and by Rainbow Program Enterprises ("Rainbow"). Specifically, the Company, CBS and Rainbow each has a one-third general partnership interest in SportsChannel Associates ("SportsChannel New York"),\* SportsChannel Prism Associates ("Prism") and SportsChannel Chicago Associates ("SportsChannel Chicago"), and a one-sixth limited partnership interest in SportsChannel New England Limited Partnership ("SportsChannel New England").\*\* Rainbow, which provides management services to the SportsChannel businesses, is a limited partnership controlled by Cablevision Systems Corporation ("CSC"). Mr. Charles F. Dolan is Chairman of the Board and Chief Executive Officer of CSC and has the power to elect a majority of CSC's Board of Directors. Mr. Dolan has broad experience in the cable television industry and through CSC and certain partnerships he controls has responsibility for the management of cable systems serving an aggregate of approximately 675,000 subscribers.

SportsChannel New York's service is delivered to approximately 480,000 cable television subscribers in the metropolitan New York area and approximately 255,000 cable television subscribers in areas of upstate New York, and includes New York Yankee and New York Mets baseball games, New York Islanders and New Jersey Devils hockey games, New Jersey Nets basketball games and daily New York Racing Association events. SportsChannel New England offers Boston Celtics basketball games and Hartford Whalers hockey games, together with certain of SportsChannel New York's events, to about 390,000 cable television subscribers located in Massachusetts, Connecticut, Rhode Island, New Hampshire and Vermont.

Prism provides major motion pictures, regional sports events and entertainment specials to about 365,000 cable television subscribers in eastern Pennsylvania, southern New Jersey and northern Delaware. Prism's sports offerings include games of the Philadelphia Phillies baseball team, the Philadelphia Flyers hockey team and the Philadelphia 76ers basketball team.

SportsChannel Chicago delivers various sports events licensed from SportsVision, an organization of Chicago-area professional sports teams, to approximately 440,000 cable subscribers in the greater Chicago area and 170,000 additional cable subscribers in other parts of Illinois, Indiana and Iowa. Such events

\* Because a non-partner is entitled to receive payments equal to 10% of this partnership's profits, the Company's general partnership's interest in SportsChannel New York is equivalent to a 30% share of this partnership's profits.

\*\* Until another limited partner has received specified minimum distributions, the Company's limited partnership interest in SportsChannel New England will be equivalent to a 13.167% share of this partnership's profits and losses.

include games of the Chicago White Sox baseball team, the Chicago Bulls basketball team, the Chicago Blackhawks hockey team and the Chicago Sting soccer team. SportsChannel Chicago's agreement with SportsVision expires in 1994 but may be extended for an additional five years at the option of SportsChannel Chicago.

#### **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 and medical boards. The Kaplan Centers also offer self-improvement programs in areas such as speed reading. In 1986 the Kaplan Centers served more than 95,000 students through more than 120 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**

Since 1985 the Company has held approximately 20% of the outstanding common stock of Cowles Media Company, which owns the *Minneapolis Star and Tribune*, three smaller daily newspapers in South Dakota, Montana and Idaho, a group of suburban newspapers in Denver, a publisher of historical and other special-interest magazines and a directory printing business.

#### **National Journal**

In May 1986 the Company sold to The Times Mirror Company its 20% interest, which it had held since 1983, in National Journal, Inc., the publisher of a weekly magazine covering politics and government.

### **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, Japan and Hollywood, Florida.

In 1986 *The Washington Post* consumed about 255,000 tons\* of newsprint purchased from a number of suppliers including Bowater Incorporated, which supplied approximately 30% of the *Post's* 1986 newsprint requirements under a contract which extends to 1988. 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 1986 Bowater Mersey produced about 230,000 tons of newsprint.

\* 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 po inds) which are often used in newsprint price quotations.

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 which will supply a portion of the wood requirements of the Paper Company's mill. That mill produced approximately 208,000 tons of newsprint in 1986 when *The Washington Post* purchased approximately 20% of its newsprint requirements from Bear Island Paper Company.

During the last quarter of 1986 most newsprint suppliers increased their announced price from \$485 to \$517 per ton. The *Post* believes it has adequate newsprint available through contracts with Bowater, Bear Island and its other suppliers.

In 1985 *The Herald* consumed about 5,600 tons of newsprint supplied by four different suppliers, the largest of which furnished about 37% of the newspaper's total requirements.

The domestic edition of *Newsweek* consumed 37,075 tons of paper in 1986, the bulk of which was purchased from six major suppliers under long-term contracts at prevailing market prices. The current cost of body paper (the principal paper component of the magazine) ranges from \$813-\$908 per ton.

### Competition

*The Washington Post* is the only home-delivered morning paper published daily and on Sunday in Washington, D.C. The *Post's* principal competitor, *The Washington Star*, ceased publication in August 1981. In 1982 two new newspapers entered the market: *The Washington Times* and the nationally distributed *USA Today*, which is sold primarily through newsstand and street sales. In addition, the *Post* 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 certain newspapers published in nearby counties, cities and towns.

*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 May 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 151 magazines reported on by the Bureau *Newsweek* ranked fourth in total advertising revenues in 1986, when it received approximately 4.7% 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 revenues with television and radio stations serving the same or nearby areas and to a lesser degree with other advertising media such as newspapers and magazines. Not only are UHF stations becoming increasingly competitive, but the proposal before the FCC to allow commercial UHF stations to exchange channels with non-commercial VHF stations could result in an additional full-facility commercial VHF station in Miami and Jacksonville. The FCC has also 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. 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, subscription (pay) television stations, satellite master antenna systems (which can carry pay-cable and similar program material), and prerecorded video programming. In addition, 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 programming that is originated for cable systems. 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. Cable television systems have also begun to compete with television stations in the sale of advertising time.

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 cannot predict what long-term effect, if any, this change will have on the competitive environment in which its local television stations operate.

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

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, subscription (pay) television stations, satellite master antenna systems and prerecorded video programming.

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 69, 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 52, has been President of the Company since September 1, 1981. Prior to joining the Company Mr. Simmons had for more than five years been a senior executive of The Dun & Bradstreet Corporation, of which he was executive vice president from 1976 to 1979 and vice chairman of the board from 1979 until August 1981.

Joel Chaseman, age 61, has been a Vice President of the Company and President of Post-Newsweek Stations, Inc., since 1973.

Martin Cohen, age 55, has been Vice President—Finance and Treasurer of the Company since 1975, prior to which he served for several years as a financial executive of the Company.

Christopher M. Little, age 46, has been a Vice President of the Company and President of Newsweek, Inc., since September 1986. Prior to that he had been President and Publisher of *The Herald* from December 1979 to January 1984, and Senior Vice President of Newsweek since February 1984.

Alan R. Finberg, age 59, has been Vice President, General Counsel and Secretary of the Company since 1971.

Donald E. Graham, age 41, is a Vice President of the Company and Publisher of *The Washington Post*, having occupied the latter position since January 1979.

Howard E. Wall, age 57, has been Vice President of the Company since May 1982 and in January 1986 also became President of the Company's Cable Television Division. From 1978 until he joined the Company Mr. Wall was Executive Vice President and Chief Financial Officer of Field Enterprises, Inc., a privately held company with interests in publishing, communications, real estate and natural resources.

### Employees

The Company and its subsidiaries employ approximately 6,400 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: 346 printers represented by the Columbia Typographical Union (March 30, 1989); approximately 150 paperhandlers and general workers represented by the Printing Specialty and Paper Products Union (March 31, 1989); 66 photoengravers-platemakers represented by the Graphic Arts International Union (February 19, 1988); 43 engineers, carpenters and painters represented by the International Union of Operating Engineers (February 29, 1988); 52 electricians represented by the Brotherhood of Electrical Workers (August 14, 1988); and 123 building service employees represented by the Service Employees International Union (April 27, 1987). New contracts, to replace expired agreements, are currently being negotiated with locals of the following unions to cover the full-time and part-time employees indicated: the Washington-Baltimore Newspaper Guild (which represents approximately 1,500 employees in the editorial, newsroom and commercial departments); the International Brotherhood of Machinists (which represents 37 machinists); and the Mailers Union (which represents 407 mailers and 216 mailroom helpers).

Of the approximately 225 full-time and 169 part-time employees at *The Herald*, about 51 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, 1988, and its agreement with the Northwest Typographic Union will expire on January 31, 1987. Its agreement with the International Brotherhood of Teamsters, which represents part-time bundle haulers, will expire on May 31, 1988.

Newsweek has approximately 1,280 full-time employees (including 308 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 expired at the end of 1986. Negotiations with the Guild for a new agreement are under way. 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 740 full-time employees, of whom about 300 are union-represented. Of the 12 collective bargaining agreements covering union-represented employees, three will expire in 1987.

The Company's Cable Television Division has approximately 780 full-time employees. Except for 13 technicians at one system, none of the Cable Television Division's employees is represented by a union.

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 subsidiaries' 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. To accommodate the long-term requirements of *The Washington Post*, 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 has also purchased two warehouses adjacent to the former *Star* plant. The Company owns an additional 10 acres of undeveloped land in Montgomery County, Maryland, which is also 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 for printing all or parts of the newspaper.

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.

*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 fulfillment and computer operations are located in leased facilities in Livingston, New Jersey. During 1986 Newsweek began construction on 16 acres of undeveloped land in Mountain Lakes, New Jersey, of a facility to house its subscription fulfillment and computer operations, which it expects to occupy late in 1987.

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 its six-story headquarters building located at 131 West 56th Street in New York City as well as a one-story building in Brooklyn, New York, which houses its printing and production facilities. All Kaplan educational centers other than that located in the headquarters building occupy leased premises.

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

**Item 3. Legal Proceedings.**

The Company is a party to various civil lawsuits that have arisen in the ordinary course of its business, including actions for libel and invasion of privacy. In management's opinion the Company carries adequate insurance against liability in such actions and is not a party to any other material litigation.

**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 1986 Annual Report to Stockholders, and the information relating to the payment of dividends contained in Note E 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 1982 through 1986 contained under the heading "Ten-Year Summary of Selected Financial Data" in the Company's 1986 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 1986 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 42 through 51 of the Company's 1986 Annual Report to Stockholders, including the information contained in Note L to said Consolidated Financial Statements titled "Summary of Quarterly Operating Results (Unaudited)", are incorporated herein by reference thereto.

**Item 9. Disagreements 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 May 15, 1987 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 May 15, 1987 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 May 15, 1987 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 May 15, 1987 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 beginning 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 24, 1987.

THE WASHINGTON POST COMPANY  
(Registrant)

By MARTIN COHEN  
Martin Cohen  
Vice President

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 24, 1987:

KATHARINE GRAHAM	Chairman of the Board (Principal Executive Officer) and Director
RICHARD D. SIMMONS	President and Director
MARTIN COHEN	Vice President-Finance and Treasurer (Principal Financial and Accounting Officer)
GEORGE J. GILLESPIE, III	Director
DONALD E. GRAHAM	Director
NICHOLAS DEB. KATZENBACH	Director
ROBERT S. MCNAMARA	Director
ARJAY MILLER	Director
BARBARA SCOTT PREISKEL	Director
WILLIAM J. RUANE	Director
GEORGE W. WILSON	Director

By MARTIN COHEN  
Martin Cohen  
Attorney-in-Fact

Original powers of attorney authorizing Katharine Graham, Richard D. Simmons, Martin Cohen and Alan R. Finberg, 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 have been filed with the Securities and Exchange Commission.

**INDEX TO FINANCIAL STATEMENTS**

**THE WASHINGTON POST COMPANY**

	<u>Page</u>
Report of Independent Accountants on Consolidated Financial Statements.....	*
Consolidated Balance Sheets at December 28, 1986 and December 29, 1985 .....	*
Consolidated Statements of Income for the Three Fiscal Years Ended December 28, 1986 .....	*
Consolidated Statements of Changes in Shareholders' Equity for the Three Fiscal Years Ended December 28, 1986 .....	*
Consolidated Statements of Changes in Financial Position for the Three Fiscal Years Ended December 28, 1986 .....	*
Notes to Consolidated Financial Statements .....	*
Report of Independent Accountants on Financial Statement Schedules.....	19
Financial Statement Schedules for the Three Fiscal Years Ended December 28, 1986 .....	20
V — Property, Plant and Equipment	
VI — Accumulated Depreciation and Amortization of Property, Plant and Equipment	
VIII — Valuation Accounts and Reserves	
X — Supplementary Income Statement Information	

\* Incorporated by reference to the Company's 1986 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.

By MARTIN COHEN

Martin Cohen  
Attorney-in-Fact

**REPORT OF INDEPENDENT ACCOUNTANTS ON  
FINANCIAL STATEMENT SCHEDULES**

**TO THE BOARD OF DIRECTORS  
THE WASHINGTON POST COMPANY**

Our examinations of the consolidated financial statements referred to in our report dated February 3, 1987 appearing on page 51 of the 1986 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 examination 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 the information set forth therein when read in conjunction with the consolidated financial statements referred to above.

Washington, D.C.  
February 3, 1987

**PRICE WATERHOUSE**

Year Ended December 31, 1987	Year Ended December 31, 1986	Year Ended December 31, 1985	
Land	14,100,000	14,100,000	14,100,000
Construction in progress	13,100,000	13,100,000	13,100,000
Buildings	92,000,000	92,000,000	92,000,000
Other Assets	13,100,000	13,100,000	13,100,000
<b>Total</b>	<b>132,300,000</b>	<b>132,300,000</b>	<b>132,300,000</b>
Land	14,100,000	14,100,000	14,100,000
Construction in progress	13,100,000	13,100,000	13,100,000
Buildings	92,000,000	92,000,000	92,000,000
Other Assets	13,100,000	13,100,000	13,100,000
<b>Total</b>	<b>132,300,000</b>	<b>132,300,000</b>	<b>132,300,000</b>

(A) Consists of completed construction transferred from related accounts.  
 (B) Includes \$403,000 of completed construction transferred from related accounts and \$10,000 related from land.  
 (C) Consists of completed construction transferred to related accounts.  
 (D) Includes \$773,000 transferred from other assets and \$10,000 included in buildings.  
 (E) Consists of other assets transferred to plant.  
 (F) Includes \$20,725,000 of completed construction transferred from related accounts, \$1,000,000 of assets of educational centers subsidiary acquired, and \$242,000 related to revenues in prior year.  
 (G) Includes \$119,000 of completed construction transferred from related accounts and \$1,110,000 of assets of educational centers subsidiary acquired.  
 (H) Includes \$1,991,000 of completed construction transferred from related accounts and \$8,000,000 of assets of educational centers subsidiary acquired.  
 (I) Includes \$22,986,000 of completed construction transferred to related accounts, \$1,333,000 of assets of educational centers subsidiary acquired, and \$242,000 related to revenues in prior year.  
 (J) Includes \$102,000 of assets of educational centers and other related subsidiary acquired or placed in operations and \$124,000 transferred from construction in progress.  
 (K) Includes \$87,547,000 of assets of cable subsidiary acquired and \$22,381,000 of completed construction transferred from related accounts.  
 (L) Includes \$434,800 of assets of cable subsidiary acquired and \$1,786,000 of completed construction transferred from related accounts.  
 (M) Includes \$22,672,000 of completed construction transferred to related accounts, \$1,261,000 of assets of cable subsidiary acquired, and \$12,000 related to revenues in prior year.  
 (N) Includes \$2,829,000 of assets of cable subsidiary acquired and \$1,000 related 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
<b>Year Ended December 30, 1984</b>					
<b>Plant Assets</b>					
Machinery, equipment and fixtures.....	\$158,442,000	\$11,841,000	\$6,317,000	\$ 8,611,000 (A)	\$172,577,000
Leasehold improvements .....	13,856,000	4,049,000	1,157,000	2,129,000 (A)	18,877,000
Buildings .....	90,880,000	172,000		1,438,000 (B)	92,490,000
Construction in progress .....	7,224,000	17,531,000		(11,643,000) (C)	13,112,000
Land .....	14,175,000			763,000 (D)	14,938,000
	<u>284,577,000</u>	<u>33,593,000</u>	<u>7,474,000</u>	<u>1,298,000</u>	<u>311,994,000</u>
<b>Other Assets</b>					
Buildings .....	861,000			(525,000) (E)	336,000
Land .....	3,256,000			(773,000) (E)	2,483,000
	<u>4,117,000</u>			<u>(1,298,000)</u>	<u>2,819,000</u>
	<u>\$288,694,000</u>	<u>\$33,593,000</u>	<u>\$7,474,000</u>	<u>\$</u>	<u>\$314,813,000</u>
<b>Year Ended December 29, 1985</b>					
<b>Plant Assets</b>					
Machinery, equipment and fixtures.....	\$172,577,000	\$ 5,664,000	\$2,708,000	\$ 22,196,000 (F)	\$197,729,000
Leasehold improvements .....	18,877,000	5,012,000	440,000	1,230,000 (G)	24,679,000
Buildings .....	92,490,000	214,000	1,000	7,991,000 (H)	100,694,000
Construction in progress .....	13,112,000	30,708,000	500,000	(21,982,000) (I)	21,338,000
Land .....	14,938,000	1,995,000	2,000	1,175,000 (J)	18,106,000
	<u>311,994,000</u>	<u>43,593,000</u>	<u>3,651,000</u>	<u>10,610,000</u>	<u>362,546,000</u>
<b>Other Assets</b>					
Buildings .....	336,000				336,000
Land .....	2,483,000				2,483,000
	<u>2,819,000</u>				<u>2,819,000</u>
	<u>\$314,813,000</u>	<u>\$43,593,000</u>	<u>\$3,651,000</u>	<u>\$ 10,610,000</u>	<u>\$365,365,000</u>
<b>Year Ended December 28, 1986</b>					
<b>Plant Assets</b>					
Machinery, equipment and fixtures.....	\$197,729,000	\$13,465,000	\$5,699,000	\$139,455,000 (K)	\$344,950,000
Leasehold improvements .....	24,679,000	2,579,000	426,000	1,502,000 (A)	28,334,000
Buildings .....	100,694,000	199,000	101,000	6,336,000 (L)	107,128,000
Construction in progress .....	21,338,000	49,479,000		(54,286,000) (M)	16,531,000
Land .....	18,106,000	863,000	47,000	2,890,000 (N)	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>
<b>Other Assets</b>					
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>

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

(B) Includes \$903,000 applicable to completed construction, \$525,000 transferred from other assets, and \$10,000 reclassified from land.

(C) Consists of completed construction transferred to related accounts.

(D) Includes \$773,000 transferred from other assets, and \$10,000 reclassified to buildings.

(E) Consists of other assets transferred to plant assets.

(F) Includes \$20,752,000 of completed construction transferred from related accounts, \$1,986,000 of assets of educational centers subsidiary acquired, and \$542,000 related to reversals of prior year capitalization.

(G) Includes \$119,000 of completed construction transferred from related accounts and \$1,111,000 of assets of educational centers subsidiary acquired.

(H) Includes \$1,991,000 of completed construction transferred from related accounts and \$6,000,000 of assets of educational centers subsidiary acquired.

(I) Includes \$22,986,000 of completed construction transferred to related accounts, \$1,353,000 of assets of cellular radiotelephone subsidiary placed into operations and \$349,000 related to reversals of prior year capitalization.

(J) Includes \$1,051,000 of assets of education centers and cellular radiotelephone subsidiaries acquired or placed into operations and \$124,000 reclassified from construction in progress.

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

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

(M) 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.

(N) Includes \$2,889,000 of assets of cable subsidiary acquired and \$1,000 reclassified 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
<b>Year Ended December 30, 1984</b>					
Plant Assets					
Machinery, equipment and fixtures.....	\$ 77,845,000	\$17,505,000	\$3,598,000	\$	\$ 91,752,000
Leasehold improvements .....	4,799,000	1,271,000	493,000		5,577,000
Buildings .....	20,600,000	2,964,000		29,000(A)	23,593,000
	<u>103,244,000</u>	<u>21,740,000</u>	<u>4,091,000</u>	<u>29,000</u>	<u>120,922,000</u>
Other Assets					
Buildings .....	175,000	33,000		(29,000)(A)	179,000
	<u>\$103,419,000</u>	<u>\$21,773,000</u>	<u>\$4,091,000</u>	<u>\$</u>	<u>\$121,101,000</u>
<b>Year Ended December 29, 1985</b>					
Plant Assets					
Machinery, equipment and fixtures.....	\$ 91,752,000	\$19,455,000	\$2,310,000	\$	\$108,897,000
Leasehold improvements .....	5,577,000	1,847,000	146,000	133,000(B)	7,411,000
Buildings .....	23,593,000	3,468,000		(133,000)(B)	26,928,000
	<u>120,922,000</u>	<u>24,770,000</u>	<u>2,456,000</u>		<u>143,236,000</u>
Other Assets					
Buildings .....	179,000	34,000			213,000
	<u>\$121,101,000</u>	<u>\$24,804,000</u>	<u>\$2,456,000</u>	<u>\$</u>	<u>\$143,449,000</u>
<b>Year Ended December 28, 1986</b>					
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 .....	26,928,000	3,808,000	34,000		30,702,000
	<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>\$</u>	<u>\$175,300,000</u>

(A) Relates to other assets transferred to plant assets.

(B) Relates to reclassification of prior year addition.

**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
<b>Year Ended December 30, 1984</b>				
Allowance for doubtful accounts and returns .....	\$10,782,000	\$26,717,000	\$25,603,000	\$11,896,000
Allowance for advertising rate adjustments and discounts	5,964,000	10,121,000	10,771,000	5,314,000
	<u>\$16,746,000</u>	<u>\$36,838,000</u>	<u>\$36,374,000</u>	<u>\$17,210,000</u>
<b>Year Ended December 29, 1985</b>				
Allowance for doubtful accounts and returns .....	\$11,896,000	\$26,937,000	\$22,869,000	\$15,964,000
Allowance for advertising rate adjustments and discounts	5,314,000	13,119,000	11,524,000	6,909,000
	<u>\$17,210,000</u>	<u>\$40,056,000</u>	<u>\$34,393,000</u>	<u>\$22,873,000</u>
<b>Year Ended December 28, 1986</b>				
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	6,909,000	7,984,000	9,469,000	5,424,000
	<u>\$22,873,000</u>	<u>\$39,054,000</u>	<u>\$36,360,000</u>	<u>\$25,567,000</u>

**THE WASHINGTON POST COMPANY**  
**SCHEDULE X—SUPPLEMENTARY INCOME STATEMENT INFORMATION**

Column A	Column B		
	Charged to costs and expenses year ended		
	December 30, 1984	December 29, 1985	December 28, 1986
Description			
Maintenance and repairs.....	\$ 6,215,000	\$ 7,365,000	\$ 8,494,000
Amortization of goodwill and other intangibles.....	2,251,000	2,807,000	12,185,000
Taxes other than payroll and income taxes.....	5,249,000	5,934,000	10,659,000
Royalties, primarily amortization of film rights.....	11,398,000	12,847,000	17,035,000
Advertising.....	10,519,000	11,143,000	13,893,000



## INDEX TO EXHIBITS

<u>Exhibit Number</u>	<u>Description</u>
3.1	—Restated Certificate of Incorporation of the Company as filed on June 22, 1971 (incorporated by reference to Exhibit 3.2 to Registration Statement No. 2-40389).
3.2	—Certificate of Amendment to the Company's Restated Certificate of Incorporation as filed on December 15, 1976 (incorporated by reference to Exhibit 1 to the Company's Report on Form 8-K for December 1976).
3.3	—Certificate of Amendment to the Company's Restated Certificate of Incorporation as filed on December 29, 1978 (incorporated by reference to Exhibit 1 to the Company's Report on Form 8-K for December 1978).
3.4	—By-Laws of the Company as amended to June 8, 1971 (incorporated by reference to Exhibit 3.4 to Registration Statement No. 2-40389).
4.1	—Loan Agreement dated October 15, 1985, between the Company and Metropolitan Life Insurance Company (incorporated by reference to Exhibit 4.1 to the Company's Annual Report on Form 10-K for the fiscal year ended December 29, 1985).
4.2	—Loan Agreement dated as of November 1, 1985, as amended March 14, 1986, among the Company, The Chase Manhattan Bank and the other banks named therein (incorporated by reference to Exhibit 4.2 to the Company's Annual Report on Form 10-K for the fiscal year ended December 29, 1985).
	In accordance with Item 601(b)(4)(iii) 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	—Indenture of Lease between Oestreicher Madison Corporation and Newsweek, Inc. dated December 17, 1958, and certain leases and other documents related thereto dated, respectively, July 1, 1960, August 3, 1964, April 12, 1965, August 2, 1966, August 3, 1966, August 4, 1966, November 4, 1966, March 28, 1968 (four documents), August 1, 1969 (two documents), October 15, 1969, and December 30, 1969, each relating to premises at 444 Madison Avenue, New York, New York (incorporated by reference to Exhibit 13.21 to Registration Statement No. 2-40389).
10.2	—Certain leases and other documents dated, respectively, May 25, 1959, July 1, 1960, January 9, 1961, October 29, 1962 (two documents), July 1, 1965, October 30, 1966, October 31, 1966, March 28, 1968, March 29, 1971, August 30, 1976, December 1, 1976, October 27, 1977, April 4, 1978, April 19, 1978, July 19, 1979, January 24, 1980, April 3, 1980 (two documents), and July 18, 1980, each relating to premises at 444 Madison Avenue, New York, New York and the Indenture of Lease dated December 17, 1958 (Exhibit 10.1) (incorporated by reference to Exhibit 10.13 to the Company's Annual Report on Form 10-K for the fiscal year ended December 28, 1980).
10.3	—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).
10.4	—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).
10.5	—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).
10.6	—Stock Purchase Agreement between the Company and Capital Cities Communications, Inc. dated August 16, 1985, as amended November 26, 1985 (incorporated by reference to Exhibit 10 to the Company's Current Report on Form 8-K dated January 3, 1986).
11	—Calculation of earnings per share of common stock.

**Exhibit  
Number**

**Description**

- 13 —The Company's 1986 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.
- 25.1 —Powers of attorney dated January 14, 1983 (incorporated by reference to Exhibit 25 to the Company's Annual Report on Form 10-K for the fiscal year ended January 2, 1983).
- 25.2 —Powers of attorney dated March 14, 1986 (incorporated by reference to Exhibit 25.2 to the Company's Annual Report on Form 10-K for the fiscal year ended December 29, 1985).