

**Credit Suisse First Boston  
Global Media Week**

**Remarks by  
Donald E. Graham  
Chairman and Chief Executive Officer**

**The Washington Post Company**

**Credit Suisse First Boston  
Global Media Week Conference  
December 6, 2005**

The presentation at this meeting contains certain forward-looking statements that are based largely on the Company's current expectations. Forward-looking statements are subject to certain risks and uncertainties that could cause actual results and achievements to differ materially from those expressed in the forward-looking statements. For more information about these forward-looking statements and related risks, please refer to the section titled "Forward-looking Statements" in Part 1 of the Company's Annual Report on Form 10-K and the section titled "Risk Factors" under "Shareholders" on the Company's website, [www.washpostco.com](http://www.washpostco.com).

I find myself in a curious position this afternoon. In talking to our shareholders, I always feel our company's job is to tell you the news – whether good or bad – that will bear on the value of our company in the long run.

**The Washington Post Company**

**2004 Operating Income**

(\$/millions)

<b>Newspaper Publishing</b>	<b>143</b>
<b>Television Broadcasting</b>	<b>174</b>
<b>Magazine Publishing</b>	<b>53</b>
<b>Cable Television</b>	<b>104</b>
<b>Education</b>	<b>121</b>
<b>Corporate Office</b>	<b>(33)</b>

My difficulty is this: last year almost 80% of our operating income came from media. We own four media companies, and I cannot tell you with clarity the 10-to-20-year future of any of them. There are trends that make the job of

each media business more difficult. So today, I will certainly live up to my reputation for filling my presentations with tales of gloom and doom.

Yet, if we do our job right, we could have a significantly more valuable company in the long run.

Obviously, the main reason I can feel that way is the performance of our education division under Jonathan Grayer's management. Kaplan has not had a smooth or flawless year – far from it. Its performance in campus-based higher education in 2005 did not satisfy Jonathan or me.

But the year reaffirmed for us that the wind is at Kaplan's back, in a big way. Ten years ago, the business grossed \$89 million and lost money.

	Revenue	Operating Income
Newspaper Publishing	705	87
Television Broadcasting	242	101
Magazine Publishing	246	26
Cable Television	379	52
Education	1,034	115
Corporate Office	—	(23)

In the first three quarters of this year, Kaplan's revenues were over \$1 billion, and its operating income was \$115 million. This made Kaplan, so far this year, the highest profit division of the company. (Kaplan became the highest revenue division in 2004.)

In fact, referring to Kaplan as a division of The Post Company runs some danger of distorting your thinking. This year, Kaplan will be almost twice as big as The Post newspaper, our second-largest business. Kaplan has well over half our people.

We're still a company deriving most of our operating income from media. But to understand The Washington Post Company today – and particularly to understand what its future may look like – you have to understand a complex, diversified education business, and you have to understand four quite different media businesses.

I will address these businesses one at a time, starting with the one our company is named for.

The Washington Post		
Circulation		
	2004	2005
Daily	↓ 3.1%	↓ 4.1%
Sunday	↓ 2.2%	↓ 4.1%

Source: ABC Newspaper Publisher's Statements for six months ended Sept. 30

The Washington Post newspaper has just reported poor circulation results for the six months ending September 30<sup>th</sup>. We are off by 4.1% both daily and Sunday. A year ago we were also down, by 3.1% daily and 2.2% Sunday.

Clearly this trend is discouraging, but we are making no efforts to offset these losses by increasing our volume of bulk sales or so-called third-party sales. It behooves those of you following our business to read the ABC statements carefully enough to figure out, as you look at results for any particular newspaper, how many copies are individually paid and how many are third-party paid.

The Washington Post			
Circulation			
Single Copy	Daily	145,475	↓ 7.4%
	Sunday	266,656	↓ 7.8%
Home Delivery	Daily	544,950	↓ 1.4%
	Sunday	714,130	↓ 0.4%

Source: ABC Newspaper Publisher's Statement for 12 months ended March 31, 2005

Most of our circulation losses over the years have been in single-copy. Our home delivery customers remain quite loyal, and it remains true that more adults in Washington will read The Post on any Sunday than will watch the Super Bowl next year.

I could argue that, on the other hand, our readership has never been higher. I could, and I do, point out to you that The Post, washingtonpost.com and Express, in combination, reach 82% of Washington adults in the course of a week.

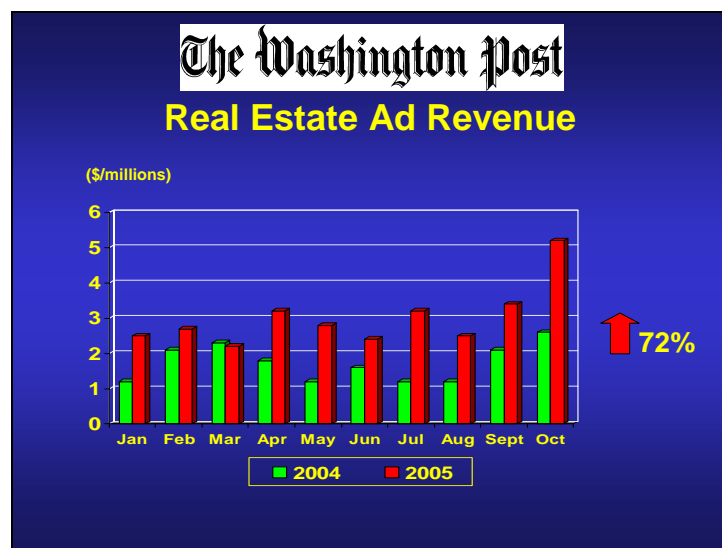
But I do not for a moment want to gloss over our declining circulation figures in valuing our company. No one owning our stock should ignore this central fact, and stockholders should continue to watch our efforts to do better in circulation.

### Daily and Sunday Readership

	Daily	Sunday
<b>The Washington Post</b>	<b>46%</b>	<b>53%</b>
Atlanta Journal Constitution	26%	41%
Boston Globe	23%	34%
Chicago Tribune	23%	36%
Dallas Morning News	24%	34%
Houston Chronicle	32%	43%
Los Angeles Times	19%	27%
New York Times	13%	18%
Philadelphia Inquirer	17%	32%
San Francisco Chronicle	20%	24%

Source: 2005 Scarborough Markets - DMA Adults

Despite the losses, readership of The Post remains high enough that our ads work tremendously well for our advertisers. As evidence of this, ad sales – print only, including Express – are up 3% through October. I think you will find that this compares quite favorably to results at other public companies in the newspaper business.



A short recap of newspaper advertising: we had a strong autumn in real estate –

here are the month-by-month figures. Strong may be an understatement. We've had a number of months where we've doubled last year. If only the other categories had done the same.



Recruitment is up 8% this year. As you can see, we got off to a very strong start; it eased mid-year; but has rebounded this fall.



Retail, on the other hand, has been down for most of the year, with the greatest weakness in mid-year.



We've also had a relatively poor year in national, and the month-to-month fluctuations have been more dramatic, particularly in mid-year.

While ad revenues are up modestly, that gain doesn't overcome newspaper division expense growth of 7% through the third quarter; newsprint alone is up 8%, so profits at the division will be down this year. But because of our revenue performance, our profits will probably be down a little less than average.

The work of Post editors and writers contributed hugely to growing traffic at washingtonpost.com. We now own three significant online properties – washingtonpost.com is by far the largest, but we also have Newsweek.com and Slate.

And our total online revenue, which for the first time includes Slate, is up 25% through October. Other companies are reporting higher percentage gains in their online divisions, but our newspaper site was a little bigger than most – relative to the size of our market – to begin with.

I want to do a commercial for all of you about the direction of washingtonpost.com under its new editor, Jim Brady. The site now includes a blizzard of new features with broad reader appeal – links on every story to blogs about that story, specialized blogs about breaking news stories like the Supreme Court nominations and a blog from the Redskins games by Tony Kornheiser and Mike Wilbon.

It also includes an attractive new City Guide that is an easy choice for the best restaurant and arts reviews in Washington.



Traffic has been growing all year, to 232 million page views in October, after reaching a high of 255 million page views in September during Hurricane Katrina. Page views are up 7% over the last 12 months.

And the prospects for the site look good. But shareholders should understand that improved results at washingtonpost.com this year by no means offset the diminishing profits at The Post. On a combined basis, profits will be down. Looking to the future, will washingtonpost.com grow in traffic? You bet. Will it grow in revenue? Chances are. How much can it grow in profits? That might be one of the central questions we face.



I won't comment at length on Newsweek. We've already reported that Newsweek ad revenues were down 11% for the first nine months of the year. Most of that loss occurred during a perfectly dreadful first quarter, but subsequent quarters have continued to be down. Newsweek's circulation remains the strongest in the

newsweekly field, and the magazine is also gaining some online revenue.

Newsweek may have created a new franchise this fall with a cover on women leaders, and its year-end feature on "Who's Next" continues to gain momentum.

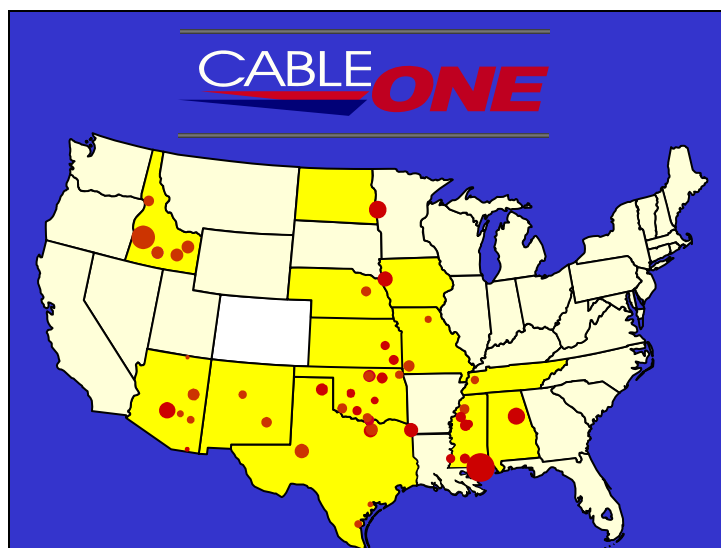


Our television stations stacked up very well with others around the country all year, but local television has not been a strong business in 2005, and some of our stations will miss their budgets and disappoint their general managers.

To be more specific, over the past two years we've seen very dramatic improvement in profits and margins in our Orlando CBS affiliate; an almost impossibly good performance from our ABC affiliate in San Antonio; the beginnings of improvement at our ABC affiliate in Miami; and, as we told you last year, a most surprisingly strong performance by our independent, WJXT, our former CBS affiliate in Jacksonville.

KPRC in Houston has had a surprisingly soft year in revenue; we are on our way to fixing it. WDIV in Detroit remains our highest revenue and profit performer. And while no NBC station is absolutely at the top of its game right now, management changes in Detroit should make the station even stronger.

In the closest thing I'll ever come to a forecast, I would say: 2006 will be a strong year for Post-Newsweek Stations. We operate in three states, and all three will elect governors and senators in 2006.



I wish Cable One were ten times as big so that I could justify taking the entire hour to tell you everything Tom Might and his management team have done in the operation of this MSO. The creativity, the initiative, the willingness to take risks have resulted in the creation of a cable company not quite like any other.

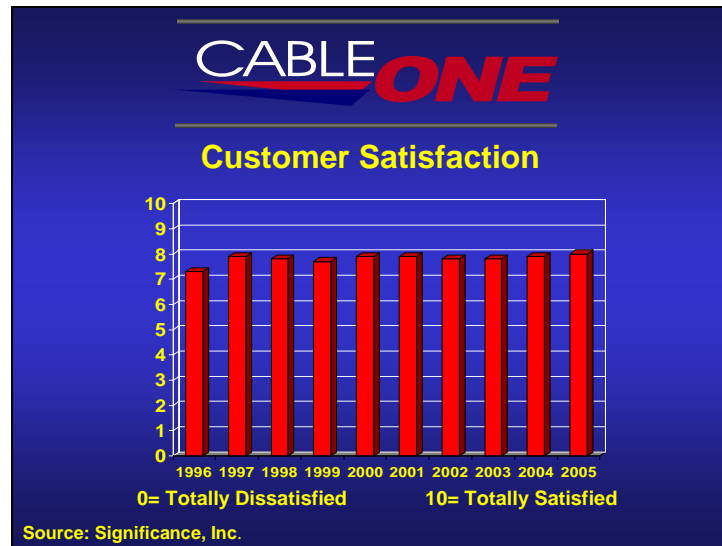
In the face of satellite competition, we improved our video offerings across the board and gave away 12 free months of digital service five years ago so that our product offering is comparable to satellite for those who want large numbers of channels. We rapidly rolled out cable modems on our own in a most cost efficient manner, without sharing any revenue with partners like @Home.

And perhaps most important, we changed our pricing and marketing strategies rapidly, both in response to the competition and to stay a step ahead of them.

In terms of subscriber growth, the last four months have been the best August through November we've ever experienced, if you factor out the effects of the Gulf Coast storms. Basic subscriber counts are up more than 10,000. As a bonus, Cable One's 36% high-speed data growth in the past year is the second-highest for all publicly reported cable companies.

Unlike other cable companies, Cable One has embraced the use of credit cards and contracts to lock in long-term commitments from customers in return for lower rates. This has resulted in more starts, lower churn and dramatically less bad debt.

After testing the concept with high-speed data at a \$29.95 price point for over a year, Cable One has just rolled out the same offer for basic cable, digital cable and, soon, phone service. Each product is, or will be, available for \$29.95 with a credit card and a long-term contract. The message is simple for customers to understand, and an overwhelming value compared to satellite and phone company offers in our markets.



As a result, we are enjoying the highest customer satisfaction in the ten years that we've been conducting customer research.

The cable discussion wouldn't be complete without an update on the impact of Hurricane Katrina on our Mississippi Gulf Coast systems. Prior to Hurricane Katrina, the cable division had 94,000 basic subscribers in Biloxi, Gulfport and Long Beach.

In our third quarter earnings release, we reported an estimated 21,000 loss in basic subscribers from customers whose homes or businesses were destroyed or severely damaged.

We also reported that overall, the hurricane had an estimated adverse impact of \$18.5 million in cable division third quarter operating income – this was from fixed assets write-downs, lost revenues and other incremental expenses associated with the hurricane.

By the end of October, I'm happy to report that service was restored to all of the households where a cable signal can be received. For the fourth quarter, we'll continue to see the impact of lost revenues and recovery costs. While we have insurance that is expected to cover some of the hurricane losses, it's too early for us to give you a reasonable estimate of the recovery amount.



At Kaplan: I want to focus most of my remarks today on our higher ed business. But the highest-earning division within Kaplan this year will be the test prep juggernaut, under a superb manager named John Polstein, now including our newly acquired Kidum business in Israel.

In Kaplan's Professional business, the past two years have brought two significant acquisitions: Transcender, which provides IT certification prep, and BISYS Education Services, which provides education and compliance services for the securities and insurance industries. Neither contributes huge amounts of operating income today, both are important for the future.

Looking at the future of Kaplan, I should mention that our International business has become a meaningful contributor to profits. Kaplan has businesses in the UK, Ireland and Singapore.

Of course, Kaplan has many other businesses and products.

In 2005 most of the action was in higher education. Kaplan Higher Education today operates across the educational spectrum. We are accredited to offer associates, bachelors and masters degrees.

But the majority of our on-campus students are in certificate programs aimed at getting them a credential that will help them get a good job.

Colleges like ours have always been known as a somewhat counter-cyclical business. As the economy improves and people have an easier time getting jobs, they need us less. A second factor holding back on-campus growth in 2005 was the booming growth of online higher education.

These two factors held down student growth on campus. In addition, encouraged by our strong performance over five years, we had undertaken a blizzard of new

campuses, new programs and expansions.

So our expenses went up as our revenues disappointed. We did not cut back soon enough. Costs should be under control in 2006.

Our on-campus results were poor in 2005 – probably poorer than average. We made some important changes as a result. One of the most important is that we combined the management of Kaplan’s on-campus and online higher education programs. Andy Rosen, Kaplan’s president, is now in charge of both.

Our online higher ed business, Kaplan University, is emerging very strongly, though its strength did not make up for the weakness in our on-campus business performance.

We have received accreditation for an MBA program and two masters degrees in education. Most of our online students are pursuing accredited degrees, not certificates.

The story of Kaplan is a story of management. Jonathan Grayer, Andy Rosen, John Polstein, William Macpherson – of International – and many, many others make up a deep, remarkable management team.

Any shareholder who wants to understand what’s going on at Kaplan will have to get beyond bottom line reported operating income numbers to understand the impact of the Kaplan stock option plan on reported earnings.

<b>Kaplan Stock Comp Annual Expense</b>	
(\$/millions)	
<b>1998</b>	<b>6.0</b>
<b>1999</b>	<b>7.3</b>
<b>2000</b>	<b>6.0</b>
<b>2001</b>	<b>25.3</b>
<b>2002</b>	<b>34.5</b>
<b>2003</b>	<b>119.1</b>
<b>2004</b>	<b>32.5</b>
<b>2005 (through 9/30)</b>	<b>0.2</b>

For eight years the company has incented Kaplan management by a plan closely analogous to a stock option plan. Although Kaplan has no publicly-traded stock, the company has always been committed to repurchasing Kaplan shares after the option holders were vested in them. We book the costs of this plan every quarter.

Two years ago we bought back about half of the 10.6% of Kaplan stock then outstanding in the option plan, but we still have 4.8% of Kaplan out on option. Last year this resulted in a charge of \$32.5 million.

In valuing Kaplan and therefore in valuing its stock, our company engages an outside firm, which values Kaplan as if it were a public company. The ultimate valuation is up to the Compensation Committee of the Board of Directors.

In valuing Kaplan, our outside advisors consider the expected future profits of Kaplan and the price-earnings multiples of public education companies.

As I covered earlier, Kaplan's brick and mortar vocational colleges have declined in profitability in 2005. We believe that all public, for-profit education companies that operate colleges have seen the growth rates of their profits decline. This will affect both Kaplan's profits this year and its expected profits in the future, and it has had some impact on the price of other publicly-traded education companies.

<b>Kaplan Stock Comp Nine-Month Expense</b>	
<b>2005</b>	<b>\$ 0.2 million</b>
<b>2004</b>	<b>\$ 22.9 million</b>

These developments work their way into our valuation. Therefore, through the first nine months of this year, the amount we have reserved for stock comp accruals at Kaplan is next to nothing, compared to \$22.9 million for the first nine months of 2004.

This decline in stock compensation has contributed a great deal of the gain in Kaplan's reported operating income. Next year, a stock comp charge is likely to recur.

It is my belief that Kaplan's growth, combined with good management of our media assets, will make The Washington Post Company increasingly profitable and valuable in the years to come.

But we have a great deal to prove going forward, and you will certainly be hearing

from us as our business evolves.

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