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 April 1, 2001

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 Street, N.W. **Washington, D.C. 20071** (Address of principal executive office)	**20071** (Zip Code)

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

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__X__. No_____.

Shares outstanding at May 3, 2001:

Class A Common Stock	1,722,250	Shares
Class B Common Stock	7,762,627	Shares

THE WASHINGTON POST COMPANY
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PART I. FINANCIAL INFORMATION
Item 1. Financial Statements

The Washington Post Company

Condensed Consolidated Statements of Income (Unaudited)

(In thousands, except per share amounts)	Thirteen Weeks Ended April 1, 2001	Thirteen Weeks Ended April 2, 2000
Operating revenues		
Advertising	$297,974	$318,865
Circulation and subscriber	148,536	147,589
Education	121,341	71,450
Other	19,125	8,867
	586,976	546,771
Operating costs and expenses		
Operating	343,993	296,072
Selling, general and administrative	147,915	135,421
Depreciation of property, plant and equipment	34,632	28,386
Amortization of goodwill and other intangibles	17,192	14,738
	543,732	474,617
Income from operations	43,244	72,154
Other income (expense)		
Equity in losses of affiliates	(12,461)	(11,304)
Interest income	325	224
Interest expense	(14,624)	(12,567)
Other, net	308,769	(6,938)
Income before income taxes	325,253	41,569
Provision for income taxes	126,200	17,500
Net income	199,053	24,069
Redeemable preferred stock dividends	(526)	(500)
Net income available for common shares	$198,527	$23,569
Basic earnings per common share	$20.94	$ 2.50
Diluted earnings per common share	$20.90	$ 2.49
Dividends declared per common share	$ 2.80	$ 2.70
Basic average number of common shares outstanding	9,479	9,440
Diluted average number of common shares outstanding	9,499	9,458

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

(In thousands)	Thirteen Weeks Ended April 1, 2001	Thirteen Weeks Ended April 2, 2000
Net income	$ 199,053	$ 24,069
Other comprehensive loss		
Foreign currency translation adjustment	(4,269)	(441)
Change in unrealized gain on available-for-sale securities	(15,575)	(3,932)
Less: reclassification adjustment for realized losses included in net income	3,000	—
	(16,844)	(4,373)
Income tax benefit related to other comprehensive income	4,840	1,456
	(12,004)	(2,917)
Comprehensive income	$ 187,049	$ 21,152

The Washington Post Company
Condensed Consolidated Balance Sheets

(In thousands)	April 1, 2001 (unaudited)	December 31, 2000
Assets		
Current assets		
Cash and cash equivalents	$ 42,919	$ 20,345
Investments in marketable equity securities	11,744	10,948
Accounts receivable, net	279,890	306,016
Federal and state income taxes receivable	—	12,370
Inventories	28,256	15,178
Other current assets	47,590	40,210
	410,399	405,067
Property, plant and equipment		
Buildings	263,992	263,311
Machinery, equipment and fixtures	1,245,035	1,217,282
Leasehold improvements	74,371	70,706
	1,583,398	1,551,299
Less accumulated depreciation	(699,549)	(736,781)
	883,849	814,518
Land	38,296	38,000
Construction in progress	111,792	74,543
	1,033,937	927,061
Investments in marketable equity securities	193,818	210,189
Investments in affiliates	121,139	131,629
Goodwill and other intangibles, less accumulated amortization	1,253,951	1,007,720
Prepaid pension cost	394,282	374,084
Deferred charges and other assets	142,367	144,993
	$3,549,893	$3,200,743
Liabilities and Shareholders' Equity		
Current liabilities		
Accounts payable and accrued liabilities	$ 259,434	$ 273,076
Deferred subscription revenue	83,492	85,721
Dividends declared	13,500	—
Federal and state income taxes payable	8,672	—
Short-term borrowings	50,000	50,000
	415,098	408,797
Postretirement benefits other than pensions	127,919	128,764
Other liabilities	201,188	178,029
Deferred income taxes	212,675	117,731
Long-term debt	926,643	873,267
	1,883,523	1,706,588
Redeemable preferred stock	13,148	13,148
Preferred stock	—	—
Common shareholders' equity		
Common stock	20,000	20,000
Capital in excess of par value	137,172	128,159
Retained earnings	3,026,146	2,854,122
Accumulated other comprehensive income (losses)		
Cumulative foreign currency translation adjustment	(10,843)	(6,574)
Unrealized gain on available-for-sale securities	5,767	13,502
Cost of Class B common stock held in treasury	(1,525,020)	(1,528,202)
	1,653,222	1,481,007
	$3,549,893	$3,200,743

The Washington Post Company

Condensed Consolidated Statements of Cash Flows (Unaudited)

	Thirteen Weeks Ended	
(In thousands)	April 1, 2001	April 2, 2000
Cash flows from operating activities:		
Net income	199,053	$ 24,069
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation of property, plant and equipment	34,632	28,386
Amortization of goodwill and other intangibles	17,192	14,738
Net pension benefit	(19,878)	(14,572)
Gain from disposition of businesses	(321,091)	—
Cost method investment write-downs	11,800	7,400
Equity in losses of affiliates, net of distributions	12,461	11,304
Provision for deferred income taxes	99,785	10,403
Change in assets and liabilities:		
Decrease in accounts receivable, net	28,000	542
Increase in inventories	(12,630)	(11,299)
Decrease in accounts payable and accrued liabilities	(13,968)	(21,952)
(Decrease) increase in deferred subscription revenue	(2,648)	6,967
Decrease in income taxes receivable	12,370	48,597
Increase in income taxes payable	8,672	—
Decrease in other assets and other liabilities, net	15,025	3,258
Other	208	(1,307)
Net cash provided by operating activities	68,983	106,534
Cash flows from investing activities:		
Purchases of property, plant and equipment	(49,073)	(26,524)
Investments in certain businesses	(95,023)	(4,284)
Proceeds from the sale of business	61,921	—
Other investments	(5,900)	(16,919)
Net cash used in investing activities	(88,075)	(47,727)
Cash flows from financing activities:		
Net issuance (repayment) of commercial paper	53,311	(92,325)
Dividends paid	(13,529)	(12,981)
Proceeds from exercise of stock options	1,884	547
Common shares repurchased	—	(219)
Net cash provided by (used in) financing activities	41,666	(104,978)
Net increase (decrease) in cash and cash equivalents	22,574	(46,171)
Beginning cash and cash equivalents	20,345	75,479
Ending cash and cash equivalents	$ 42,919	$ 29,308

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

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.

Note 1: Acquisitions, Exchanges and Dispositions.

In the first quarter of 2001, the company spent approximately $95.0 million on business acquisitions and exchanges, which principally included the purchase of Southern Maryland Newspapers, a division of Chesapeake Publishing Corporation, and amounts paid as part of a cable system exchange which AT&T Broadband.

Southern Maryland Newspapers publishes the Maryland Independent in Charles County, Maryland; the Lexington Park Enterprise in St. Mary’s County, Maryland; and the Recorder in Calvert County, Maryland. The acquired newspapers have a combined total paid circulation of approximately 50,000.

The cable system exchange with AT&T Broadband was completed on March 1, 2001 and consisted of the exchange by the company of its cable systems in Modesto and Santa Rosa, California, and approximately $42.0 million to AT&T Broadband for cable systems serving approximately 155,000 subscribers principally located in Idaho. In a related transaction on January 12, 2001, the Company completed the sale of a cable system serving about 15,000 subscribers in Greenwood, Indiana for $61.9 million.

The company also acquired a provider of CFA examination preparation services in the first quarter of 2001.

The gain resulting from the cable system sale and exchange transactions, which is included in “Other income, net” in the Condensed Consolidated Statements of Income, increased net income by $196.5 million, or $20.70 per share. For income tax purposes, the cable system sale and exchange transactions qualify substantially as like-kind exchanges and therefore do not result in a significant current tax liability.

There were no significant acquisitions, dispositions or exchanges during the first quarter of 2000.

Note 2: Investments.

Investments in marketable equity securities at April 1, 2001 and December 31, 2000 consist of the following (in thousands):

	April 1, 2001	December 31, 2000
Total cost	$196,159	$199,159
Gross unrealized gains	9,403	21,978
Total fair value	$205,562	$221,137

There were no purchases or sales of marketable equity securities during the first quarter of 2001 or 2000.

At April 1, 2001 and December 31, 2000, the carrying value of the Company’s cost method investments was $39.8 and $48.6 million, respectively. There were no investments in companies constituting cost method investments during the first quarter of 2001; during the first quarter of 2000, the company invested $18.2 million in such companies. The company recorded charges of $11.8 million and $7.4 million during the first quarter of 2001 and 2000, respectively, to write-down certain of its cost method investments to estimated fair value.

Note 3: Borrowings.

At April 1, 2001, the Company had $976.6 million in total debt outstanding, which was comprised of $578.7 million of commercial paper borrowings and $397.9 million of 5.5 percent unsecured notes due February 15, 2009. At April 1, 2001, the Company has classified $528.7 million of its commercial paper borrowings as long-term debt in the Condensed Consolidated Balance Sheet as the Company has the ability and intent to finance such borrowings on a long term basis.

During the first quarter of 2001 and 2000, the Company had average borrowings outstanding of approximately $949.1 million and $830.0 million, respectively, at average annual interest rates of approximately 5.8 percent. During the first quarter of 2001 and 2000, the Company incurred interest expense on borrowings of $13.8 million and $12.1 million, respectively.

Note 4: Business Segments.

The following table summarizes financial information related to each of the company’s business segments. The 2001 and 2000 results of operations information is for the thirteen weeks ended April 1, 2001 and April 2, 2000, respectively. The 2001 and 2000 asset information is as of April 1, 2001 and December 31, 2000, respectively.

(in thousands)	Newspaper Publishing	Television Broadcasting	Magazine Publishing	Cable Television	Education	Corporate Office	Consolidated
2001							
Operating revenues	$ 218,194	$ 74,202	$ 83,895	$ 89,177	$ 121,508	$ —	$ 586,976
Income (loss) from operations	$ 26,276	$ 28,548	$ (2,520)	$ 7,756	$ (10,248)	$ (6,568)	$ 43,244
Equity in losses of affiliates							(12,461)
Interest expense, net							(14,299)
Other income, net							308,769
Income before income taxes							$ 325,253
Depreciation expense	$ 9,502	$ 2,926	$ 1,219	$ 16,259	$ 4,726	$ —	$ 34,632
Amortization expense	$ 508	$ 3,534	$ 1,667	$ 7,701	$ 3,782	$ —	$ 17,192
Pension credit (expense)	$ 7,123	$ 1,663	$ 11,416	$ (153)	$ (171)	$ —	$ 19,878
Identifiable assets	$ 725,745	$ 416,549	$ 455,882	$ 1,086,387	$ 484,007	$ 54,622	$ 3,223,192
Investments in marketable equity securities							205,562
Investments in affiliates							121,139
Total assets							$3,549,893

	Newspaper Publishing	Television Broadcasting	Magazine Publishing	Cable Television	Education	Corporate Office	Consolidated
2000							
Operating revenues	$ 224,656	$ 78,742	$ 84,690	$ 86,653	$ 72,030	$ —	$ 546,771
Income (loss) from operations	$ 36,251	$ 32,349	$ 2,684	$ 14,645	$ (9,627)	$ (4,148)	$ 72,154
Equity in losses of affiliates							(11,304)
Interest expense, net							(12,343)
Other expense, net							(6,938)
Income before income taxes							$ 41,569
Depreciation expense	$ 9,604	$ 3,111	$ 1,289	$ 11,758	$ 2,624	$ —	$ 28,386
Amortization expense	$ 392	$ 3,534	$ 1,697	$ 7,414	$ 1,701	$ —	$ 14,738
Pension credit (expense)	$ 4,574	$ 1,346	$ 9,002	$ (150)	$ (200)	$ —	$ 14,572
Identifiable assets	$ 684,908	$ 430,444	$ 452,453	$ 757,083	$ 482,014	$ 41,075	$ 2,847,977
Investments in marketable equity securities							221,137
Investments in affiliates							131,629
Total assets							$3,200,743

Newspaper publishing includes the publication of newspapers in the Washington, D.C. area (*The Washington Post* and the *Gazette* community newspapers, and effective March 1, 2001 Southern Maryland newspapers) and Everett, Washington (*The Everett Herald)*. This business division also includes newsprint warehousing, recycling operations and the company's electronic media publishing business (primarily washingtonpost.com).

Television broadcasting operations are conducted through six VHF, network-affiliated television stations serving the Detroit, Houston, Miami, San Antonio, Orlando and Jacksonville television markets.

The magazine publishing division consists of the publication of a weekly news magazine, Newsweek, which has one domestic and three international editions, the publication of Arthur Frommer's Budget Travel, and the publication of business periodicals for the computer services industry and the Washington-area technology community.

Cable television operations consist of cable systems offering basic cable and pay television services to approximately 769,000 subscribers in midwestern, western, and southern states.

Education and career services are provided through the company's wholly-owned subsidiary Kaplan, Inc. Kaplan's five major lines of businesses include Test Preparation and Admissions, providing test preparation services for college and graduate school entrance exams; Quest Education Corporation, a provider of post-secondary education offering Bachelor's degrees, Associate's degrees and diploma programs primarily in the fields of healthcare, business and information technology; Kaplan Professional, providing education and career services to business people and other professionals; SCORE!, offering multi-media learning and private tutoring to children and educational resources to parents; and The Kaplan Colleges, Kaplan's distance learning business, including kaplancollege.com.

Corporate office includes the expenses of the company's corporate office.

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.

Results of Operations

Net income for the first quarter of 2001 was $199.1 million ($20.90 per share). Excluding one-time transactions from the quarter, principally gains from the sale and exchange of certain cable systems, net income for the first quarter totaled $9.5 million ($0.95 per share), a decrease of $14.6 million from net income of $24.1 million ($2.49 per share) in the first quarter of 2000.

Revenue for the first quarter of 2001 was $587.0 million, up 7 percent from $546.8 million in 2000. Advertising revenue declined 7 percent compared to last year. Circulation and subscriber revenue and education revenue increased 1 percent and 70 percent, respectively; other operating revenue increased 116 percent versus the prior year.

The decline in advertising revenue is the result of continued softness in the advertising markets of the Company's largest advertising-based businesses, where the climate remains soft. Approximately 60 percent of the decline in total advertising revenue is attributable to a $12.2 million (or 26 percent) decline in classified recruitment advertising at The Washington Post.

The 1 percent improvement in circulation and subscriber revenue is attributable to growth in subscriber revenues at Cable One, due to rate increases established to offset the rising cost of programming, as well as growth in basic subscribers as a result of acquisitions and cable system exchanges.

Approximately 75 percent of the increase in education revenue is attributable to the acquisition of Quest Educational Centers (Quest) in August, 2000. The remaining improvement in education revenue is due mostly to revenue growth at Kaplan's traditional test preparation, professional training and Score! businesses.

The 116 percent increase in other operating revenue is principally due to the timing of a technology trade show conducted in March 2001 by the Company's trade periodicals unit, Post-Newsweek Tech Media Group. This trade show was conducted during the second quarter of 2000.

Costs and expenses for the first quarter of 2001 increased 15 percent to $543.7 million, from $474.6 million in 2000. Approximately one-half of the increase in costs and expenses is attributable to operating expenses of Quest (acquired in August 2000), with the remaining increase due to higher depreciation expense, a 10 percent increase in newsprint expense, and higher stock-based compensation expense at the education division. These factors were partially offset by an increase in the pension credit.

The increase in depreciation expense occurred mainly at the cable division, where capital improvements are enabling the division to offer digital cable services to its subscribers.

The Company's expenses for the first quarter of 2001 were reduced by $20.4 million of pension credits, compared to $15.0 million in the first quarter of 2000. Management expects the 2001 annual pension credit will approximate $82.0 million, compared to $61.7 million in 2000.

Operating income for the quarter decreased 40 percent to $43.2 million, from $72.2 million in 2000.

Newspaper Publishing Division. Newspaper publishing division revenue totaled $218.2 million for the first quarter of 2001, a 3 percent decline from revenue of $224.7 million in the first quarter of 2000. Division operating income decreased 28 percent to $26.3 million, from $36.3 million in 2000. The decline in division operating income is primarily attributable to a decline in recruitment advertising at The Washington Post newspaper and a 10 percent increase in newsprint expense, offset in part by higher online advertising revenue.

Print advertising revenue at The Washington Post newspaper decreased 6 percent to $152.6 million, from $162.9 million in 2000, due to a $12.2 million or 26 percent decline in classified recruitment advertising that was partially offset by higher revenue from other advertising categories, principally general advertising. First quarter 2001 advertising volume and circulation statistics for The Washington Post newspaper were as follows (inches in thousands, preprints in thousands of pieces:

	First Quarter		
	2001	2000	% Change
Retail	314.6	353.3	-11
General	90.6	89.3	+1.5
Classified	289.3	329.6	-12
Total	694.5	772.2	-10
Preprints	371,482	359,341	+3
Daily circulation	773,352	787,654	-2
Sunday circulation	1,077,672	1,092,252	-1

The decrease in first quarter classified advertising volume was due to a 30 percent decline in recruitment classified advertising.

Revenue generated by the company's online publishing activities, primarily washingtonpost.com, totaled $7.2 million for the first quarter of 2001, versus $5.4 million for 2000.

Television Broadcasting Division. Revenue for the broadcast division declined 6 percent in the first quarter of 2001 to $74.2 million, from $78.7 million in 2000. Operating income for the first quarter of 2001 decreased 12 percent to $28.5 million from $32.3 million in 2000. General softness in advertising accounted for the decline in first quarter operating income.

Magazine Publishing Division. Revenue for the magazine publishing division declined 1 percent for the first quarter of 2001, compared to the same period in 2000. Magazine division operating loss totaled $2.5 million, compared to operating income of $2.7 million for the first quarter of 2000. The decline in operating income is primarily attributable to a 12 percent decline in advertising at Newsweek (due to softness in domestic and international edition advertising pages), offset in part by a technology trade show conducted in the first quarter of 2001, which was held in the second quarter of 2000.

Cable Television Division. Cable division revenue of $89.2 million for the first quarter of 2001 represents a 3 percent increase over 2000 first quarter revenue of $86.7 million. Cable division cash flow (operating income excluding depreciation and amortization expense) totaled $31.7 million for the first quarter of 2001, a 6 percent decrease from $33.8 million for the first quarter of 2000. Cable division operating income declined 47 percent. The decline in operating income is due mostly to increased depreciation expense, higher programming expense, and costs associated with the launch of digital cable services.

The increase in depreciation expense is due to capital spending which is enabling the cable division to offer digital cable services to its subscribers. The cable division began its rollout plan for these services in the third quarter of 2000. At March 31, 2001, the cable division had approximately 83,000 digital cable subscribers, representing a 14 percent penetration of the subscriber base in the markets where digital services are offered. Digital services are offered in markets serving 77 percent of the cable division's subscriber base. The rollout plan for the new digital cable services includes an offer for the cable division's customers to obtain these services free for one year. Accordingly, management does not believe the cable division's 2001 revenue will materially benefit from these new services; however, benefits are expected in 2002 and thereafter.

At March 31, 2001, the cable division had 769,000 basic subscribers, compared to 741,400 at the end of March 2000. The increase in basic subscribers is largely attributable to a net gain in subscribers arising from the recently completed cable system exchange and sale transactions.

Education Division. Education division revenue totaled $121.5 million for the first quarter of 2001, a 69 percent increase over revenue of $72.0 million for the same period of 2000. Operating losses for the quarter were $10.2 million, compared to $9.6 million for the first quarter of 2000. A summary of first quarter operating results is as follows (in thousands):

	First Quarter		
	2001	2000	% Change
Revenue			
Test prep and professional training	$68,148	$60,970	+12
Quest post-secondary education	37,850	—	n/a
New business development activities	15,510	11,060	+40
	$121,508	$72,030	+69
Operating income (loss)			
Test prep and professional training	$10,057	$ 5,051	+99
Quest post-secondary education	5,429	—	n/a
New business development activities	(9,414)	(9,329)	+1
Kaplan corporate overhead	(4,137)	(2,148)	+93
Other*	(12,183)	(3,201)	+281
	$ (10,248)	$ (9,627)	+6

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

Test prep and professional training include the results of Kaplan's test preparation and admissions business and Kaplan professional, a provider of education services to business people and other professionals. The increase in test preparation and professional training results is due mostly to higher enrollments at Kaplan's traditional test preparation business (particularly the GMAT and LSAT exams), and higher revenues from CFA exam preparation services. Quest post-secondary education includes the results of Quest Education Corporation, which was acquired by Kaplan in August 2000. New business development activities represent the results of Score!, eScore.com, and The Kaplan Colleges (various distance learning businesses). The increase in new business development revenue is attributable mostly to new learning centers opened by Score!, which operated 141 centers at the end of the first quarter of 2001 versus 100 at the end of the same period in the prior year.

Corporate overhead represents unallocated expenses of Kaplan, Inc.'s corporate office, including expenses associated with the design and development of educational software that, if sucessfully completed, will benefit all of Kaplan's business units.

Other expense is comprised of accrued charges for stock-based incentive compensation arising from a stock option plan established for certain members of Kaplan's management and amortization of goodwill and other intangibles. Under the stock-based incentive plan, the amount of compensation expense varies directly with the estimated fair value of Kaplan's common stock and the number of options outstanding. The first quarter 2001 increase in other expense compared to the same period of 2000 is mostly attributable to an increase in stock-based incentive compensation, which was primarily due to an increase in Kaplan's estimated value.

Equity in Losses of Affiliates. The company's equity in losses of affiliates for the first quarter of 2001 was $12.5 million, compared to losses of $11.3 million for the first quarter of 2000. The company's affiliate investments consist of a 42 percent interest in BrassRing Inc., a 50 percent interest in the International Herald Tribune, and a 49 percent interest in Bowater Mersey Paper Company Limited. The decline in 2001 affiliate results is primarily attributable to the continuing development of BrassRing, which is in the marketing phase of its operations. The company's share of BrassRing's losses accounted for $14.1 million of the total first quarter equity in losses of affiliates, versus $9.0 million in the first quarter of the prior year.

Other Non-Operating Income. The company recorded other non-operating income, net, of $308.8 million for the first quarter of 2001, compared to non-operating expense of $6.9 million for the same period of the prior year. The 2001 non-operating income is comprised mostly of gains arising from the sale and exchange of certain cable systems completed in January and March of 2001. Offsetting these gains were charges of $11.8 million recorded for the write-down of certain e-commerce focused investments.

For income tax purposes, the cable system sale and exchange transactions qualify as like-kind exchanges and therefore do not result in a current tax liability.

Net Interest Expense. The company incurred net interest expense of $14.3 million for the first quarter of 2001, compared to $12.3 million for the same period of the prior year. At April 1, 2001, the company had $976.6 million in borrowings outstanding.

Provision for Income Taxes. The effective tax rate for the first quarter of 2001 was 38.8 percent, compared to 42.1 percent for the same period of 2000. The decline in the effective tax rate is due to a lower effective rate applicable to the one-time gains arising from the sale and exchange of cable systems. Excluding the effect of the cable gain transactions, the company's effective tax rate approximated 43 percent for the quarter, with the increase in the rate due mostly to the decline in pretax income.

Earnings Per Share. The calculation of diluted earnings per share for the first quarter of 2001 was based on 9,499,027 weighted average shares outstanding, compared to 9,458,109 for the first quarter of 2000. The company made no repurchases of its stock during the first quarter of 2001.

Financial Condition: Capital Resources and Liquidity

Acquisitions, Exchanges and Disposition. In the first quarter of 2001, the company spent approximately $95.0 million on business acquisitions and exchanges, which principally included the purchase of Southern Maryland Newspapers, a division of Chesapeake Publishing Corporation, and amounts paid as part of a cable system exchange with AT&T Broadband. The company also acquired a provider of CFA examination preparation services.

The cable system exchange with AT&T Broadband was completed on March 1, 2001 and consisted of the exchange by the company of its cable systems in Modesto and Santa Rosa, California, and approximately $42.0 million to AT&T Broadband for cable systems serving approximately 155,000 subscribers principally located in Idaho. In a related transaction on January 12, 2001, the Company completed the sale of a cable system serving about 15,000 subscribers in Greenwood, Indiana for $61.9 million.

For income tax purposes, the cable system sale and the exchange transactions discussed above qualify substantially as like-kind exchanges and therefore do not result in a significant current tax liability.

Capital expenditures. During the first quarter of 2001, the company's capital expenditures totaled $49.1 million, three-quarters of which related to plant upgrades at the company's cable subsidiary. The company anticipates it will spend approximately $200.0 million throughout 2001 for property and equipment. Approximately 60 percent of this spending is earmarked for the cable division in connection with its rollout of new digital and cable modem services. If the rate of customer acceptance for these new services is slower than anticipated, then the Company will consider slowing its capital expenditures in this area to a level consistent with demand.

Liquidity. Throughout the first quarter of 2001 the Company's borrowings, net of repayments, increased by $53.4 million, with the net increase primarily due to amounts spent for acquisitions.

At April 1, 2001, the Company had $976.6 million in total debt outstanding, which was comprised of $578.7 million of commercial paper borrowings and $397.9 million of 5.5 percent unsecured notes due February 15, 2009. The Company has classified $528.7 million of its commercial paper borrowings as long-term debt in it Condensed Consolidated Balance Sheets as the Company has the ability and intent to finance such borrowings on a long-term basis.

During the first quarter of 2001, the company had average borrowings outstanding of approximately $949.1 million at an average annual interest rate of 5.8 percent.

The company expects to fund its estimated capital needs primarily through internally generated funds, and to a lesser extent, commercial paper borrowings. In management's opinion, the company will have ample liquidity to meet its various cash needs throughout 2001.

Forward-looking Statements

All public statements made by the company and its representatives which are not statements of historical fact, including certain statements in this quarterly report, are "forward-looking statements" within the meaning of the Private Securities Litigation Reform Act of 1995. Forward-looking statements are subject to certain risks and uncertainties that could cause actual results and achievements to differ materially from those expressed in the forward-looking statements. These risks and uncertainties include: changes in prevailing economic conditions, particularly in the specific geographic and other markets served by the company; actions of competitors; changes in customer preferences; changes in communications and broadcast technologies; and the effects of changing cost or availability of raw materials, including changes in the cost or availability of newsprint and magazine body paper. They also include other risks detailed from time to time in the company's publicly-filed documents, including the company's Annual Report on Form 10-K for the period ended December 31, 2000.

PART II - OTHER INFORMATION

Item 6. Exhibits and Reports on Form 8-K.

(a) The following documents are filed as exhibits to this report:

Exhibit Number	Description
3.1	Certificate of Incorporation of the Company as amended through May 12, 1998, and the Certificate of Designation for the Company's Series A Preferred Stock filed January 22, 1996 (incorporated by reference to Exhibit 3.1 to the Company's Annual Report on Form 10-K for the fiscal year ended December 31, 1995).
3.2	By-Laws of the Company as amended through September 9, 1993 (incorporated by reference to Exhibit 3 to the Company's Quarterly Report on Form 10-Q for the quarter ended October 3, 1993).
4.1	Credit Agreement dated as of March 17, 1998 among the Company, Citibank, N.A., Wachovia Bank of Georgia, N.A., and the other Lenders named therein (incorporated by reference to Exhibit 4.1 to the Company's Annual Report on Form 10-K for the fiscal year ended December 28, 1997).
4.2	Form of the Company's 5.50% Notes due February 15, 2009, issued under the Indenture dated as of February 17, 1999, between the Company and The First National Bank of Chicago, as Trustee (incorporated by reference to Exhibit 4.2 to the Company's Annual Report on Form 10-K for the fiscal year ended January 3, 1999).
4.3	Indenture dated as of February 17, 1999, between the Company and The First National Bank of Chicago, as Trustee (incorporated by reference to Exhibit 4.3 to the Company's Annual Report on

Form 10-K for the fiscal year ended January 3, 1999).

4.4	364-Day Credit Agreement dated as of September 20, 2000, among the company, Citibank, N.A., Suntrust Bank and the Chase Manhattan Bank (incorporated by reference to Exhibit 4.4 to the Company's Quarterly Report on Form 10-Q for the quarter ended October 1, 2000).
10.1	The Washington Post Company Stock Option Plan as amended and restated effective March 12, 1998 (corrected copy).
11	Calculation of Earnings per Share of Common Stock.

(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: May 14, 2001

/s/ Donald E. Graham

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

Date: May 14, 2001

/s/ John B. Morse, Jr.

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

Exhibit 11

CALCULATION OF EARNINGS PER SHARE OF COMMON STOCK

(In thousands of shares)	Thirteen Weeks Ended April 1, 2001	Thirteen Weeks Ended April 2, 2000
Number of shares of Class A and Class B common stock outstanding at beginning of period	9,460	9,439
Issuance of shares of Class B common stock (weighted), net of forfeiture of restricted stock awards	19	1
Shares used in the computation of basic earnings per common share	9,479	9,440
Adjustment to reflect dilution from common stock equivalents	20	18
	9,499	9,458
Net income available for common shares	$198,527	$23,569
Basic earnings per common share	$ 20.94	$ 2.50
Diluted earnings per common share	$ 20.90	$ 2.49

EXHIBIT 10.1

THE WASHINGTON POST COMPANY

STOCK OPTION PLAN

As Amended and Restated Effective March 12, 1998

1. **Purpose of the Plan**

The purpose of this Stock Option Plan (hereinafter called the Plan) of The Washington Post Company, a Delaware corporation (hereinafter called the Company), is to secure for the Company and its stockholders the benefits of incentive inherent in the ownership of Class B Common Stock of the Company by employees of the Company and its subsidiaries who will be responsible for its future growth and continued success. It is generally recognized that stock option plans aid in retaining and encouraging key employees of ability and in attracting other able employees.

2. **Stock Subject to the Plan**

There are hereby authorized and reserved for issuance upon the exercise of options to be granted from time to time under the Plan an aggregate of 1,900,000 shares* of the Company's Class B Common Stock, which shares may be in whole or in part, as the Board of Directors shall from time to time determine, issued shares which shall have been reacquired by the Company or authorized but unissued shares, whether now or hereafter authorized. If any option granted under the Plan shall expire, terminate or be canceled for any reason without having been exercised in full, the corresponding number of unpurchased shares which were reserved for issuance upon exercise thereof shall again be available for the purposes of the Plan. To the extent that options provide that the exercise of one shall reduce the number of shares purchasable under the other, then, for purposes of the Plan, the Company shall be deemed to have awarded options only for the aggregate number of shares which in fact may be purchased under such options (and not for the number of shares covered by both such options).

3. **Administration of the Plan**

The Plan shall be administered by the Committee referred to in paragraph 4 (hereinafter called the Committee). Subject to the express provisions of the Plan, the Committee shall have plenary authority, in its discretion, to determine the individuals to whom, and the time or times at which, options shall be granted and the number of shares to be subject to each option; provided, however, that the aggregate fair market value of the shares (determined as of the time the option is granted) for which incentive stock options (as defined in Section 422 of the Internal Revenue Code of 1986, as it may be amended from time to time) granted to an employee, under all plans of the Company and its subsidiaries providing for the grant of incentive stock options, may first become exercisable in any calendar year after 1986 shall not exceed $100,000. In making such determinations, the Committee may take into account the nature of the services rendered or expected to be rendered by the respective employees, their present and potential contributions to the Company's success, the anticipated number of years of effective service remaining and such other factors as the Committee in its discretion shall deem relevant. Subject to the express provisions of the Plan, the Committee shall also have plenary authority to interpret the Plan, to prescribe, amend and rescind rules and regulations relating to it, to determine the terms and provisions of the respective options (which terms and provisions need not be the same in each case), and to make all other determinations deemed necessary or advisable in administering the Plan. The determinations of the Committee on the matters referred to in this paragraph 3 shall be conclusive.

4. **The Committee**

The Committee shall consist of not less than three members of the Board of Directors, each of whom shall be a "disinterested" person within the meaning of Rule 16b-3 of the Securities Exchange Act of 1934, as amended (or any successor rule or regulation). No member of the Committee shall be eligible to receive an option under the Plan. The Committee shall be appointed by the Board of Directors, which may from time to time appoint members to the Committee in substitution for or in addition to members previously appointed and may fill vacancies, however caused, in the Committee; the Board of Directors shall also designate one of the members of the Committee as its Chairman. The Committee shall hold its meetings at such times and places as it may determine. A majority of its members shall constitute a quorum. All determinations of the Committee shall be made by a majority of its members. Any decision or determination reduced to writing and signed by all the members shall be fully as effective as if it had been made by a majority vote at a meeting duly called and held. The Committee may appoint a secretary (who need not be a member of the Committee) and may make such rules and regulations for the conduct of its business as it shall deem advisable. No member of the Committee shall be liable, in the absence of bad faith, for any act or omission with respect to his service on the Committee. Service on the Committee shall constitute service as a Director of the Company so that the members of the Committee shall be entitled to indemnification and reimbursement as Directors of the Company pursuant to its Certificate of Incorporation.

5. **Time of Granting of Options**

Nothing contained in the Plan or in any resolution adopted or to be adopted by the Board of Directors or by the stockholders of the Company shall constitute the granting of any option hereunder. The action of the Committee with respect to the granting of an option shall take place on such date as a majority of the members of the Committee at a meeting shall make a determination with respect to the granting of an option or, in the absence of a meeting, on such date as a written Designation covering such option shall have been executed by all the members of the Committee. The effective date of the grant of an option (hereinafter called the

Granting Date) shall be the date specified by the Committee in its determination or Designation relating to the award of such option.

6. **Eligibility**

Options may be granted only to key employees (which term shall be deemed to include officers) who on the Granting Date are in the employ of the Company or one of its present or future subsidiary corporations, as defined in Section 424 of the Internal Revenue Code of 1986, as the same shall be amended from time to time (hereinafter called Subsidiaries). A Director of the Company or of a Subsidiary who is not also such an employee of the Company or one of its Subsidiaries shall not be eligible to receive an option. During the life of the Plan options may be granted to eligible employees whether or not they hold or have held options under the Plan or other options previously granted by the Company.

7. **Option Prices**

The purchase price of the Class B Common Stock under each option shall be determined by the Committee, but shall not be less than 100% of the fair market value of the Class B Common Stock on the Granting Date of such option, as determined by the Committee. The purchase price of shares purchased upon the exercise of an option is to be paid in full upon the issuance of such shares, either in cash or by the surrender of whole shares of Class B Common Stock having a fair market value, as determined by the Committee, equal to such purchase price, or by a combination of cash and whole shares. If paid in cash, the purchase price paid for stock upon the exercise of options shall be added to the general funds of the Company and used for corporate purposes. If paid in whole or in part in shares, the shares surrendered shall be held as Treasury shares.

In the alternative, the Committee may, in its discretion at any time, determine whether to permit an optionee the right to elect to make a "cashless exercise" of all or some portion of an option by tendering to the Company some or all of the vested otherwise exercisable portion of the option in return for a cash payment from the Company equal to the positive difference, if any, between the fair market value of the number of shares of Class B Common Stock covered by such tendered portion of the option and the aggregate option price attributable to such shares. The Company shall cause appropriate tax withholding to be made with respect to any such cash payment upon a "cashless exercise" of an option by withholding the appropriate amount from the aggregate proceeds made available through the "cashless exercise." Finally, an optionee may direct, in connection with a "cashless exercise," that some or all of the cash otherwise payable to the optionee from the Company be instead applied to the payment of the option price of shares of Class B Common Stock with respect to which the optionee has a vested currently exercisable option and which are not the subject of the current "cashless exercise." As such, the optionee would be using the value inherent in some existing options to create a source for funding the exercise of other options. The Company shall effectuate appropriate income tax withholding with respect to any "cashless exercise" used to fund the purchase of shares of Class B Common Stock by withholding the appropriate amount from the aggregate proceeds made available through the "cashless exercise" (including the amount of tax withholding required with respect to the purchase of such additional shares of Class B Common Stock) and applying the remaining amount of consideration to the purchase of additional shares of Class B Common Stock.

8. **Option Types, Terms and Conditions**

Options granted under the Plan shall be in the form of (a) incentive stock options (as defined in Section 422 of the Internal Revenue Code of 1986, as it may be amended from time to time) and/or (b) non-qualified stock options. To the extent that any option that is intended to be an incentive stock option exceeds the $100,000 limitation set forth in paragraph 3 above, it shall be deemed to be a non-qualified option.

The term of each option shall be for such period as the Committee shall determine, but not more than ten years from the Granting Date in the case of incentive stock options and non-qualified options, subject to earlier termination as the Committee may determine and as provided in paragraphs 10 and 11 hereof.

The Committee shall, in its discretion, prescribe the terms and conditions upon which options may be exercised, which terms and provisions need not be the same in each case. Except as provided in paragraphs 10 and 11 below, no option may be exercised at any time unless the holder thereof is then an employee of the Company or of a Subsidiary. An employee shall have none of the rights of a stockholder with respect to any of the shares subject to option until such shares shall be issued to him upon the exercise of his option.

The Committee may grant to holders of outstanding options, in exchange for the surrender and cancellation of such options, new options (which may be incentive stock options and/or non-qualified stock options) having purchase prices lower than the purchase prices provided in the options so surrendered and canceled and containing such other terms and conditions as the Committee may prescribe in accordance with the provisions of the Plan; provided that such new options shall provide for the purchase of not more than 90% of the number of shares covered by the options so surrendered and canceled and that the purchase price under such new options shall be determined in accordance with paragraph 7 hereof .

The maximum number of shares subject to options which may be granted under this Plan to any individual employee during the life of this Plan shall not exceed 250,000 in the aggregate.

9. **Non-Transferability of Options**

No option granted under the Plan shall be transferable otherwise than by will or the laws of descent and distribution and an option may be exercised, during the lifetime of the holder thereof, only by him.

10. **Termination of Employment**

In the event that the employment of an employee to whom an option has been granted under the Plan shall be terminated (otherwise than by reason of death), such option may, subject to the provisions of paragraphs 8 and 12, be exercised (only to the extent that the employee was entitled to do so at the termination of his employment) at any time within three months after such termination, but in no event after the expiration of the term of the option. Notwithstanding the foregoing, the Committee may permit any option granted to an employee whose employment is being terminated (otherwise than by reason of death) to remain exercisable for such period as the Committee shall determine, but in no event beyond the expiration of the term of the option. In the event the Committee so extends the exercise period of an option held by a terminating employee and such option is exercisable as to additional shares in installments, such installments shall continue to accrue after the termination of employment unless the Committee determines that the exercise period shall be extended only with respect to the number of shares purchasable at the date of the termination of employment. Options granted under the Plan shall not be affected by any change of employment so long as the holder continues to be an employee of the Company or of a Subsidiary. Retirement pursuant to any retirement plan of the Company or any Subsidiary shall be deemed to be a termination of employment for the purposes of this paragraph. The Committee may specify in the original terms of an option, or if not so specified shall determine, whether any authorized leave of absence or absence on military or governmental service or for any other reason shall constitute a termination of employment for purposes of this paragraph. Nothing in the Plan or in any option granted pursuant to the Plan (in the absence of an express provision to the contrary) shall confer on any individual any right to continue in the employ of the Company or any of its Subsidiaries or interfere in any way with the right of the Company or any of its Subsidiaries to terminate his employment at any time.

11. **Death of Holder of Option**

Upon the death of the holder of an option granted under the Plan, such option may be exercised (unless the option otherwise provides) for the following specified number of shares by a legatee or legatees of such option under the holder's last will, or by the holder's personal representatives or distributees, at any time within one year after the holder's death, but in no event after the expiration of the term of the option: (i) if death occurs while the holder is employed by the Company or a subsidiary, to the extent of (a) the shares purchasable by such holder at the date of his death plus (b) the additional shares covered by the next installment, if any, of such option, or (ii) if death occurs within three months after the termination of the holder's employment or during any extension of the post-termination exercise period permitted by the Committee pursuant to paragraph 10 hereof, to the extent of the shares purchasable by such holder at the date of his death.

12. **Employee's Agreement to Serve**

The recipient of any option exercisable by the optionee within twelve months of the Granting Date shall agree to serve in the employ of the Company or, at the election of the Company from time to time, one of its Subsidiaries, for such period as the Committee shall determine, which shall not be less than twelve months following the Granting Date. The Committee shall be authorized in its discretion to grant options not exercisable by the optionee within twelve months of the Granting Date, in which case the recipient of such option need not (unless otherwise determined by the Committee) agree to serve in the employ of the Company or its Subsidiaries.

13. **Adjustments in Class B Common Stock**

Notwithstanding any other provision of the Plan, each option may contain such provisions as the Committee shall determine to be appropriate for the adjustment of the number and class of shares subject to such option, the option price and the number of shares as to which the option shall be exercisable at any time in the event of changes in the outstanding Class B Common Stock by reason of any stock dividend, split-up, recapitalization, combination or exchange of shares, merger, consolidation, separation, reorganization, liquidation and the like. In the event of any such change in the outstanding Class B Common Stock, the class and aggregate number of shares available under the Plan shall be appropriately adjusted by the Committee, whose determination shall be conclusive.

14. **Amendment and Termination**

Incentive stock options may not be granted after March 11, 2003; and unless the Plan shall theretofore have been terminated as hereinafter provided, the Plan shall terminate on, and no non-qualified option shall be granted thereunder after December 31, 2003, provided that the Board of Directors may at any time prior to that date terminate the Plan. The Board of Directors shall have complete power and authority to amend the Plan, provided, however, that the Board of Directors shall not, without the affirmative vote of the holders of a majority of the voting stock of the Company entitled to vote thereon, (i) increase the maximum number of shares for which options may be granted under the Plan, (ii) change the formula as to minimum option prices, (iii) extend the period during which options may be granted or exercised or (iv) change the class of employees to whom options may be granted. No termination or amendment of the Plan may, without the consent of the individual to whom any option shall theretofore have been granted, adversely affect the rights of such individual under such option.

15. **Government and Other Regulations**

The obligation of the Company to sell and deliver shares under options granted under the Plan shall be subject to all applicable laws, rules and regulations, and to such approvals by any governmental agencies as may be required, including, but not by way of limitation, the effectiveness of a Registration Statement under the Securities Act of 1933, as amended, as deemed necessary or appropriate by counsel for the Company.

16. **Other Actions**

Nothing contained in the Plan shall be construed to limit the authority of the Company to exercise its corporate rights and powers, including, but not by way of limitation, the right of the Company (i) to grant options for proper corporate purposes otherwise than under the Plan to any employee or other person, firm, corporation or association or (ii) to grant options to, or assume the option of, any person in connection with the acquisition, by purchase, lease, merger, consolidation or otherwise, of the business and assets (in whole or in part) of any person, firm, corporation or association.

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* Adjusted to give effect to stock splits in 1971, 1976 and 1978.