EXECUTED

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 29, 1985. **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:

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

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

Aggregate market value of the Company's voting stock held by non-affiliates on February 28, 1986, based on the closing price for the Company's Class B Common Stock on the American Stock Exchange on such date: approximately $923,000,000.

Shares outstanding at February 28, 1986:

Class A Common Stock—2,198,702 shares
Class B Common Stock—10,629,127 shares

Documents partially incorporated by reference:

The Company's 1985 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 9, 1986 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 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 1983 and 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 29, 1985		December 30, 1984		January 1, 1984	
	Amount	%	Amount	%	Amount	%
Operating Revenues			(dollars in thousands)			
Newspaper publishing and related operations	$ 556,070	52	$516,648	52	$455,666	52
Magazine publishing and related operations	326,053	30	331,614	34	302,241	34
Broadcasting and related operations	154,513	14	136,041	14	119,807	14
Other businesses	42,014	4	—	—	—	—
	$1,078,650	100	$984,303	100	$877,714	100
Income from Operations						
Newspaper publishing and related operations	$ 114,477	56	$ 94,604	57	$ 78,872	59
Magazine publishing and related operations	29,064	14	22,048	13	15,327	11
Broadcasting and related operations	57,945	28	50,813	30	39,446	30
Other businesses	3,668	2	—	—	—	—
	$ 205,154	100	$167,465	100	$133,645	100
Identifiable Assets						
Newspaper publishing and related operations	$ 228,958		$225,064		$218,958	
Magazine publishing and related operations	91,866		80,737		63,563	
Broadcasting and related operations	146,181		140,205		123,489	
Other businesses	50,662		—		—	
	$ 517,667		$446,006		$406,010	

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 7% 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. Until August 1981 *The Washington Post's* principal newspaper competition in the Washington area consisted of *The Washington Star*, a daily newspaper which published a home-delivered edition on weekday evenings and on Saturday and Sunday mornings and a newsstand edition on weekday mornings. The *Star* ceased publication on August 7, 1981, and the *Post's* circulation since that date reflects the addition of a substantial number of former *Star* subscribers and readers who did not already subscribe to the *Post*.

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 1981-1984 and as reported to ABC by the *Post* for the twelve months ended September 30, 1985 (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
	Daily	Sunday	Revenues
1981	619,903	855,822	$71,515,000
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	746,708	1,057,895	99,708,000

To alleviate the strain on *The Washington Post's* production facilities that resulted from the newspaper's expanding circulation, and to anticipate future circulation increases, in 1979-80 the Company constructed a new satellite printing plant in Fairfax County, Virginia, at a cost of approximately $68 million (including the cost of three new printing presses and other equipment). To enable *The Washington Post* to meet the increased demand for copies of the newspaper that followed the closing of *The Washington Star* on August 7, 1981, the Company purchased certain of the *Star's* former production facilities on September 25, 1981.

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, 1985, and approximately 6.7% on January 1, 1986. Classified and retail advertising rates were increased by approximately 7.5% on February 1, 1985, and approximately 6.5% on February 1, 1986.

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

	1981	1982	1983	1984	1985
Total Inches (in thousands)*	5,521	5,468	5,584	5,850	5,943
Full-Run Inches	4,411	4,362	4,695	5,005	5,028
Part-Run Inches	1,110	1,106	889	845	915
Advertising Revenue (in thousands)	$263,572	$304,765	$343,075	$390,683	$426,664

* Advertising inches for 1985 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 1981-1984 have been estimated from the advertising linage 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 1985 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 440 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 is the only daily newspaper published in Everett, the county seat of Snohomish County. *The Herald* publishes three regional editions, one of which circulates in Southwest Snohomish County where *The Herald's* principal competitors have been the evening *Seattle Times* and the morning *Seattle Post-Intelligencer*, which since May 1983 have been published under a joint operating agreement enabling the two papers to combine all their business and production functions.

The Herald's average paid circulation for the twelve-month period ended March 31, 1985, audited by ABC, was 54,659 daily (down 1.9% from the preceding year) and 55,713 Sunday (down .4%). The unaudited average paid circulation reported by *The Herald* to ABC for the six months ended September 30, 1985, was 54,898 daily and 56,286 Sunday (down 1.6% and .1%, respectively, from the six months ended September 30, 1984). Full-run advertising inches decreased .2% in 1985 to 1,101,000 inches, while zoned part-run advertising increased 9.6% to 52,000 inches. The number of preprints distributed increased 14.5% to 66,222,000.

The Herald employs approximately 82 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 11 U.S. and 17 foreign cities. Worldwide there are approximately 400 full-time editorial staff members, 311 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:

	Newsweek Average Weekly Circulation Rate Base	Percentage of Three Leading News Magazines	*Newsweek* Circulation Revenues
1981	2,950,000	31.6%	$79,635,000
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

For 1986 *Newsweek's* average weekly domestic circulation rate base has been increased to 3,050,000.

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 $39.00. During 1985, approximately half of the subscriptions were sold at a discount from the basic price. Effective with the issue dated April 8, 1985, the newsstand price was increased from $1.75 to $1.95 per copy. The newsstand price was increased to $2.00 per copy with the issue dated January 13, 1986.

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:

	Newsweek Advertising Pages*	Percentage of Three Leading News Magazines	*Newsweek* Gross Advertising Revenues*	Percentage of Three Leading News Magazines
1981	3,106	40.4%	$198,628,000	38.1%
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%	247,095,000	36.6%
1985	2,687	38.1%	244,957,000	35.9%

* 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 competitive with the other weekly news magazines. Effective with the issue dated January 7, 1985, national advertising rates were increased 7.5%. Beginning with the January 6, 1986 issue, national advertising rates were increased by an additional 6.5%.

Effective with the January 6, 1986 issue, Newsweek announced a new advertising program called "TAG" (Total Audience Guarantee). Under this program Newsweek will guarantee an average issue total audience based on the most recent study by either MRI (Mediamark Research Inc.) or SMRB (Simmons Market Research Bureau). If there is a shortfall, advertisers will receive a credit against future advertisement purchases.

Newsweek Gold, formerly *Newsweek Executive,* 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 14.4% in January 1985, when the circulation rate base was increased from 575,000 to 600,000. In January 1986, advertising rates were increased by an additional 6.5% and the circulation rate base was increased to 650,000.

In January 1982 Newsweek introduced another bi-weekly demographic edition, *Newsweek Executive Plus,* 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 9.6% in January 1985 and an additional 6.5% in January 1986.

Newsweek's other demographic edition, *Newsweek Woman,* was launched in February 1980 with an initial circulation rate base of 500,000 selected female subscribers. Advertising rates for this edition were increased by 18% in January 1985, when the circulation rate base was increased to 600,000. At the beginning of 1986, during which year this edition will be published 10 times, the circulation rate base was increased to 700,000.

In September 1982 Newsweek introduced a new edition for college students, *Newsweek on Campus,* 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 1985. Advertising rates rose by 5.1% in January 1985, and by an additional 5.0% in January 1986.

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 American 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.

The average weekly circulation rate base, circulation revenues, advertising pages and gross advertising revenues of *Newsweek's* international editions for the past five years have been as follows:

	Average Weekly Circulation Rate Base	Circulation Revenues	Advertising Pages*	Gross Advertising Revenues*
1981	544,000	$19,507,000	2,614	$38,418,000
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	18,771,000	2,441	43,655,000

* 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 1986 the average weekly circulation rate base for *Newsweek's* English-language international editions (including *The Bulletin* insertions) has been increased to 677,000. The initial 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, 24th and 61st 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 1985 net operating revenues from television advertising, by category, were as follows:

National	$ 75,106,956
Local	65,467,778
Network	8,199,379
Total	$148,774,113

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	Total Commercial Stations in ADI(b) Operating
WDIV Detroit, Mich. 1947	7th	NBC	Oct. 1, 1987	June 30, 1986	VHF-4 UHF-6	VHF-4 UHF-4
WPLG Miami, Fla. 1961	14th	ABC	Feb. 1, 1987	April 2, 1987	VHF-4 UHF-9	VHF-4 UHF-5
WFSB Hartford, Conn. 1957	24th	CBS	April 1, 1989	Sept. 10, 1986	VHF-2 UHF-6	VHF-2 UHF-4
WJXT Jacksonville, Fla. 1947	61st	CBS	Feb. 1, 1987	Sept. 29, 1986	VHF-2 UHF-7	VHF-2 UHF-3

(a) Source: 1985/86 ADI Market Rankings, The Arbitron Company, Fall 1985, 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; a proposal to allow commercial UHF stations to exchange channels with non-commercial stations, including 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 or individual television stations are party.

Cable Television Division

On January 3, 1986, the Company purchased 53 cable television systems from Capital Cities Communications, Inc. for approximately $350 million in cash. Set forth below are the locations, number of basic subscribers and premium units, and certain other information with respect to these systems as of January 31, 1986:

Principal Community Served(1)	Number of Basic Subscribers	Number of Premium Units (2)	Estimated Dwelling Units Passed by Cable (3)	Number of Plant Miles
Arizona				
Clifton	1,520	996	2,435	36
Cottonwood	1,535	334	2,576	52
Globe	4,402	2,033	7,000	103
Holbrook	1,501	553	2,061	31
Page	1,677	992	2,094	23
Safford	4,818	1,575	5,250	103
Show Low	5,782	1,337	9,512	226
Winslow	2,490	1,161	3,303	40
California				
Burlingame	5,013	4,863	13,000	87
Modesto	39,198	18,284	52,157	493
Oakdale	2,552	1,811	4,350	62
Santa Rosa	36,938	19,208	42,321	390
Union City	6,410	6,919	13,764	112
Illinois				
Highland Park	7,899	16,323	16,822	209
Indiana				
Greenwood	5,840	7,771	13,900	212
Iowa				
Sioux City	17,028	13,090	31,022	376
Kansas				
Abilene	2,545	919	2,936	39
Beloit	1,726	734	2,009	28
Clay Center	1,963	564	2,085	33
Concordia	2,556	723	2,923	31
Mississippi				
Clarksdale	6,728	2,134	8,027	70
Gulfport	12,812	8,998	16,500	227
Missouri				
Brookfield	2,156	833	2,641	36
Joplin	9,470	5,179	21,719	258
Kirksville	5,218	2,167	7,450	69
Trenton	2,757	978	2,969	53

Principal Community Served(1)	Number of Basic Subscribers	Number of Premium Units (2)	Estimated Dwelling Units Passed by Cable (3)	Number of Plant Miles
Nebraska				
Norfolk	7,424	4,826	11,382	171
New Mexico				
Rio Rancho	3,018	2,648	7,815	114
Roswell	10,952	4,378	16,200	208
North Dakota				
Fargo	13,572	11,335	26,157	211
Ohio				
Green Township	9,794	11,949	21,357	391
Oklahoma				
Altus	8,171	3,709	9,071	105
Ardmore	8,163	3,987	11,071	187
Frederick	1,811	735	2,625	33
Hobart	1,828	471	2,291	29
Idabel	2,249	1,015	2,864	48
Mangum	1,561	301	1,911	30
Miami	4,125	1,851	7,037	85
Nowata	731	474	1,828	38
Ponca City	11,424	6,394	13,395	163
Vinita	1,643	969	2,682	28
Tennessee				
Dyersburg	5,444	1,252	6,264	70
Texas				
Aransas Pass	3,172	3,230	6,512	135
Bonham	2,740	904	3,022	44
Childress	2,061	389	2,568	43
Denison	8,812	3,220	10,823	139
Lampasas	2,233	707	2,499	44
Lufkin	4,413	6,577	17,958	363
Memphis	1,017	232	1,491	23
Odessa	24,004	18,904	41,070	424
Port Lavaca	4,149	1,770	4,882	68
Sherman	11,242	5,342	13,481	162
Wellington	1,128	228	1,293	21
	359,415	218,276	540,375	6,776

(1) Certain systems are comprised of more than one franchise and serve more than one community.

(2) A basic subscriber may subscribe to more than one premium service.

(3) A dwelling is deemed to be "passed by cable" if it can be connected by a drop without further extension of the distribution line.

All of the systems described above are wholly owned by subsidiaries of the Company except Rio Rancho, New Mexico, which is 80% owned, and Fargo, North Dakota, which is 50% owned.

Regulation of Cable Television and Related Matters

The Company's cable operations are generally subject to the requirements of state and local 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 rates charged for installation or service, 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.

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 challenging the propriety of that definition is pending and the Company cannot predict the outcome thereof.

The U.S. Supreme Court presently is considering the question whether the First Amendment restricts or precludes governmental regulation of cable television through franchise requirements, at least insofar as exclusive franchises that preclude cable operations by other parties are concerned, but the Company cannot predict the outcome of that case or its probable impact on the Company's operations.

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-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. A petition for review of that decision by the Supreme Court is still pending, the FCC has initiated a new proceeding to consider adopting other "must carry" rules that would meet the criteria for constitutionality set forth in the decision of the Court of Appeals, and bills have been introduced in Congress that would reimpose must carry requirements or would condition the compulsory copyright license available to cable systems upon compliance with some must carry obligations. The Company cannot predict the final outcome of these proceedings or the impact that outcome might have on its cable television operations.

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. Bills are pending in Congress to modify or eliminate the present scheme of compulsory copyright licensing and representatives of the major copyright owners and cable television operators are attempting to develop a new legislative scheme for copyright licensing of cable retransmissions of broadcast signals. The Company cannot predict the outcome of these matters or the likely impact on its cable television operations.

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 October 1985 the U.S. Court of Appeals in Atlanta held that the Act was unconstitutional because it authorized a taking of property and delegated decisions on just compensation to an administrative agency; a notice of appeal from that decision was filed with the Supreme Court in December 1985. The Company cannot predict the eventual outcome of this litigation.

Other Activities

Cellular Telephone Operations

In 1983 the FCC began 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 30 largest 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.

In July 1983 a subsidiary of the Company entered into a partnership agreement with the other non-wireline applicants for the Detroit, Michigan cellular license, thereby eliminating the need for a comparative hearing with respect to that market. This partnership, in which the Company has an 18% interest, had been reselling cellular service obtained from the local telephone company but completed construction of its own cellular system and commenced full commercial operations in July 1985.

Similarly, in September 1983 another subsidiary of the Company joined with the other non-wireline applicants for licenses in Washington, D.C. and Baltimore, Maryland to form a partnership to provide cellular service in both cities. One of the partners already operated an existing Washington, D.C./Baltimore experimental cellular system; after making appropriate changes to that system and receiving all necessary regulatory approvals, the partnership commenced commercial operations in December 1983. The Company has a 20% interest in this partnership.

A subsidiary of the Company also is a partner in Florida Cellular Telephone Company ("FCTC"), an applicant for the non-wireline cellular license in Miami, Florida. In May 1984 the FCC administrative law judge presiding over the Miami comparative hearing ruled in favor of FCTC's application and that decision was affirmed by the FCC in May 1985. Although the FCC's decision has been appealed by the losing applicants, FCTC has begun construction of its Miami cellular system and anticipates being able to commence full commercial operations during the latter part of 1986. Since early 1985 FCTC has been reselling cellular service obtained from the local telephone company. The Company has a 60% interest in FCTC, but has agreed to fund a greater percentage of the cost of construction and initial operations.

During 1985 the Company sold its one-sixth interest in a partnership which had been awarded the non-wireline cellular licenses for Seattle, Washington and Portland, Oregon, and its fractional interests in partnerships which had applied for non-wireline cellular licenses for Hartford, New Haven and Fairfield County, Connecticut, and Springfield, Massachusetts. The Company (through subsidiaries) continues to hold interests of between 6.6% and 9.1% in partnerships which will receive non-wireline cellular licenses for Jacksonville, Orlando and West Palm Beach, Florida.

SportsChannel

In January 1985 subsidiaries of CBS Inc. purchased interests in each of the four SportsChannel regional pay sports networks jointly owned by subsidiaries of the Company and Rainbow Program Enterprises ("Rainbow"). As a result of these transactions, the Company, CBS Inc. 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 (formerly known as Cablevision Program Enterprises), which provides certain management services to the SportsChannel businesses, is a limited partnership controlled by Mr. Charles F. Dolan. Mr. Dolan has broad experience in the cable television industry, and other partnerships which he manages own and operate cable systems which serve an aggregate of approximately 590,000 subscribers.

SportsChannel New York's service is delivered to approximately 440,000 cable television and 35,000 subscription television subscribers in the metropolitan New York area, and includes New York Yankee and New York Mets baseball games, New York Islanders 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 115,000 cable television subscribers located in Massachusetts, Connecticut, Rhode Island, upstate New York, 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 220,000 cable subscribers in the greater Chicago area and 155,000 additional cable subscribers in other parts of Illinois, Indiana and Iowa. Such events 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 1993 but may be extended for an additional five years at the option of SportsChannel Chicago.

Stanley H. Kaplan Educational Centers

Effective December 31, 1984, 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 1985 the Kaplan Centers served more than 90,000 students through more than 120 permanent educational centers located throughout the country. Since its founding in 1938 this business has been managed by Mr. Stanley H. Kaplan and members of his family; they are continuing as the principal managers of the business under the ownership of the Company's newly formed subsidiary, Stanley H. Kaplan Educational Center Ltd.

Legi-Slate

In February 1983 the Company acquired Legi-Slate, Inc., a company that 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 and of 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.

* 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.

National Journal

In December 1983 the Company purchased 20% of the stock of National Journal, Inc., which publishes the *National Journal,* a weekly magazine covering politics and government, and the biennial *Almanac of American Politics.* The owner of 80% of the stock of National Journal, Inc., is Government Publishing Corporation ("GPC"), which has pledged such stock to the company to secure repayment of a loan to GPC.

Cowles Media Company

During 1985 the Company purchased 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 and a directory printing business.

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 Everett *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 1985 *The Washington Post* consumed about 250,000 tons* of newsprint purchased from a number of suppliers including Bowater Incorporated, which supplied approximately 30% of the *Post's* 1985 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 1984 Bowater Mersey completed an equipment modernization program that increased its annual production capacity from about 185,000 tons to 196,000 tons of newsprint; it completed a further capital program in 1985 that increased production capacity to about 230,000 tons. Bowater Mersey produced about 190,000 tons of newsprint in 1985.

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 its first newsprint in December 1979 and has steadily increased its rate of production, reaching 201,000 tons in 1985 when *The Washington Post* purchased approximately 20% of its newsprint requirements from Bear Island Paper Company.

Newsprint supply contracts typically provide for payment based on the seller's announced price in effect at the time of delivery, and the Company's contracts with Bowater Incorporated, Bear Island Paper Company and its other suppliers contain such provisions. The price of newsprint is currently about $485 per ton. The *Post* believes it has adequate newsprint available through contracts with its suppliers.

---

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

In 1985 *The Herald* consumed about 5,700 tons of newsprint supplied by four different suppliers, the largest of which furnished about 39% of the newspaper's total requirements.

The domestic edition of *Newsweek* consumed 38,100 tons of paper in 1985, 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 $905-$980 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 142 magazines reported on by the Bureau *Newsweek* ranked fourth in total advertising revenues in 1985, when it received approximately 5.1% 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 distribution services, direct home reception of satellite program services, subscription (pay) television stations, subscription 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 exclusively 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 now predict whether and how this change will affect the competitive environment in which its local television stations operate.

The Company's television and newspaper 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-point distribution services, direct home reception of satellite program services, subscription 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 68, 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 51, 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 60, has been a Vice President of the Company and President of Post-Newsweek Stations, Inc., since 1973.

Martin Cohen, age 54, 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.

Mark M. Edmiston, age 42, has been a Vice President of the Company and President of Newsweek, Inc., since July 1981.

Alan R. Finberg, age 58, has been Vice President, General Counsel and Secretary of the Company since 1971.

Donald E. Graham, age 40, 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 56, 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 6,300 persons on a full-time basis.

The Washington Post has approximately 3,000 full-time employees. About 2,400 of the *Post's* full-time employees and 500 part-time employees are represented by one or another of nine unions. Collective bargaining agreements are currently in effect with locals of the following white-collar, craft or maintenance unions covering the full-time and part-time employees and expiring on the dates indicated: 351 printers represented by the Columbia Typographical Union (March 30, 1989); approximately 1,350 employees in the editorial, newsroom and commercial departments represented by The Washington-Baltimore Newspaper Guild (July 9, 1986); approximately 130 paperhandlers and general workers represented by The Printing Specialty and Paper Products Union (March 31, 1986); 41 machinists represented by The International Brotherhood of Machinists (January 13, 1987); 64 photoengravers-platemakers represented by the Graphic Arts International Union (February 19, 1988); 44 engineers, carpenters and painters represented by The International Union of Operating Engineers (February 29, 1988); and 125 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 craft and maintenance unions to cover the full-time and part-time employees indicated: Brotherhood of Electrical Workers (which represents 51 electricians); and The Mailers Union (which represents 415 mailers and 242 mailroom helpers).

Of the approximately 230 full-time and 165 part-time employees at The *Herald*, about 53 full-time and 48 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 1,320 full-time employees (including 311 full-time editorial staff members in New York), some of whom are represented by the New York Newspaper Guild under a collective bargaining agreement which will expire at the end of 1986. 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 720 full-time employees, of whom about 300 are union-represented. Of the 12 collective bargaining agreements covering union-represented employees, four will expire in 1986. During 1985, the Company's station in Detroit experienced a 42-day strike by technicians. Operations were not interrupted and a new agreement was reached.

The Company's Cable Television Division has approximately 730 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 22 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. Newsweek's manufacturing and distribution departments occupy space at 477 Madison Avenue in New York City under leases that will expire in 1989. Subscription fulfillment and computer operations are located in leased facilities in Livingston, New Jersey. During 1985 Newsweek purchased 16 acres of undeveloped land in Mountain Lakes, New Jersey, and in 1986 anticipates beginning construction on this land of a facility to house its subscription fulfillment and computer operations.

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 Bloomfield Hills, Michigan. 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.

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 1985 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 1981 through 1985 contained under the heading "Ten-Year Summary of Selected Financial Data" in the Company's 1985 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 1985 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 33 through 49 of the Company's 1985 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 9, 1986 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 9, 1986 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 9, 1986 Annual Meeting of Stockholders is incorporated herein by reference thereto.

Item 13. ***Certain Relationships and Related Transactions.***

Not applicable.

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 20 hereof.

(ii) Exhibits

As listed in the index to exhibits beginning on page 28 hereof.

(b) Reports on Form 8-K.

During the last quarter of the period covered by this report the Company filed a Current Report on Form 8-K dated October 23, 1985, which described under Item 5 ("Other Events") certain borrowings by the Company.

SIGNATURES

Pursuant to the requirements of Section 13 or 15(d) of the Securities Exchange Act of 1934, the Registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized, on March 27, 1986.

THE WASHINGTON POST COMPANY
(Registrant)

By ______________________
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 27, 1986:

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
RICHARD M. PAGET	Director
BARBARA SCOTT PREISKEL	Director
WILLIAM J. RUANE	Director
GEORGE W. WILSON	Director

By ______________________
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

* Incorporated by reference to the Company's 1985 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.

REPORT OF INDEPENDENT CERTIFIED PUBLIC ACCOUNTS

To the Partners of
BEAR ISLAND PAPER COMPANY:

We have examined the balance sheets of Bear Island Paper Company (a Virginia limited partnership) as of December 31, 1985 and 1984, and the related statements of operations, partners' equity and loan capital and changes in financial position for each of the three years in the period ended December 31, 1985. Our examinations were made in accordance with generally accepted auditing standards and, accordingly, included such tests of the accounting records and such other auditing procedures as we considered necessary in the circumstances.

In our opinion, the financial statements referred to above (not shown separately herein) present fairly the financial position of Bear Island Paper Company at December 31, 1985 and 1984, and the results of its operations and the changes in its financial position for each of the three years in the period ended December 31, 1985, in conformity with generally accepted accounting principles applied on a consistent basis.

Coopers & Lybrand

COOPERS & LYBRAND

Richmond, Virginia
January 24, 1986.

REPORT OF INDEPENDENT CHARTERED ACCOUNTANTS

To The Shareholders,
Bowater Mersey Paper Company Limited:

We have examined the consolidated balance sheets of Bowater Mersey Paper Company Limited and subsidiary as at December 31, 1985 and 1984 and the consolidated statements of income and retained earnings and changes in financial position for each of the years in the three-year period ended December 31, 1985. Our examinations were made in accordance with generally accepted auditing standards and, accordingly, included such tests of the accounting records and such other auditing procedures as we considered necessary in the circumstances.

In our opinion, the aforementioned consolidated financial statements (not presented separately herein) present fairly the financial position of Bowater Mersey Paper Company Limited and subsidiary as at December 31, 1985 and 1984 and the results of their operations and the changes in their financial position for each of the years in the three-year period ended December 31, 1985, in conformity with generally accepted accounting principles applied on a consistent basis except for the changes, with which we concur, in 1984 in the method of accounting for investment tax credit and in 1983 in the method to capitalize significant interest costs, as described in the notes to the consolidated financial statements (not presented separately herein).

Peat, Marwick, Mitchell & Co.

Peat, Marwick, Mitchell & Co.
Chartered Accountants

Halifax, Canada
January 17, 1986

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 4, 1986 appearing on page 49 of the 1985 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 24 through 27 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.

Price Waterhouse

Washington, D.C.
February 4, 1986

THE WASHINGTON POST COMPANY

SCHEDULE V—PROPERTY, PLANT AND EQUIPMENT

Column A	Column B	Column C	Column D	Column E	Column F
Classification	Balance at beginning of period	Additions at cost	Retirements	Other changes add (deduct)	Balance at end of period
Year Ended January 1, 1984					
Plant Assets					
Machinery, equipment and fixtures	$147,259,000	$ 5,836,000	$3,195,000	$ 8,542,000 (C)	$158,442,000
Leasehold improvements	11,256,000	4,159,000	1,603,000	44,000 (B)	13,856,000
Buildings	88,493,000	1,165,000		1,222,000 (D)	90,880,000
Construction in progress	6,835,000	10,389,000		(10,000,000)(A)	7,224,000
Land	14,172,000	27,000		(24,000)(E)	14,175,000
	268,015,000	21,576,000	4,798,000	(216,000)	284,577,000
Other Assets					
Buildings	336,000	525,000			861,000
Land	2,483,000	773,000			3,256,000
	2,819,000	1,298,000			4,117,000
	$270,834,000	$22,874,000	$4,798,000	$ (216,000)	$288,694,000
Year Ended December 30, 1984					
Plant Assets					
Machinery, equipment and fixtures	$158,442,000	$11,841,000	$6,317,000	$ 8,611,000 (B)	$172,577,000
Leasehold improvements	13,856,000	4,049,000	1,157,000	2,129,000 (B)	18,877,000
Buildings	90,880,000	172,000		1,438,000 (F)	92,490,000
Construction in progress	7,224,000	17,531,000		(11,643,000)(A)	13,112,000
Land	14,175,000			763,000 (G)	14,938,000
	284,577,000	33,593,000	7,474,000	1,298,000	311,994,000
Other Assets					
Buildings	861,000			(525,000)(H)	336,000
Land	3,256,000			(773,000)(H)	2,483,000
	4,117,000			(1,298,000)	2,819,000
	$288,694,000	$33,593,000	$7,474,000	$	$314,813,000
Year Ended December 29, 1985					
Plant Assets					
Machinery, equipment and fixtures	$172,577,000	$ 5,664,000	$2,708,000	$ 22,196,000 (I)	$197,729,000
Leasehold improvements	18,877,000	5,012,000	440,000	1,230,000 (J)	24,679,000
Buildings	92,490,000	214,000	1,000	7,991,000 (K)	100,694,000
Construction in progress	13,112,000	30,708,000	500,000	(21,982,000)(L)	21,338,000
Land	14,938,000	1,995,000	2,000	1,175,000 (M)	18,106,000
	311,994,000	43,593,000	3,651,000	10,610,000	362,546,000
Other Assets					
Buildings	336,000				336,000
Land	2,483,000				2,483,000
	2,819,000				2,819,000
	$314,813,000	$43,593,000	$3,651,000	$ 10,610,000	$365,365,000

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

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

(C) Includes $8,756,000 applicable to completed construction transferred from related accounts, $15,000 of assets of data base publishing subsidiary acquired and $229,000 related to elimination of an intercompany sale of assets.

(D) Includes $1,198,000 applicable to completed construction transferred from related accounts and $24,000 of assets reclassified from land.

(E) Consists of assets reclassified to buildings.

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

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

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

(I) 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.

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

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

(L) 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.

(M) Includes $1,051,000 of assets of educational centers and cellular radiotelephone subsidiaries acquired or placed into operations and $124,000 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
		Additions			
Description	Balance at beginning of period	Charged to costs and expenses	Retirements	Other changes	Balance at end of period
Year Ended January 1, 1984					
Plant Assets					
Machinery, equipment and fixtures	$ 63,943,000	$16,094,000	$1,989,000	$(203,000)(A)	$ 77,845,000
Leasehold improvements	4,382,000	1,094,000	677,000		4,799,000
Buildings	17,708,000	2,892,000			20,600,000
	86,033,000	20,080,000	2,666,000	(203,000)	103,244,000
Other Assets					
Buildings	113,000	62,000			175,000
	$ 86,146,000	$20,142,000	$2,666,000	$(203,000)	$103,419,000
Year Ended December 30, 1984					
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(B)	23,593,000
	103,244,000	21,740,000	4,091,000	29,000	120,922,000
Other Assets					
Buildings	175,000	33,000		(29,000)(B)	179,000
	$103,419,000	$21,773,000	$4,091,000	$	$121,101,000
Year Ended December 29, 1985					
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(C)	7,411,000
Buildings	23,593,000	3,468,000		(133,000)(C)	26,928,000
	120,922,000	24,770,000	2,456,000		143,236,000
Other Assets					
Buildings	179,000	34,000			213,000
	$121,101,000	$24,804,000	$2,456,000	$	$143,449,000

(A) Includes $229,000 related to elimination of an intercompany sale of assets and $26,000 of depreciation on assets temporarily classified as nonoperating before sale.

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

(C) 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
Year Ended January 1, 1984				
Allowance for doubtful accounts and returns	$ 7,845,000	$26,299,000	$23,362,000	$10,782,000
Allowance for advertising rate adjustments and discounts	3,670,000	10,132,000	7,838,000	5,964,000
	$11,515,000	$36,431,000	$31,200,000	$16,746,000
Year Ended December 30, 1984				
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
	$16,746,000	$36,838,000	$36,374,000	$17,210,000
Year Ended December 29, 1985				
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
	$17,210,000	$40,056,000	$34,393,000	$22,873,000

SCHEDULE X

THE WASHINGTON POST COMPANY

SCHEDULE X—SUPPLEMENTARY INCOME STATEMENT INFORMATION

Column A	Column B		
	Charged to costs and expenses year ended		
Description	January 1, 1984	December 30, 1984	December 29, 1985
Maintenance and repairs	$ 6,051,000	$ 6,215,000	$ 7,365,000
Amortization of goodwill and other intangibles	2,213,000	2,251,000	2,807,000
Taxes other than payroll and income taxes	5,069,000	5,249,000	5,934,000
Royalties, primarily amortization of film rights	11,429,000	8,454,000	8,611,000
Advertising	9,998,000	10,519,000	11,143,000

INDEX TO EXHIBITS

Exhibit Number	Description
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.
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.
4.3	—Credit Agreement dated as of December 20, 1985, as amended March 14, 1986, among the Company, The Chase Manhattan Bank and the other banks named therein.
	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.
13	—The Company's 1985 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).

Exhibit Number	Description
22	—List of subsidiaries of the Company.
24	—Consents 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.