Media Week
New York
December 10, 2003

Remarks by
Donald E. Graham
Chairman of the Board and Chief Executive Officer

This is a particularly fortunate time for me to be speaking to this group. We recently issued a third quarter earnings release which may have broken the company's record – already at a very high level – for qualifying phrases in a single paragraph. The record-breaking paragraph reads as follows:

"Results for the third quarter of 2003 include $74.6 million in stock compensation expense at the Kaplan education division, which was significantly higher than the $6.7 million in Kaplan stock compensation expense for the third quarter of 2002. In September 2003, the Company announced an offer totaling $138 million for approximately 55 percent of the stock options outstanding at Kaplan. The Company's offer to Kaplan stock option holders was contingent on at least 90 percent of the stock options being tendered by October 28, 2003, and the offer included a 10 percent premium over the current valuation price. As of October 28, 2003, 100 percent of the eligible stock options were tendered. The Company estimates a payout of approximately $117 million in the fourth quarter of 2003, with the remainder of the payouts to be made from 2004 through 2006. The Company estimates additional stock compensation expense of approximately $13 million in the fourth quarter of 2003. A small number of key Kaplan executives will continue to hold the remaining 45 percent of outstanding Kaplan stock options, with roughly half of the remaining options expiring in 2007 and half expiring in 2011. The company expects no further dilution in the future."

Now, for those who follow the affairs of The Washington Post Company closely, this paragraph actually does make sense. In fact, I like to think that through our earnings releases, you can learn the most important things going on in the company.

One thing you learn is that we're not doing what most companies are doing. But the quarterly earnings releases alone won't tell you why – and what we are, in fact, doing.

So just in case some of you here missed all 20 or 30 of my past presentations, let's return for a moment to first principles.

I was struck by an observation made by the chairman of our company's Finance Committee, Warren Buffett, who said that companies' actions determine the kind of shareholders they will have – or, to put it another way, companies get the kind of shareholders they deserve.

To make our wishes explicit: we want you as a shareholder if you're interested in investing in companies trying 100 percent of the time to grow the economic value of the company in the long term, even if that may mean a fluctuating earnings pattern in the short term.

I wish we could guarantee that you will be happy with our company if you are a shareholder with these objectives. Of course, I cannot. But I can guarantee that you will be very unhappy as a shareholder if you are interested in what we're going to earn for the next quarter or how the stock will perform in the short term.

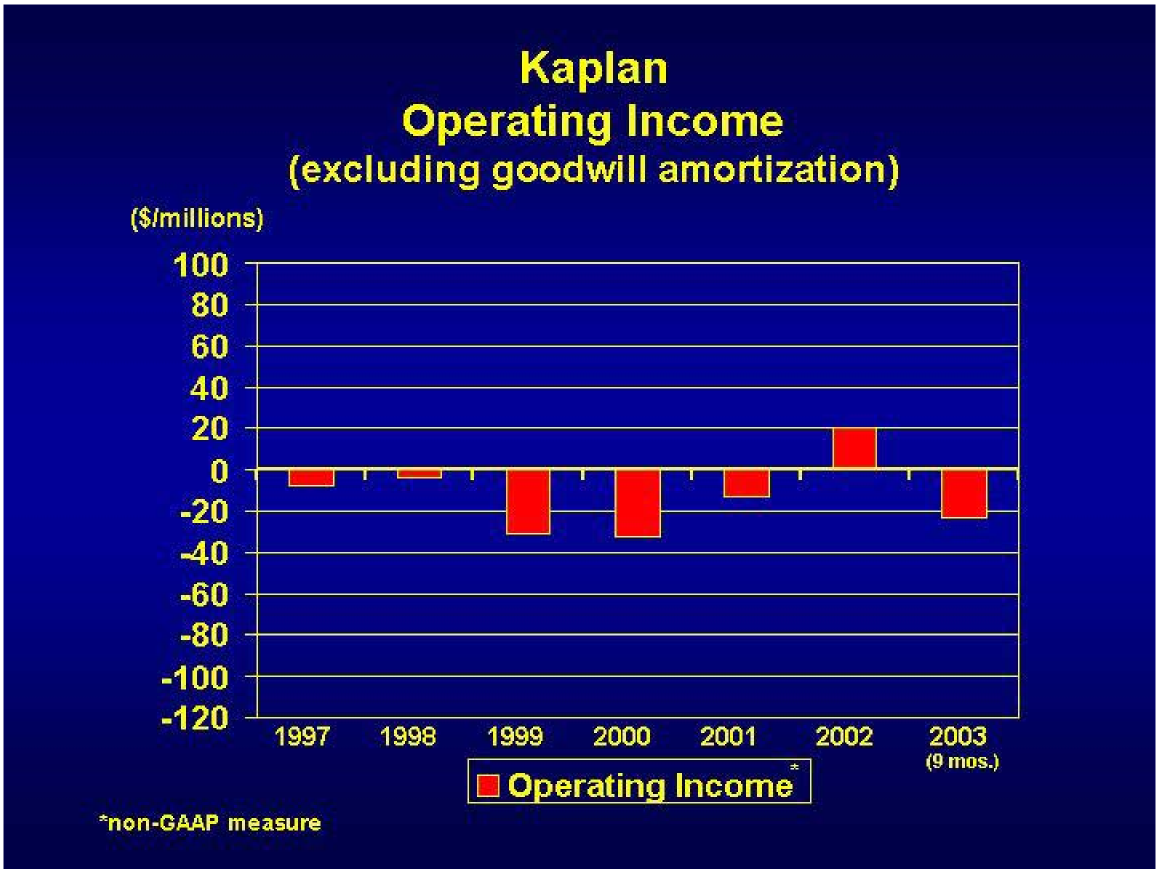
To repeat what I've said many times: Whether we meet your forecasts for a given quarter is of zero interest to us. You should also know that management does not take it to be our job to make the stock price go up in the short term.

To illustrate what I mean, here is the company's reported earnings per share from 1997 through 2002. This is not what you'd call a very consistent picture.

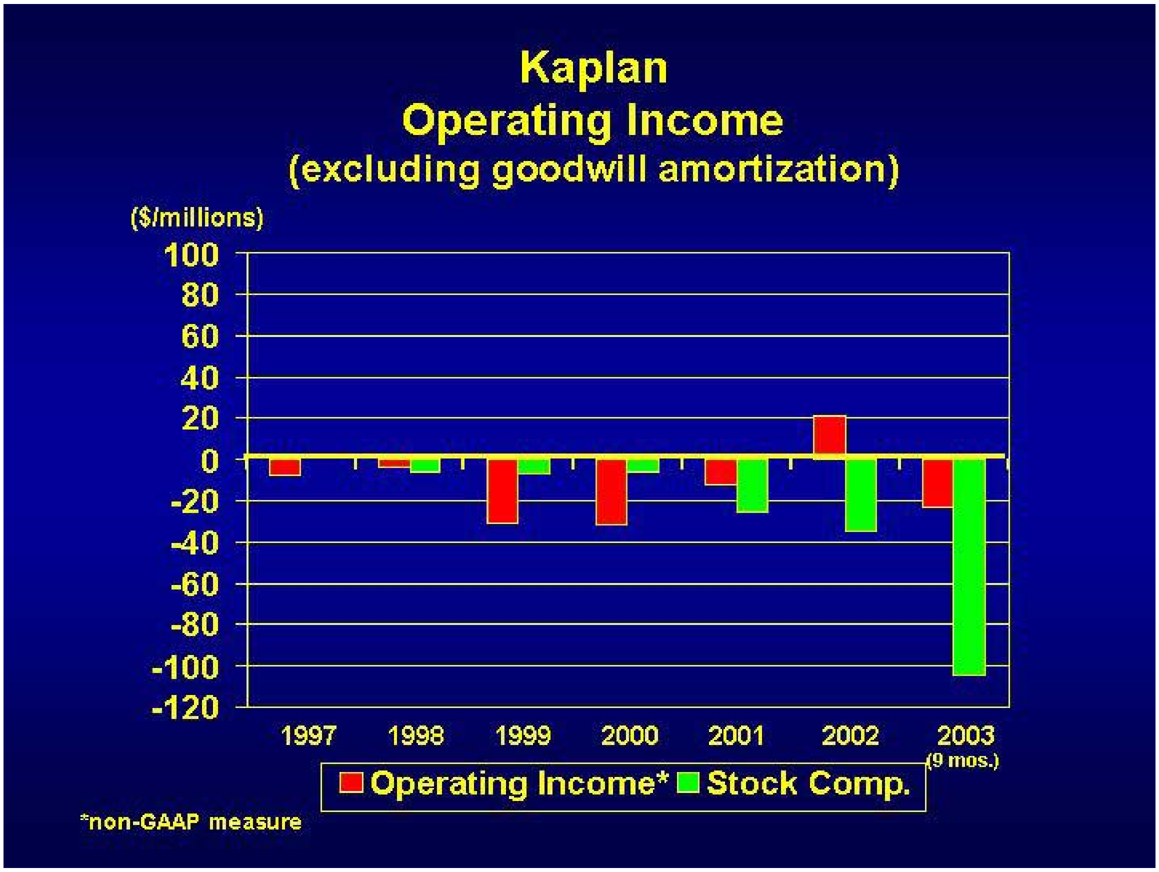
We believe that during this time, we've made Post-Newsweek Stations a much better business through dramatic improvements at our television stations in Houston, in San Antonio, and, increasingly, in Orlando. We've made Cable One a far better business by supporting Tom Might's highly innovative and unique management actions.

Perhaps we have positioned Washingtonpost. Newsweek Interactive to become an importantly profitable part of the company, although the jury is not only out, but has quite a while left to deliberate. Above all, Kaplan management has grown Kaplan into a very valuable business.

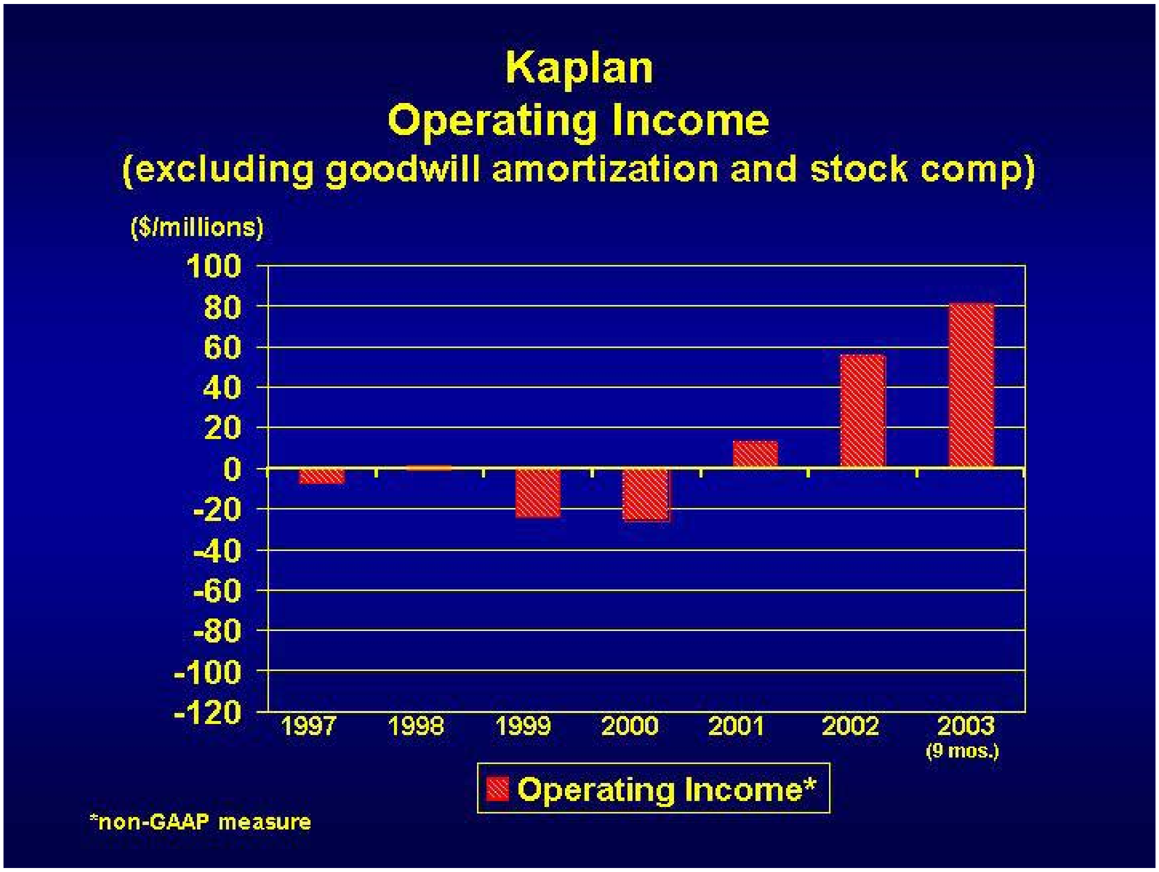
You might not guess that was the case from our earnings since 1997, starting when we first broke out Kaplan's results as an independent entity.



Here are the earnings of our Kaplan business, on which so much of your comment and our attention have focused for the past couple of years. As you can see, Kaplan's published results in most of these years showed losses.



The sophisticated among you understood that Kaplan had an unusual stock option-like compensation arrangement in which The Washington Post Company reported quarterly charges as the apparent value of Kaplan rose. You might have wondered if it was this option plan that made the earnings in most of these years look so bad.



The option plan definitely helped! But even without the aid of the Kaplan compensation plan, we managed to pile up significant losses at Kaplan for a good deal of this time. This slide shows Kaplan's operating results before amortization and stock comp charges. I show it because it shows the trend of the operating business. But this is not the way I look at Kaplan's results and not the way you should. The stock comp charges are real. We either have paid them, or will pay them, in cash.

The losses for all those years were partly the result of investing in one business – eScore.com – that, as I've told shareholders several times, was an expensive failure.

A second investment, Score!, is now a modest, growing success story. A very large investment of those years, Kaplan's online education program, looks like it could be headed for quite a large success.

Kaplan has become a valuable business in part because of the company's willingness – tolerated and understood, we believe, by our shareholders – to invest money and report losses on the scale I'm showing you if it leads to better results long term.

The paragraph I read from the third quarter earnings release summed up the financial details of the buyout of the Kaplan stock option plan. But it's also important to understand why this plan was implemented and what results it achieved.

As I said in my letter announcing the buyout, The Post Company bought Kaplan from its founder, Stanley Kaplan, in 1984 for $45 million. At the time, Kaplan was earning about $8 million a year. Strong competition and less-than-successful attempts at finding the right manager to succeed Stanley affected our results, and by the early ’90s, Kaplan was losing money. In 1994, Jonathan Grayer became CEO, and – under Jonathan – we started taking aggressive steps to improve the business.

One of his first steps was to reorganize the management team and bring in a whole set of new managers. In 1997, although losses were continuing, we were satisfied enough with the trends of the business to implement the compensation plan. Good young managers were at a premium, and we wanted the best possible chance of keeping our Kaplan team together.

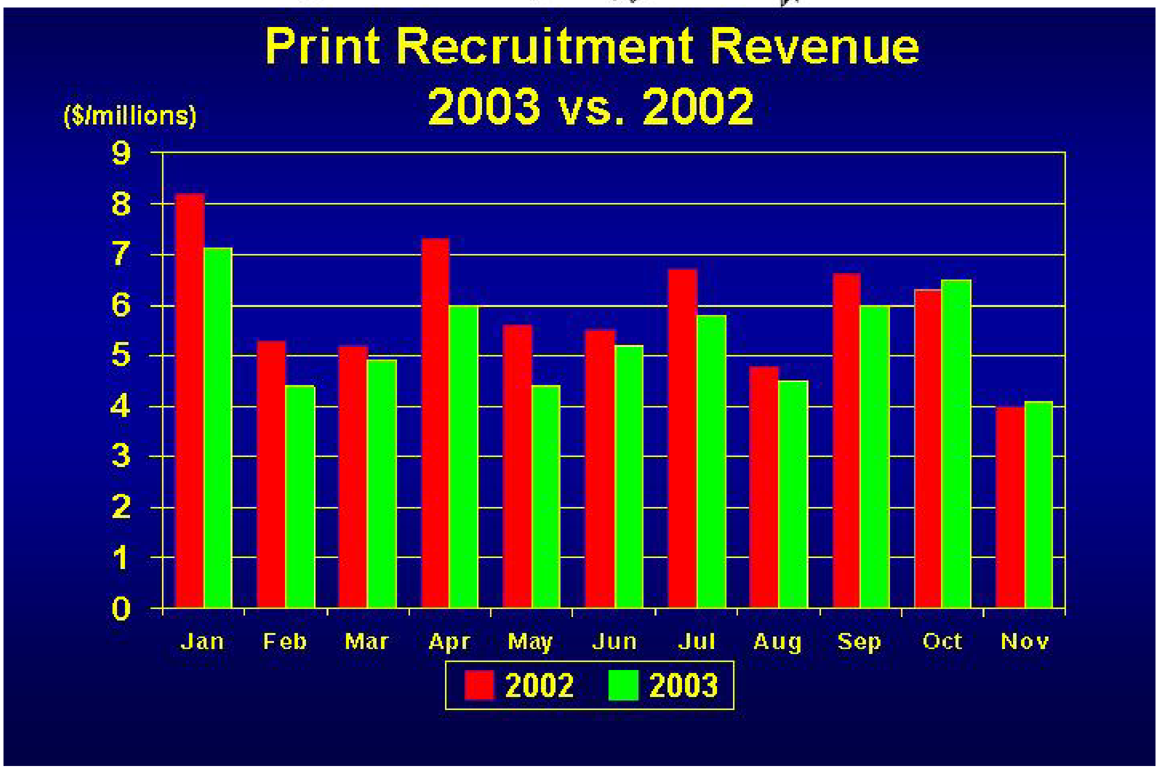
At the time we established the plan, we never in our wildest dreams thought Kaplan could grow so fast in revenues and profits. This year Kaplan’s revenues are expected to be greater than those of The Washington Post newspaper. While the comp payments have been large, we believe they are well-justified by Kaplan’s results and prospects.
Under the compensation plan, Kaplan’s management team did indeed stay together almost completely. And from the discussions we’ve had, we expect Kaplan will be run by Jonathan and today’s top management team for years to come.

The company also said at the time we announced the buyout that Kaplan's earnings are expected to grow in 2004. And it would not surprise me if, within a few years, Kaplan is our most profitable business – after comp charges – first in operating income and then in free cash flow.

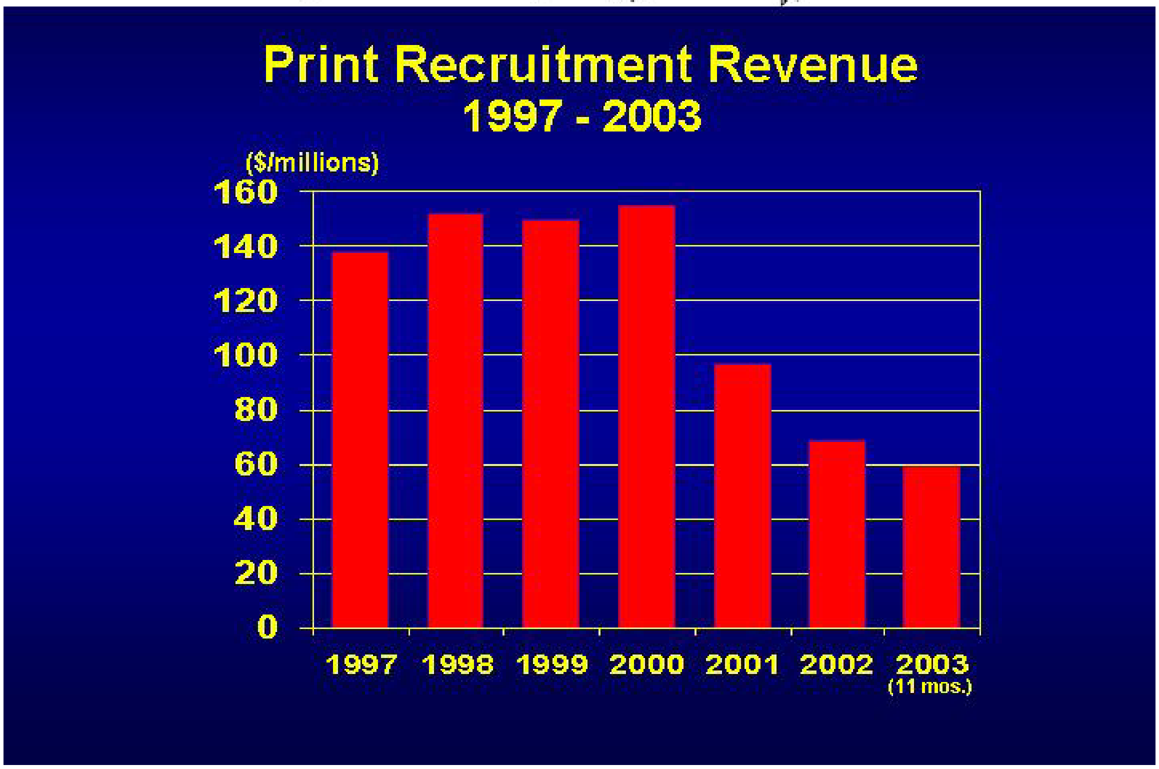
This is not a business where the sky's the limit. It remains a very hard business to operate. Jonathan's excellence as an operator will continue to be tested as the number of our businesses grows. I'll return to Kaplan, but let me walk through our other businesses one at a time.

I'll start with The Post, because this gathering is focusing on newspaper companies. Through November, Post revenues are up about 2.2 percent – not counting online advertising.

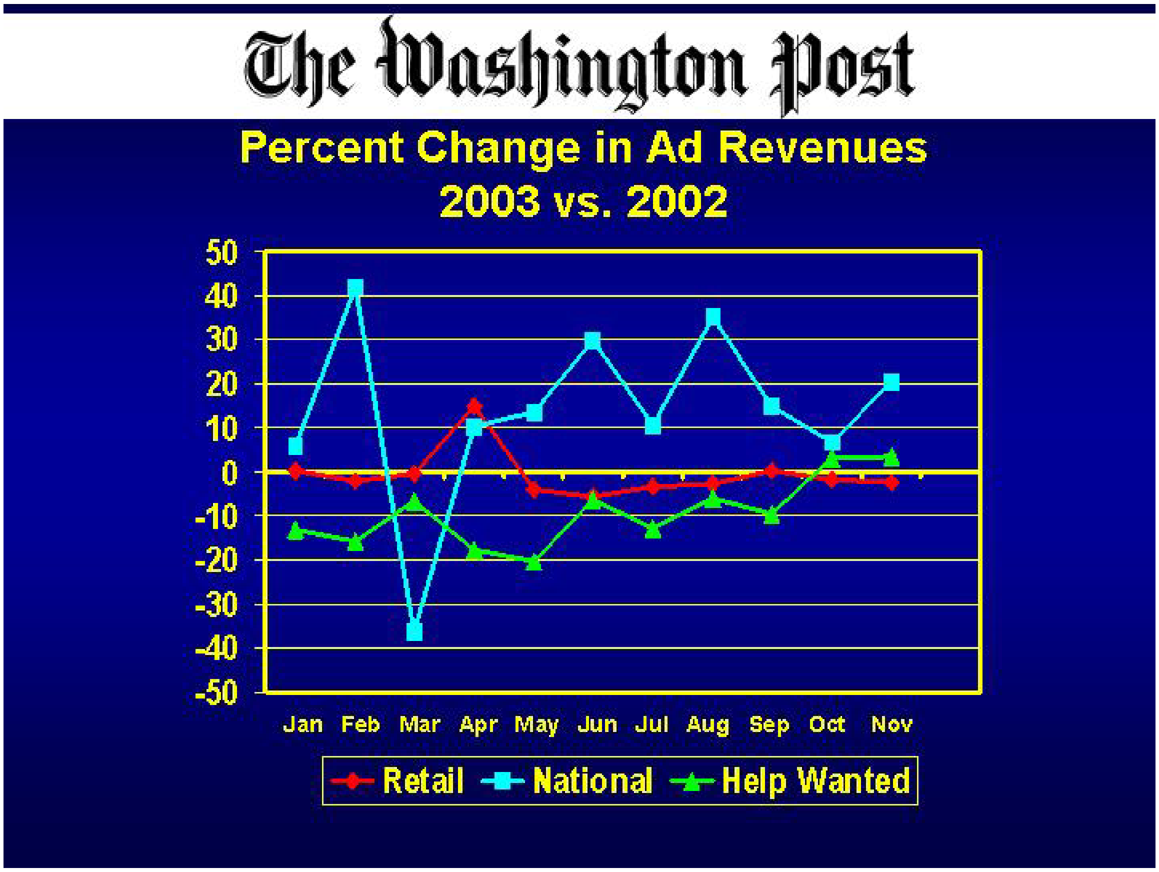
The Washington Post



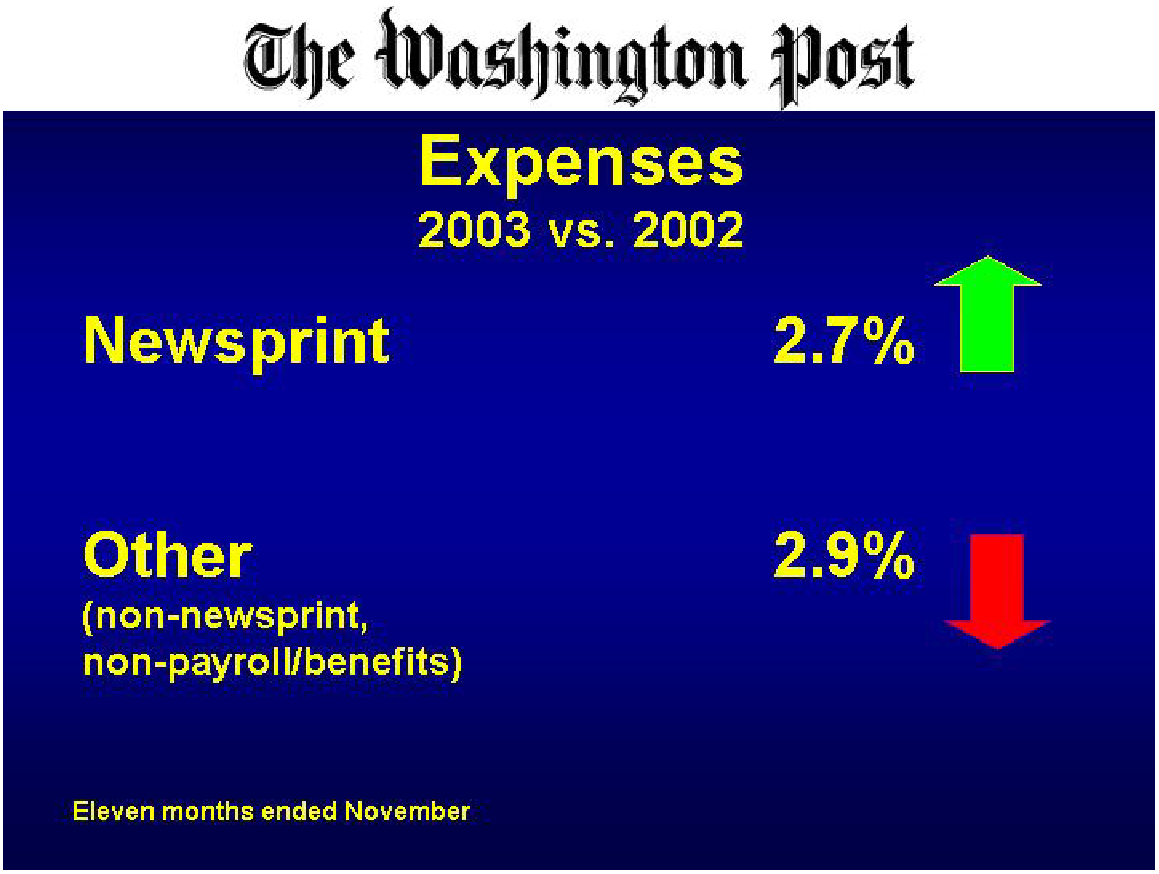
In common with most other newspaper companies you'll hear from this week, for the full year, we continue to struggle in print help-wanted advertising.
But October and November in Washington showed a slight swing for the better; each month was up 3 percent. Has this market finally turned around and will it continue for the next few years? Even in this room, no one is hoping more fervently than I that this be so.



Help wanted in Washington has ridden the cycle a little more wildly than the average major metropolitan market newspaper, because of the success of several high-tech companies in our area in the 1990s.



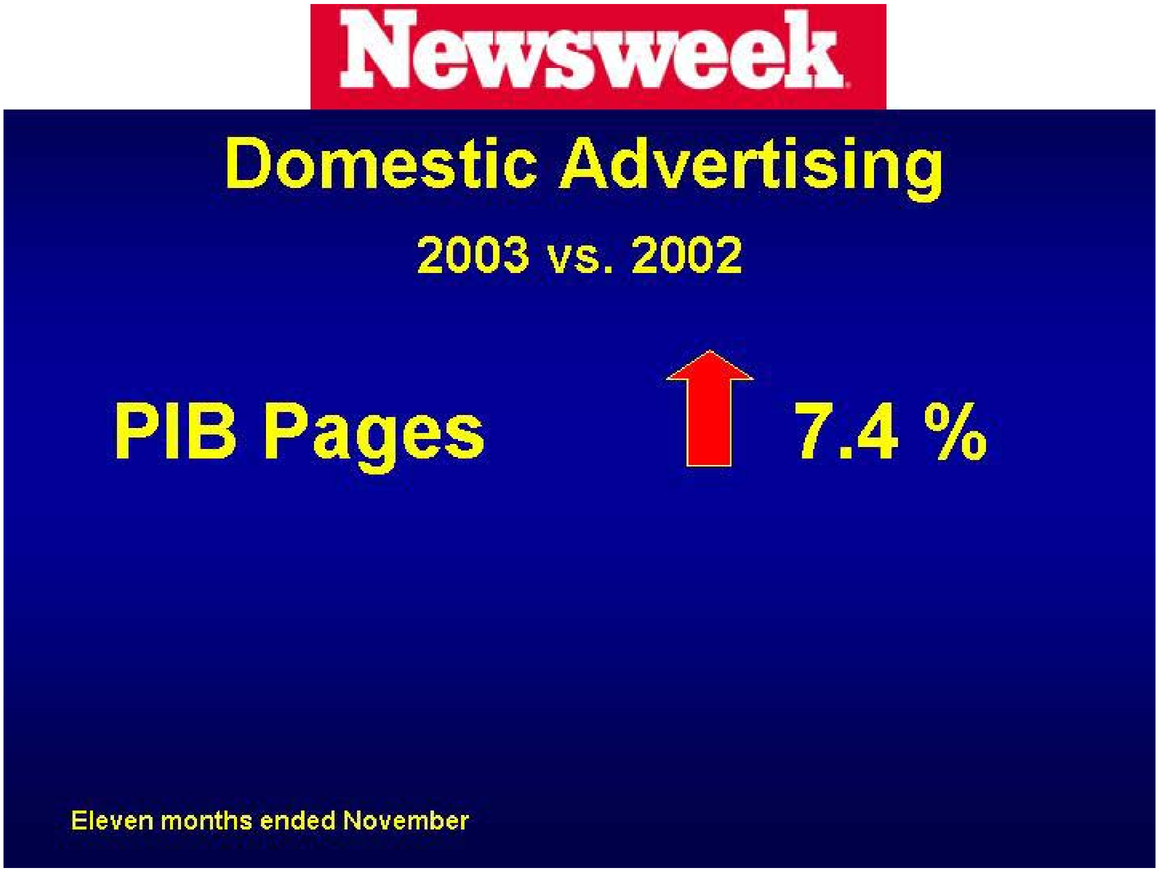
Here is The Post's month-by-month ad revenue performance in retail, which, as you can see has been relatively flat, national, generally up, but seesawing a bit, and help wanted, which is starting to improve but has only recently turned positive.



On the expense side, we think Bo Jones and The Post's management team manage very well. Newsprint expense is up 2.7 percent though November. Non-newsprint, non-payroll/benefits costs are down 2.9 percent through the same period.

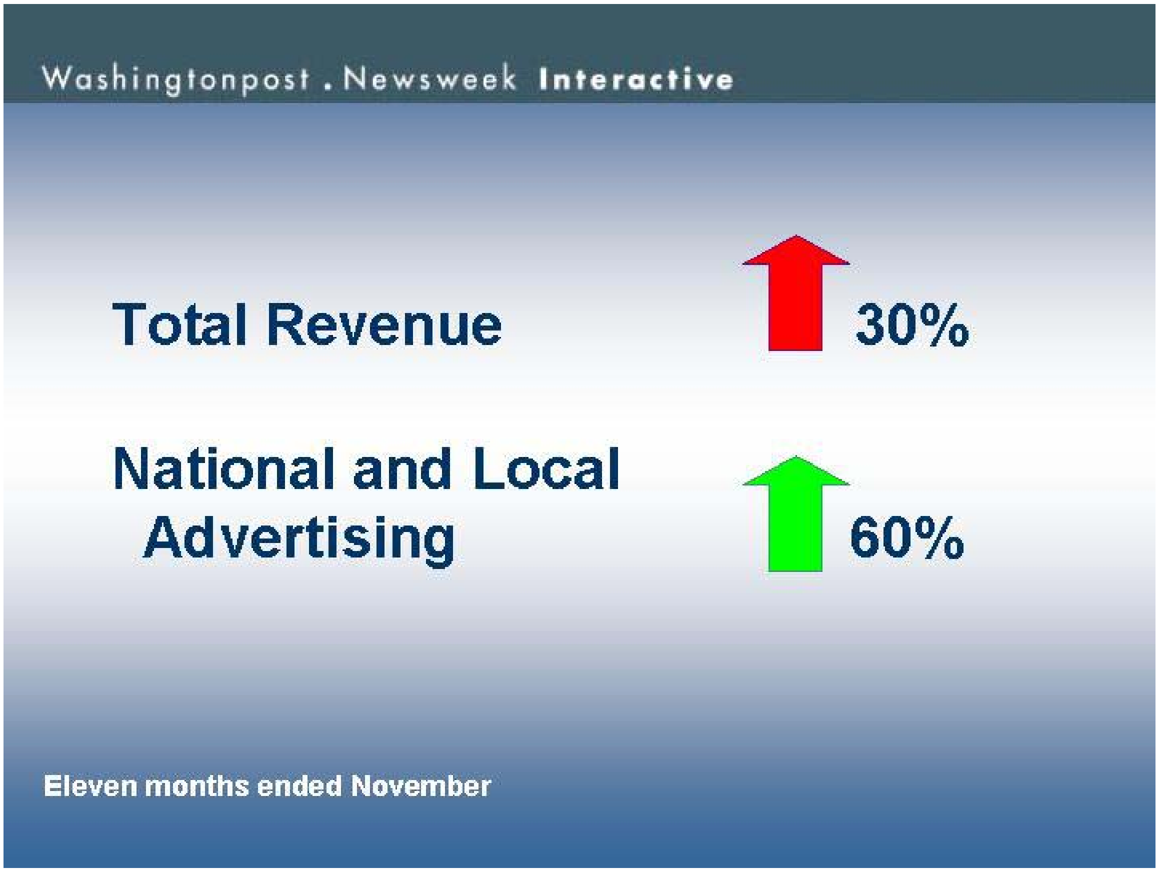
And as you may have heard, last month The Post made a buyout offer to 240 people. We will not know the final cost until late December.

As I swing from The Post to Newsweek, I'd like to spend a moment on what unites these two organizations. Surely, there has not been a time in the lifetimes of any but the oldest people in this room when the importance of what we do as journalists has been greater. I could not be prouder of how journalists at The Post and Newsweek have sought to inform their large readerships about what's going on in the world.



The domestic edition of Newsweek has done pretty well this year. Ad pages have been running ahead in most months, and the fourth quarter is no exception.

As I told you in June, Newsweek's international business for much of the year has been dreadful. SARS and the war – and their effect on tourism – have turned a poor year into a very poor one. Management is taking steps to significantly reduce international losses in 2004.



On the other hand, Washingtonpost.Newsweek Interactive has had an outstanding year. WPNI's revenue through November has grown upwards of 30 percent. Local and national advertising have grown at an even faster clip than the healthy growth in classified, which accounts for the largest percentage of the site's revenues.

Because of the tremendous growth in audience at MSNBC, Newsweek's online audience has simply boomed, resulting in somewhat more revenue than we had anticipated. We bow in admiration to the people at MSNBC; I urge you to take a look at this site, if you haven't recently done so.

Meanwhile, at washingtonpost.com, our audience has increased as you would expect, peaking during the war and continuing at a high level.

I've made no secret of the fact that WPNI is still losing money, and that will be true through 2003. But its financial results have now improved four years in a row, and we expect WPNI to make its revenue budget this year.

The world of Internet advertising is changing very fast. The future success of washingtonpost.com is by no means guaranteed. But this is one outstanding web site. It provides a terrific experience for viewers, and it's a great place for advertisers. We hope we've created something that one day will make our electronic readership profitable – though whether as profitable as print is open to question.

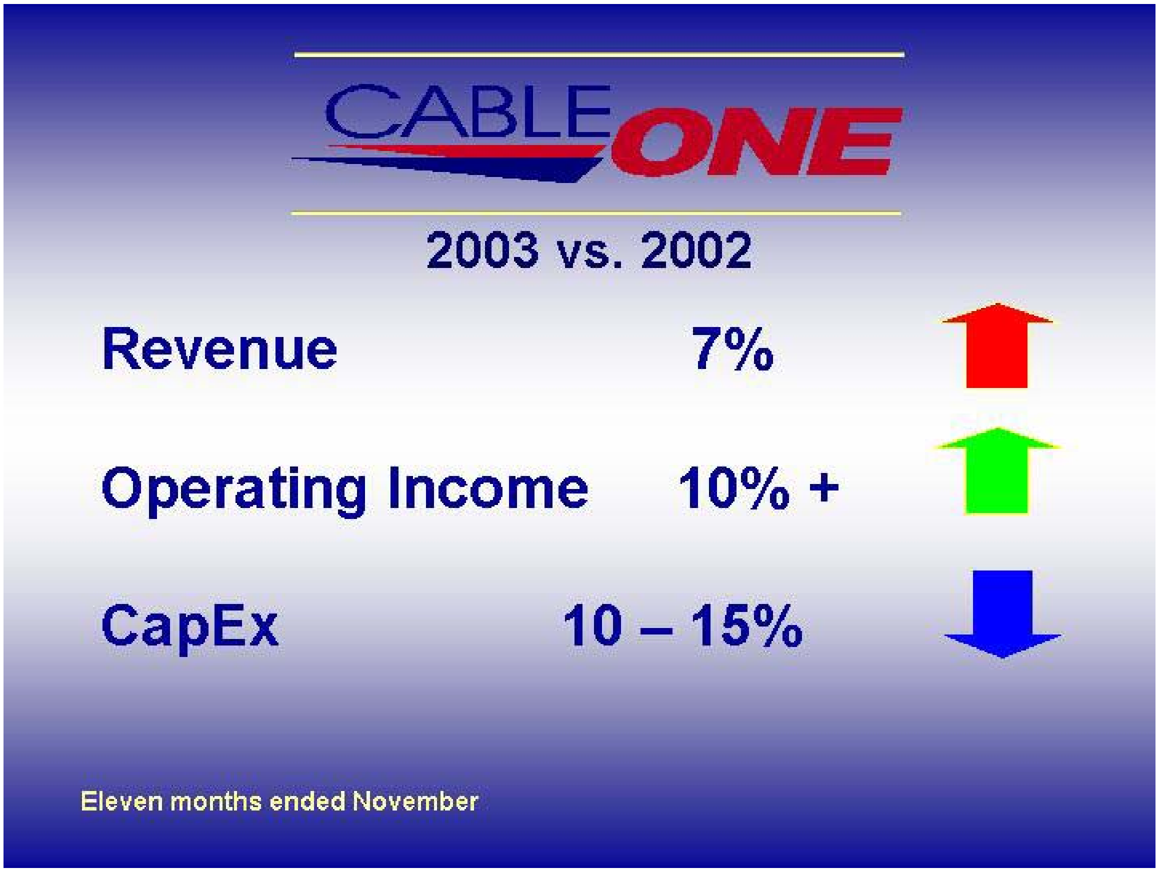
While we are famous as a company for never venturing any predictions, I can confidently tell you that 2004 will be better than 2003 for our TV stations.

That's because the wise folks who govern such things have decided not only to stage the Summer Olympics, but also to hold the presidential and Congressional elections next year.

Our revenue will be affected to an unknown degree by the McCain-Feingold campaign finance legislation. But politicians will be buying at least some ads, and the normal saw-tooth pattern in station revenues promises to go on unabated.

As you will recall, we have two NBC affiliates, two ABC affiliates, one CBS, and one independent. We negotiated a ten-year agreement with NBC two years ago. Our agreement with ABC expires at the end of next year, and our agreement with CBS expires in 2005. We will be seeking to negotiate new long-term contracts with both networks.

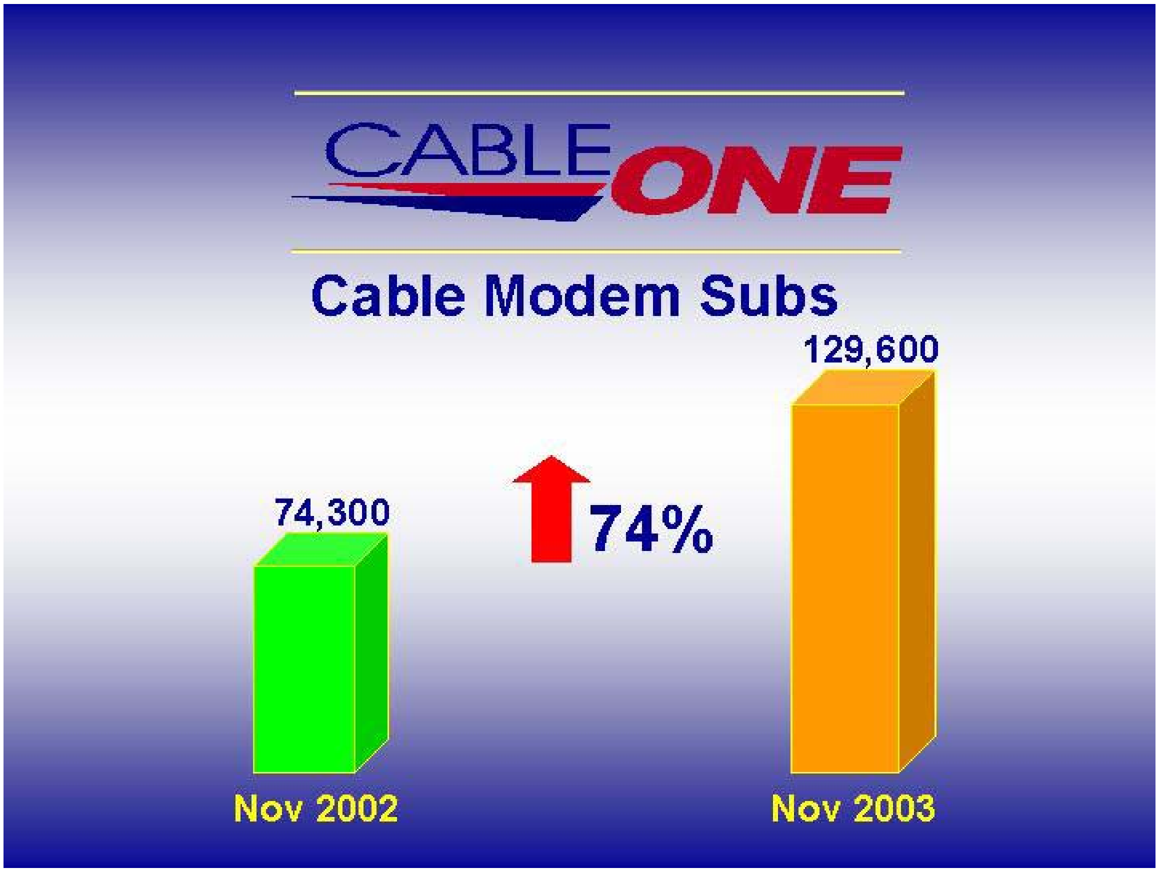
I said in June that we certainly have not yet proven it was a good idea to become an independent station in Jacksonville, but ratings have performed well. I also said I wouldn't be prepared to give you a decision on whether leaving CBS affiliation was a success or failure for our shareholders until next year. I'll stick with that.

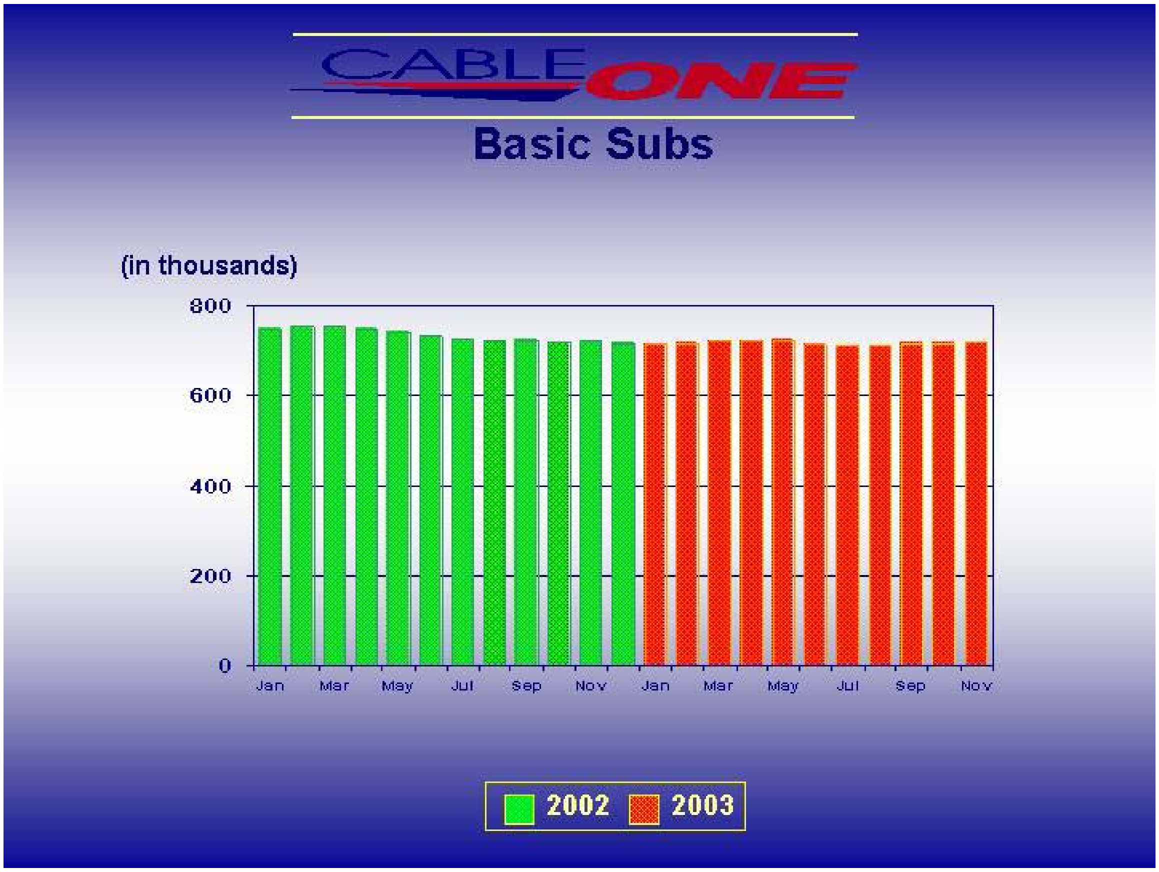


Cable One has a lot of good news to report. Through November, revenue was up 7 percent, and operating income was up a little more than 10 percent. To remind you: cable results for most of 2003 and the first part of 2004 are negatively impacted by our decision last spring to freeze rates for our basic cable subscribers. Once again – as it has for all but one of the past 17 years – Cable One will generate cash for its parent company and will be debt free, the only cable company that can make those two statements. Capital expenditures should be down, perhaps in the range of 10 to 15 percent for the year.

Looking at next year, it appears that capital spending will increase, partly as a result of timing – about $15 million of cap ex has been deferred from this year. Also, we could see a further increase in capital spending next year depending upon decisions regarding expansion of digital receivers and DVRs.

As with all cable companies, we've been surprised by the continued high penetration of digital video offerings and amazed by the ramp in cable modem sales, up 74 percent from a year ago.


CABLE ONE
Cable Modem Subs
129,600
74,300
74%
Nov 2002
Nov 2003



We experienced a significant downturn in basic subs in 2002, and I told you this was a serious problem for Post Company shareholders if it continued. 2003 has been much better. The number of basic subs has stabilized. Tom Might and his colleagues have aggressively marketed Cable One products to achieve this result.

What's troubling now is News Corp.'s pending acquisition of DirecTV. We don't know what this acquisition will mean for small cable operators like ourselves. But our highly refined analysis suggests it's not good. We'll report the fallout in greater detail as that acquisition unfolds.

On The Washington Post Company's acquisition front, almost all of our doings for the last few years have been at Kaplan. We've made some small add-ons at Cable One, but they've been very small.

We've now announced more than $165 million of acquisitions at Kaplan during the course of 2003. That's more than three times the amount that Kay Graham and Dick Simmons spent for the business in the first place. It also makes this the second-largest year of expansion for Kaplan after 2000, when we bought Quest Education Corporation. I'd like to point out that, despite all this acquisition activity, our debt levels will be reduced on an overall basis in 2003.

The biggest and most important acquisition of 2003 was Financial Training Company (FTC), a professional training company in London which focuses on preparing people for several U.K. equivalents of the CPA exam.

FTC was followed by other, smaller acquisitions in the professional training area and then, in November, by the acquisition of Dublin Business School, an Irish institution of higher learning which, among many virtues, has a division that trains people for the Irish CPA-equivalent exams. It also offers MBA and bachelor's programs, which are accredited in Ireland and the U.K. and recognized throughout the E.U.

Looking back at Kaplan's growth, I can report that the acquisition of Quest in 2000 looks like an 11-run homer. It's too soon to have the same feelings about FTC, but it looks like at least a grand slam – to use language that no one at FTC would understand.

One thing Quest and FTC do have in common is that they brought to our company outstanding management teams in two areas foreign to us – in FTC's case, literally foreign.

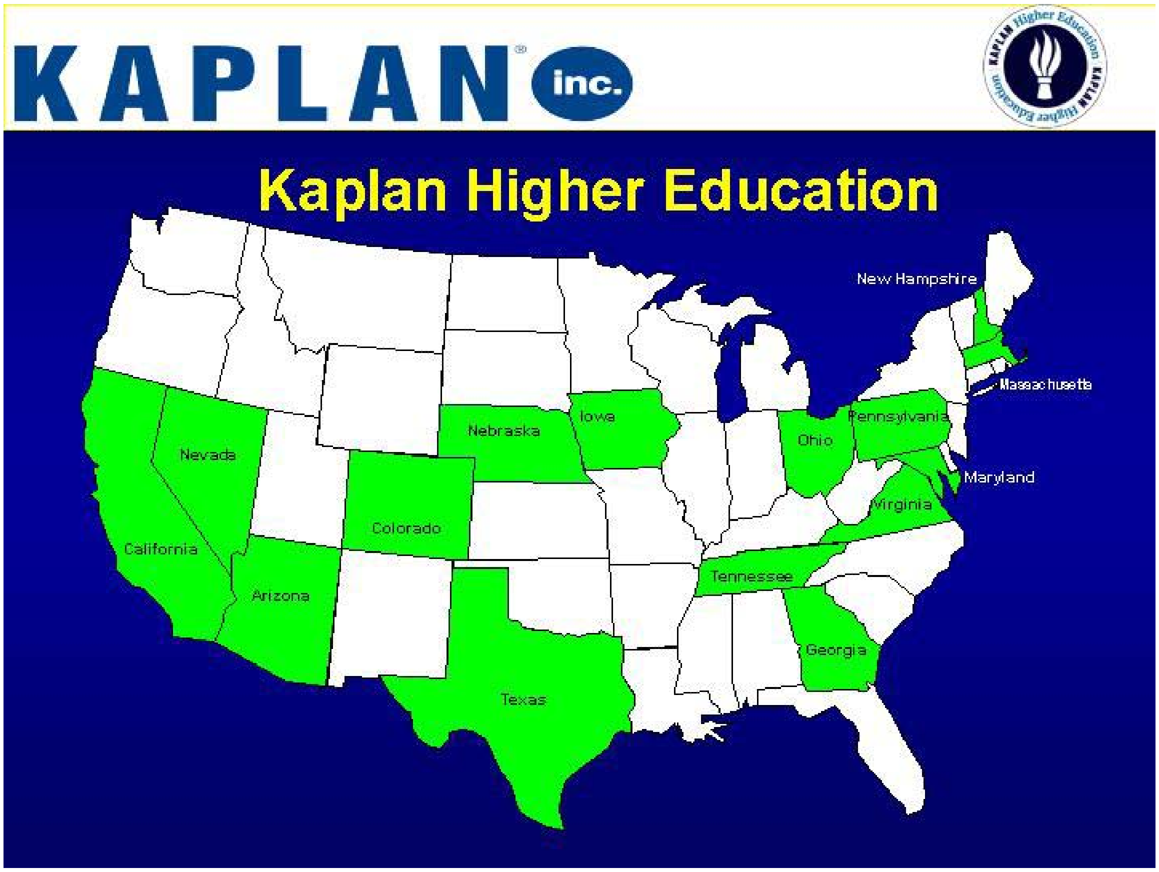
Quest launched us into higher education, where we've been expanding. Gary Kerber, who founded the company, continues to run that business. FTC doesn't have the same scale of opportunities, but with William Macpherson and his team at the helm, it does provide a wonderful platform to build on.

I've described to you in the past that Kaplan has several good-sized businesses.

The retail test prep operation, whose enrollments increased 11 percent this year, has experienced another year of solid revenue growth and strong market share.

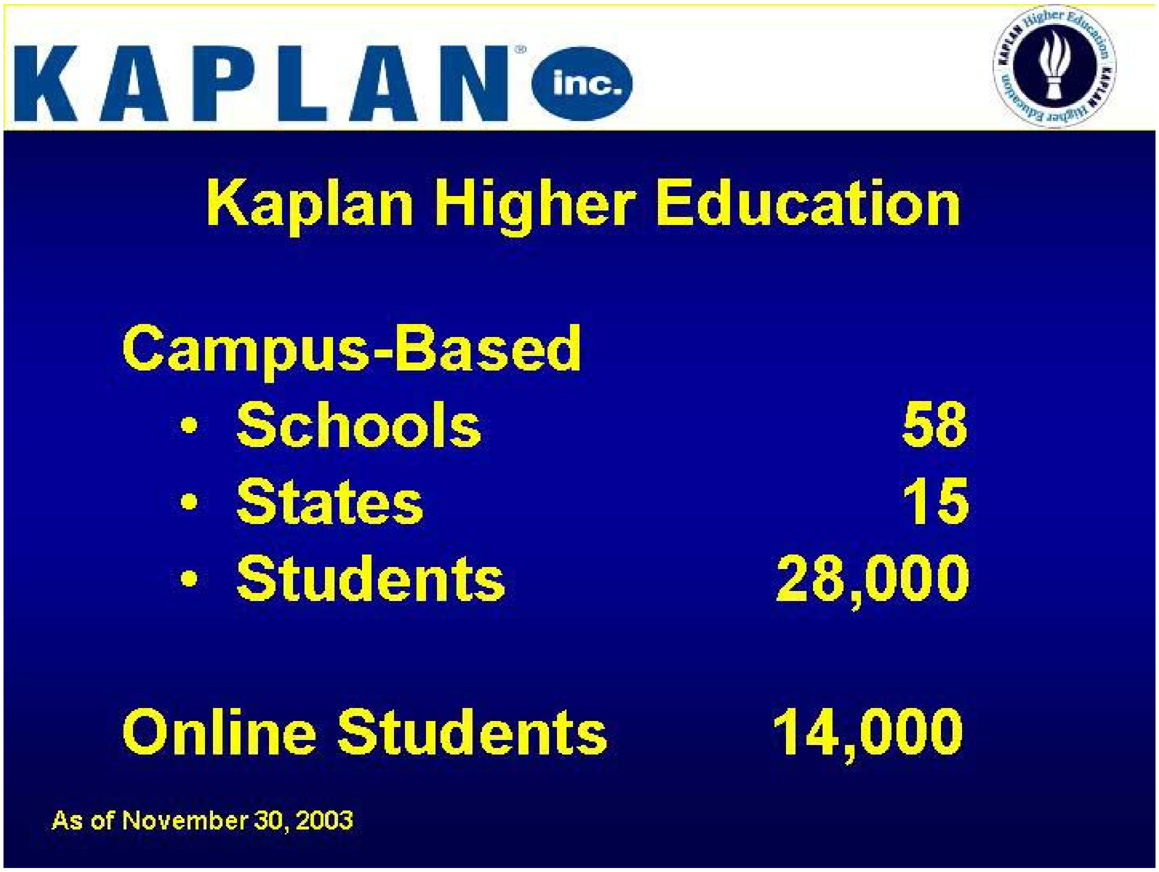
Kaplan Professional has had a truly outstanding year, despite the fact that two of its businesses are in computer training and preparation for securities exams, both at the lower end of their cycles. But Eric Cantor and his team have dramatically increased results in real estate and insurance training. Kaplan Professional now serves 385,000 students.

Even leaving aside FTC, Kaplan Professional has become quite a large business. Its operating income is closing in on that of Test Prep and – given the greater acquisition opportunities in professional training – we believe Kaplan Professional will inevitably become larger.



Kaplan’s largest business is Higher Education, and the results of this unit have been very good. Since 2000, when we bought Quest, its revenues have grown at an extraordinary pace as a result of acquisitions and strong internal growth. Schools like the ones we operate are exceptionally well suited to the demographics of the United States right now.

With a growing population of adults eager to acquire the skills and credentials they need to get better jobs, colleges like ours – which prepare students for careers through associate, bachelor, and certificate degrees – are attracting an increasing number of students.



In addition to online higher ed, we have 58 campuses in 15 states teaching courses to 28,000 students aimed at associate and bachelor degrees, as well as professional certification.

The popularity of online education is surprising and pleasing. We've turned the corner on our online higher education business and look to be profitable this year.
We want to expand the array of programs we offer at our traditional colleges, as well as online, as soon as we can assure ourselves and the licensing and accrediting authorities that we can do it in a first-class manner. With the growth rates we're experiencing, online education may become very important not only to Kaplan but to The Washington Post Company as a whole. In the Higher Ed division, we now have 14,000 students enrolled in online courses, up from 7,000 students at the end of 2002.

I should say a word about capital spending at Kaplan; even in the scale of our company, capital expenditures have not been large. They grew from about $23 million last year to an estimated $35 million in 2003, and will grow again in 2004. They'll grow in large part because we are opening colleges – two in 2003 and four scheduled in 2004 – and that requires capital. New openings – if well-managed – contribute rapidly to operating income.

Likewise, 2004 will bring an unusual number of expired leases and relocations at Kaplan Higher Ed. These contribute to capital spending, but the right real estate is key to a college's operations and can make such colleges significantly more valuable.

Finally: we doff our hat to a truly great member of the Wall Street community. For almost 30 years, the majority of The Washington Post Company's pension funds have been invested by Ruane, Cuniff & Co., whose leader is our former director Bill Ruane.

Almost entirely as a result of the magnificent work of Bill and his colleagues, our company has one of the best-funded pension plans in American industry. This is true, although buyouts at The Washington Post this year and at Newsweek last year are reducing the staffs of these organizations importantly. You also recall we have a relatively low – 7.5 percent – expected rate of return on plan assets.

Many great companies today have substantial pension debt. We are in the unusual position of having a significant pension credit. We always say when reporting to our shareholders this is of significantly less value than the rest of our earnings, but it is great to be in a position of surplus rather than deficit. Indeed, since 1976, Bill's work with our pension plan has contributed greatly not only to the extraordinary performance of the plans but to the performance of the entire company.

And with that summary, we'll throw the floor open to your questions.

Non-GAAP adjustments to Kaplan Operating Income
(in thousands)

The Washington Post Company
Non-GAAP adjustments to Kaplan operating income
(in thousands)

	1997	1998	1999	2000	2001	2002	Nine months ended Sept. 30, 2003
Kaplan operating income	$ (8,436)	$ (7,453)	$ (37,998)	$ (41,846)	$ (28,337)	$ 20,512	$ (23,630)
Goodwill amortization	(936)	(4,057)	(6,861)	(9,834)	(15,276)		
Kaplan operating income, excluding goodwill amortization	$ (7,500)	$ (3,396)	$ (31,137)	$ (32,012)	$ (13,061)	$ 20,512	$ (23,630)
Kaplan stock compensation expense	-	(6,000)	(7,250)	(6,000)	(25,302)	(34,531)	(104,584)
Kaplan operating income, exluding goodwill amortization and stock compensation expense	$ (7,500)	$ 2,604	$ (23,887)	$ (26,012)	$ 12,241	$ 55,043	$ 80,954

Note: Some communications or presentations of The Washington Post Company to investors contain certain financial measures that are not defined under accounting principles generally accepted in the United States ("GAAP"). These non-GAAP financial measures are clearly identified as such in all communications or presentations in which they are included.

The table above provides a reconciliation of certain non-GAAP financial measures and the most directly comparable GAAP financial measures.