

THE ECONOMIC CLUB OF WASHINGTON, D.C.

A CONVERSATION WITH DONALD GRAHAM

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THE ECONOMIC CLUB OF WASHINGTON, D.C.**

**SPEAKER:
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DAVID RUBENSTEIN: Can everybody please take their seats? Can everybody please take their seats? Is this mike on? It doesn't feel like it. Can everybody please take their seats so we can start on time?

MR. : You've got a lot of influence here.

MR. RUBENSTEIN: I have none, none. I have no influence. Nobody ever listens. It is like talking to your kids. Okay. Could we close the doors and people please sit down? Thank you all for sitting down. Okay, we are making progress. Thank you.

How many people here did not get the word that the last month's event was cancelled and showed up? There were a few. Okay, I'm sorry. We made a very late decision to cancel last month's event with Don. I now know what it is like to, you know, be a school superintendent and try to figure out whether schools are going to be open or not. I talked to Don late that night and we didn't know whether it was going to snow, wasn't going to snow the next day. We went back and forth and actually it didn't snow at the time the event was held. But anyway, I apologize to those people who came. There were, I think, about a dozen people who actually showed up. I am sorry for that.

But anyway, fortunately, we scheduled a date that there is no snow today. So what we would like to do today is get some business affairs out of the way. Then we will have lunch. And then we will have our special guest, Don Graham. And as I think you know, we are going to do this in interview format, similar to what we have done before with Bill Marriott and Larry Summers and others.

So first, I would like to recognize the ambassador from Canada who is here, Ambassador Doer. Thank you very much. (Applause.) And I would like to – I think the ambassador from France is due, but I don't think he is here yet.

I would like to recognize our event sponsors, PNC Bank, Michael Harreld, if he is here. (Applause.) And a company – I think it is called the Washington Post Company, Bo Jones and Katharine Weymouth and Steve Hills. Are they here? Katharine right there, thank you. (Applause.) And Katherine Bradley from the CityBridge Foundation. Katherine? (Applause.) And PricewaterhouseCoopers, Chris Simmons, I think, is not here today.

The event sponsors' contributions go towards our fellowship program, which I will talk about in a moment. I would also like to announce that we did have the dinners that had to be cancelled as well. Some dinners that we have, the private dinners we have at people's homes had to be cancelled. Some have been rescheduled. I would like to thank Debbie Salzburg and Mitchell Schear for actually hosting a dinner earlier this month before the snow, I guess. And John Coleman (sp) is rescheduling his dinner for March 23rd at the Jockey Club. Katharine Weymouth has rescheduled hers for March the 15th at her house. And we will have another

series of such dinners in May. And if you are interested, just talk to or be in touch with Lyles Carr.

I also want to talk about the scholarship and update you on that. As I think people know, we have a scholarship program where we give two 5,000 – we give \$5,000 scholarships to two students from each of the 16 public high schools in the District of Columbia. This year we are expanding it to include five charter schools: Friendship Collegiate, Cesar Chavez, Hyde Leadership, Washington Mathematics Science Technology and Thurgood Marshall Academy. And I was hoping that that works well. We will expand the charter program as well.

And what we have done, as you know, is give the scholarships – we will have the awardees at our spring dinner. And I think it was a very good event last year where they all showed up and I think they were very pleased to meet many of you. And I hope you thought it was a good dinner when we had that. That was the ingenuity event.

And also, I want to thank HSBC, Accenture and PricewaterhouseCoopers for providing some mentoring services to the scholarship winners. And if other organizations are interested in doing so, we would very much appreciate your letting us know.

Our next event will be April the 8th on Thursday. It will be a lunch. And it will be – our guest speaker will be Peter Orszag, who will tell us how we are about to balance the budget, I hope. (Laughter.)

And finally, our annual corporate partners, I would like to acknowledge them as well. Bingham McCutchen, Barry Drenfeld who is here. I just saw him. Okay, thank you, Barry. HSBC, Aimee Daniels. Aimee, thank you. And Information Management Consultants, Sudhakar Shenoy. Sudhakar is – there he is. PricewaterhouseCoopers – Chris Simmons is not here. Is anybody else from Pricewaterhouse? Thank you. And that other firm, Carlyle Group, yes. And I guess they are right here. And Ed Mathias is not here today, but a lot of other people – David Marchick and others. Thank you.

Now we are going to have lunch. And then very shortly, I will come up and we will have the interview with Don. I think you will find it very, very interesting. So please enjoy your lunch. (Applause.)

(Break.)

Can I have your attention please? Okay, we are going to start. First, I want to acknowledge that the ambassador from France is here. He just showed up, the Ambassador Vimont. (Applause.) Thank you. And for anybody who thinks that the presidency of the Economic Club of Washington doesn't have enormous responsibilities, among them is something like this. Who lost this key? (Laughter.) Anybody claim this? Somebody left it.

MR. : That is a very impressive –

MR. RUBENSTEIN: A very impressive attachment. (Laughter.) Well, nobody, obviously, wants to claim it with the bear keychain. All right, I will leave it up here. If somebody who is too embarrassed to admit it is theirs can come up later. (Laughter.) The bear says "I love Chicago," if that helps. (Laughter.)

So we are very pleased today to have Don as our guest. Don, of course, has been a leader in the Washington business and philanthropic community for many decades. And it is really hard to think of anybody who has been a leader as long as Don in both those areas in our community.

Don is, of course, from Washington. But actually, I am pleased to say that he actually was born in my hometown of Baltimore. But he was raised in Washington, D.C., went to St. Albans, graduated from there in 1962, went to Harvard, graduated in '66 from Harvard, where he was president of the Crimson, which is the student newspaper. And in those days – and I graduated from college not long thereafter – there weren't a lot of people volunteering for military service. But Don did. He volunteered. He went to Vietnam, spent about a year-and-a-half there.

And then when he came back, he didn't join the family newspaper. He actually joined the D.C. police force and spent about a year-and-a-half as a D.C. patrolman.

DONALD E. GRAHAM: I don't believe, however, that I arrested anyone now in the room. (Laughter.) Maybe I should have. (Laughter.)

MR. RUBENSTEIN: It wasn't for a lack of trying, right?

MR. GRAHAM: Yeah. (Laughter.)

MR. RUBENSTEIN: He then did join the family newspaper. And I say the family newspaper – it was bought actually in 1933 by Don's grandfather, Eugene Meyer. And to show you how the world has changed, Eugene Meyer was the chairman of the Federal Reserve Board, and on the side, he was able to buy a newspaper. (Laughter.) Today I don't think Ben Bernanke is buying a newspaper.

MR. GRAHAM: Well, not quite. He was the former – he was a former governor. They didn't have a chairman at that point.

MR. RUBENSTEIN: Okay, okay. Okay, so Ben Bernanke won't be buying newspapers either. (Laughter.)

MR. GRAHAM: No, no.

MR. RUBENSTEIN: Eventually, Don's father became the publisher and eventually Don's mother did. And Don worked his way up and he joined the newspaper actually in 1971. And in 1976, became the general manager of the newspaper and in 1979, the publisher of the

newspaper. And became in 1991, the CEO, and in 1993, the chairman of the board of the parent company.

In the year 2000, he gave up his publisher title to Bo Jones, who is a member of our club. And in 2008, Bo gave up that title to Katharine Weymouth, who is now the publisher of the Washington Post. The Washington Post, most of you recognize as a major newspaper and, of course, it has a very large penetration in this region. I think of the top 10 cities in the country – metropolitan areas – the Washington Post has a deeper penetration than any other newspaper in those top 10 markets.

But the Washington Post is more than the Washington Post newspaper. The Washington Post Company has cable operations, broadcast operations and also something that many people may have remembered when they were studying for their SAT scores, Stanley Kaplan. And through a very prescient purchase in the mid 1980s, Stanley Kaplan was purchased by the Washington Post Company. And it has now grown to be the largest part of the Washington Post Company. It is a proprietary education company that does much more than college preparations and other things. It does a wide array of educational things for people at all walks of life.

The Washington Post Company has done quite well under Don's leadership despite the fact that newspapers have been under challenge. And because of Kaplan and other parts of the company, the company has actually done far better than its newspaper peers around the United States.

Don has also been actively involved in philanthropic activities. He was the founder really and the principal leader of DC CAP, which is College Access Program, which helps people who are in D.C. public schools get training to go onto college and also provide scholarships to them. And he has been very active in making that a very important charitable activity in this community. And it really survives and really prospers and thrives because of Don's efforts.

Don has also been involved in the Federal City Club for which actually his father started in the 1950s. And Don has been a member of the board since the early '70s. And Don also is very conversant with what young people are doing because he is also a member of the board of Facebook. And he is a –

MR. GRAHAM: We watch all your pages. (Laughter.)

MR. RUBENSTEIN: I would say that Don is more than most media executives is a little more reserved. And actually, the best indication of that is that this is the first time in the club's nearly 25-year history that Don has actually appeared before this club. So we are very honored that Don has done that and very pleased.

And I should full disclosure just let people know that I do have a relationship with Don. When the Carter administration was ending, he was coming over to look for some bright, young people who might join the Washington Post Company. There weren't a lot of people he would put in that category from the Carter administration. (Laughter.) But he did find one very, very

talented young woman, and that person became his special assistant and later became my wife. And Alice worked for Don for several years before doing some other things.

So I appreciate Don's coming today. And let me start off –

MR. GRAHAM: I remember meeting you in 1981. We have these clashing pinstripes up here. But neither of us had a suit like this at the time. And David was best known because two years into the Carter administration, Newsweek wrote a profile of the administration and said that it thrived on the energy of young staffers. And it singled out David, who had for the first 18 months of the Carter administration, never eaten a meal outside the White House, including on weekends when the mess was closed, but he ate from the vending machines. True?

MR. RUBENSTEIN: Right, that is true. And I was famous for saying that machine food was underrated – (laughter) – which it is. So I guess my first question is Don, when you came back from Vietnam, you became a D.C. policeman. Why did you do that and not join the family's newspaper company?

MR. GRAHAM: Well, it was – first of all, David, thanks for the nice introduction. And second, the year was 1968. And I was discharged from the Army in July. The folks my age will remember that in D.C., there was a major riot in April after Martin Luther King's assassination. And I was – my mother, who had become publisher five years ago, had asked me to come work for the Post. And I had made up my mind to do that. But I thought I would be – I thought I would be better on the newspaper if I first learned something about the city from somebody else's point of view.

The police at the time because of the war and – two things – because of the draft – it was all men at the time – and because of the – because both President Johnson and President Nixon feeling that crime in the district might become an issue had added enormously to the size of the department. They were thousands of officers short. And I asked them about becoming a police officer and I told them I would only be prepared to serve about 18 months. And they said that would be above average.

MR. RUBENSTEIN: And did you regard that job as more dangerous than serving in Vietnam?

MR. GRAHAM: No, Vietnam was much more dangerous. But police officers – being a police officer is a dangerous job. There was one officer in my precinct who was killed in the line of duty. And since Cherrie Doggett is here, I have got to say that even at that time, Heroes Inc., which was founded by Bud and is now run by Cherrie, was taking care of the families, a college education and whatnot of officers killed in the line of duty. So there was a kind of random danger to it.

At the time I was on the department, the son of the mayor of College Park, who might have been a Prince George's County officer, who was definitely on one of the departments in Prince George's County, was killed responding to a call for a loud radio. People in the next apartment had called and said there is loud music. Come and knock on the door and tell them to

turn it down. The guy knocked on the door and there was a bank robber inside who did not think that was why he was knocking on the door. Just shot him dead.

MR. RUBENSTEIN: So what did your mother say when you said I am going to be a D.C. –

MR. GRAHAM: She was not crazy about it. (Laughter.)

MR. RUBENSTEIN: Well, your grandfather, as I mentioned, bought the Washington Post out of bankruptcy. And in those days, people here probably don't remember this, but there were seven to 10 newspapers in Washington, something like that.

MR. GRAHAM: There were five and we were the fourth.

MR. RUBENSTEIN: Okay, five.

MR. GRAHAM: Eight hundred twenty-five thousand dollars.

MR. RUBENSTEIN: So it wasn't a foregone conclusion that the Washington Post would become what it became.

MR. GRAHAM: No, far from it.

MR. RUBENSTEIN: But let's suppose your grandfather hadn't done that. Have you ever thought what you would have done with your career if you hadn't gone into the newspaper world?

MR. GRAHAM: I don't know. I was a real little newspaper junky when I was a kid. I was the editor of my high school paper and my college paper. And I was clearly drawn to it. And that may have been because I hero-worshipped my father who was, you know, one of the greatest guys I ever knew. But I think, as I then was, I would have been attracted to newspapers in some way, I think.

But, you know, David, you remember this, but anybody younger than 50 or so does not. When we went to college, you did not spend a lot of time thinking what is going to be my career because you knew that as soon as you got out of college, either you were going to be drafted or you were going to do something so that you wouldn't be drafted. (Laughter.) But those were your choice of careers.

And so oddly, as a man – they were not drafting women at that point – that froze you as far as thinking about a long-term career.

MR. RUBENSTEIN: You mean, everybody in those days wasn't rushing to Goldman Sachs, I guess.

MR. GRAHAM: Ninety-five percent of the men in my graduating class went to grad school or said at the time that they planned to go to grad school, which was deferrable.

MR. RUBENSTEIN: Well, let me ask you, in the time that you have been at the Post – now, you joined in 1971 – what would you say has been the biggest challenge? The Pentagon Papers publication, the Watergate story or the decline in classifieds and the competition from the Internet?

MR. GRAHAM: None of the above. There is no question that the biggest challenge at the Post since I have been there was the pressman strike in 1975-6, where my mother tells the story very vividly in a whole chapter of her book. We were expecting the outcome of the normal negotiation. There was an elaborate charade to make us think that negotiations would continue at 4:00 in the morning. The presses were stopped. They beat up the foreman and sent him to the hospital. They disabled and took important operating parts off every press. They disabled the fire extinguishers on one press and set it on fire in a newspaper pressroom full of paper.

And we were – you know, that was the challenge of a lifetime.

MR. RUBENSTEIN: You were living – you lived in the building then? You didn't go home? You were living there?

MR. GRAHAM: Well, I got a call at home saying that all this had happened. I came in and I didn't leave for 26 days.

MR. RUBENSTEIN: And as I remember from your mother's book, she took on the job – among other things – of answering classified calls.

MR. GRAHAM: She did.

MR. RUBENSTEIN: People would call in and they would be speaking to Kay Graham and say, you know, here is the ad and so forth.

MR. GRAHAM: Katharine is here in the audience. I remember my sister, Lally, was in New York at one point and said my mother had called her and said Lally, there is this pony for sale. (Laughter.) And she said mom, where are you? And she said I am down taking these classified ads. I thought Katharine might want a pony. (Laughter.) She absolutely did.

MR. RUBENSTEIN: So tell me what it is like. Everybody has a mother. But everybody doesn't have a mother who is the most famous woman in America. You had to work in a company where your mother was your mother, but also your boss. How did that work?

MR. GRAHAM: Well, to begin with, when I was growing up, she wasn't the most famous woman in America and she wasn't the publisher of the Post. She was just my mother. And my mother wrote an autobiography, which I would highly recommend. A few copies remain at better bookstores everywhere. (Laughter.)

MR. RUBENSTEIN: It won the Pulitzer Prize.

MR. GRAHAM: Yeah, it won the Pulitzer Prize. And it was a remarkable book because she was so honest about how she felt all the way through. And how she felt was terrified. She had never been to business school. She hadn't worked. She had worked as a reporter many years before. But she had never worked in a business and she had certainly never run anything. And you cannot, you know, no matter how good you are at mental gymnastics, it is very hard to put yourself back in the mindset of 1963, and try to imagine what it felt like to be a woman running a major business.

When we went public in 1971, my mother was the only CEO – the only woman CEO of a Fortune 1000 company – 999 guys and her. And she was, you know, I said terrified and, you know, nervous doesn't begin to describe it. She felt – her entire career, she felt worried that she was doing something to screw things up and said that to people constantly and sought advice.

Since I know a lot of – when I came into the newspaper business, I would guess that a little more than 50 percent of newspapers in the U.S. at that time were probably owned by a local family. And newspapers have this close association with retailers. And there were a lot of family retail businesses in D.C., some of which will be remembered by – most of which are now gone. Marlo's would be an exception and Rosenthal and DARCARS and a few others, Long and Foster.

But I knew a ton of young people who were working for their fathers. And each of those relationships was different. I think one reason that the two of us were able to work – it is just different working for your mother. And she was – she was ultra great about it. When she stepped aside and made me the chairman of the company or when in 1979, she made me the publisher of the Post, which was a job she had had for 16 years, she really let me run the place. When it was time to choose an editor, I chose the editor and so on.

MR. RUBENSTEIN: But, I mean –

MR. GRAHAM: I sought her advice all the time, by the way, partly because I knew she would never say the hell with advice, here is what I want you to do.

MR. RUBENSTEIN: But she would say how are your numbers doing? How is the paper doing? And also, can you get a haircut? (Laughter.)

MR. GRAHAM: That is for sure.

MR. RUBENSTEIN: Right, okay.

MR. GRAHAM: I dressed up for this. But most of you know me well enough that you know what I look like normally. And she used to mold people. She would say why am I surrounded by the worst dressed staff of any newspaper in America? She was mostly referring to Bo and me. She would say not you, Ben. (Laughter.)

MR. RUBENSTEIN: So one day, an investor bought some stock in the Post Company. I think about 5 percent. He showed up and it was a guy named Warren Buffett. And he later became, of course, an important part of the Post history. But he is now a member of the board and has been for some time. What it is like to look at any acquisition when Warren Buffett is on the board? I mean, Warren doesn't want to do it. Will other people go over his objection or is his advice just not always taken?

MR. GRAHAM: Well, I can think of plenty of times when Warren has said I don't have any insight into that. If you are looking at companies that have any technology component or whatnot, he won't say yes or no. He will say just, you know, that is not something I know much about.

But in general, you know, I am trying to call up an instance of something Warren and I have disagreed on, an acquisition Warren and I have disagreed on. You want his advice. And his advice will be the right advice. My mother in the subtext of this autobiography is a lot about the relationship between a chairman and a board. And unlike a lot of CEOs, she wanted a super strong board, again, because of her own frame of mind.

When she had a problem, she wanted smart, experienced advisors who would not tailor their advice to what they thought her wishes were, but would tell her what they thought. And Warren must have bought stock – this was in the 1974-75 recession and stock market decline, which you missed. But it was –

MR. RUBENSTEIN: I have made up for that in others. (Laughter.)

MR. GRAHAM: Now, only think if you had had the opportunity.

MR. RUBENSTEIN: Right. But it is tough to be in a board meeting where you have got Robert McNamara, Warren Buffett, Barry Diller. You have got some pretty high-powered, smart guys there.

MR. GRAHAM: We have got an unbelievable board. And they are there because, you know – we aren't a very big company. We are a sub-Fortune 500 company. But, you know, when you make, for our scale, a big corporate decision, you want the best advice you can get. And Warren, you know, I would say, you know, over the last 35 years, you simply could not have had a better person on a corporate board.

MR. RUBENSTEIN: And let me ask you now – now that you are not the publisher of the Post – you are the CEO and chairman of the parent company – what do you spend most of your time on? The other parts of the Post, Stanley Kaplan or Kaplan or the cable or the broadcast? Where do you spend most of your time now? On what part of the company?

MR. GRAHAM: I spend most of my time on what we are going to do next. You know, what are we going to do with the money we make and on who are going to be our key people. And I think those are the two big jobs I have is, you know – Warren is full of sage observations. And one, he talked about CEO selection and he referred to the fact that in many companies, you

run the biggest business within the company and then they promote you up to be CEO. And he said it is like you play the piano well enough to get to Carnegie Hall and then they give you a violin.

But he would view the key job of the CEO as capital allocation. And that is, of course, the way he runs Berkshire.

MR. RUBENSTEIN: And how much longer am I going to be able to get the Washington Post online for free?

MR. GRAHAM: We have absolutely no plans to change that.

MR. RUBENSTEIN: Really?

MR. GRAHAM: So I am pleased to say that you can count on that for the immediate future and if we change that, it will be Katharine, not me.

MR. RUBENSTEIN: But for now, if I want to get the Washington Post online, you give your e-mail address or something like that. And do you sell those e-mail addresses to people who are going to be sending me stuff?

MR. GRAHAM: No, we would be crazy to sell your e-mail address.

MR. RUBENSTEIN: And is your biggest competitor now the online Craigslist or people like that? Is that who has taken away most of your advertising for all newspapers?

MR. GRAHAM: Newspapers have online competitors for Internet job ads, Internet – and to a somewhat lesser extent, Internet auto and real estate ads. And those competitors have taken significant market share. But the entire business in those three categories was just leveled by the recession of 2008 and '09. So I would think newspapers will be coming back somewhat in advertising from 2009 levels. But if you look at our job listings or the job listings of national online job companies, you don't see much of a flicker at this point.

MR. RUBENSTEIN: I assume over sometimes when you were the publisher, the president of the United States or his representative would call you and say you are about to publish something that is going to violate national security or this is very important that would damage the country. Have you had those calls? And how do you deal with those kinds of calls? Do you always listen to what the president wants to do or you just ignore them? How do you deal with that?

MR. GRAHAM: Well, you always listen whether it is the president or whether it is just somebody who has heard you are planning to run a story and feels you shouldn't. But, you know, if you are – let's take the kind of national security case you are talking about.

MR. RUBENSTEIN: Pentagon Papers case.

MR. GRAHAM: Well, that was absolutely an extreme. In the Pentagon Papers case, the New York Times had already published very large exclusive excerpts from the Pentagon Papers. And they were actually enjoined by a federal district court from publishing any more. At that point, the guy who had leaked them to the Times, Daniel Ellsberg, leaked them to the Post.

We began to publish and were immediately enjoined by our own district court and threatened with all kinds of consequences. My mother was told indirectly by the attorney general that they wanted to call her attention to the fact that if a company was found guilty of a felony like violating the Espionage Act, they couldn't own FCC-licensed television stations. And what made that particularly challenging for her was we were going public that week that she made the decision to publish the Pentagon Papers.

But in more normal cases, what you do is you listen very carefully and take notes and find the name of who you can call back for more detail about why this is supposed to be damaging to national security.

MR. RUBENSTEIN: But have you ever published anything you regretted publishing in that context?

MR. GRAHAM: Well, have we published anything we have subsequently regretted publishing? I don't want to say a categorical no. But I don't – you know, that instance doesn't leap to mind. I mean, we generally have an impulse to publish. I mean, but generally, what I would do – back in the day when I was the publisher and what Katharine would do today is call the editor of the Washington Post, who is also conveniently right here, Marcus Brauchli, and this summer, for instance, Bob Woodward got and published the 66-page memo that Gen. McChrystal wrote about his doubts and concerns about the war in Afghanistan.

Bob talked to Marcus and said I think this is a story and I think we ought to get it in the paper. Marcus wholeheartedly agreed. Bob began making calls. And at that point, the government weighed in and said wait a minute; there is stuff in here that would be highly damaging to national security. And we listened and we tried – we do not want to put somebody's life in danger. We do not want to do something to imperil the national security of the United States. But we have often found in the past that people will invoke that very quickly. You know, in the case of the Pentagon Papers, it is very instructive.

The judge in the Pentagon Papers case in the federal district court in Washington asked the government's lawyer what was the most damaging allegation in all of the five volumes of the Pentagon Papers. And the solicitor general consulted with his State and Defense Department advisors and said that it was something called Operation Marigold, which was an indirect approach to the North Vietnamese that the U.S. government had made through the British.

And our reporter sitting in court said they testified about that in a Senate Foreign Relations Committee hearing last month. And we looked it up and showed that to the judge, which had a certain weight. (Laughter.) And the next issue of Life magazine had an article by Harold Wilson, the prime minister of Great Britain, entitled "Operation Marigold." And, you

know, later on, that solicitor general, Erwin Griswold, wrote an op-ed piece in the Post saying I was wrong. You know, we should never have.

But that is not always the case. The government – you know, I am a former – I had a very distinguished military career. I got up to being a specialist fifth-class. (Laughter.) But the government – you should always listen when people call you.

MR. RUBENSTEIN: What about when business people call you? Like they say – the Post is going to write a terrible article about my company. It is not accurate. A politician calls you. Generally –

MR. GRAHAM: People have been known to call and we listen. And if their argument is you are going to publish something and it is inaccurate, I will call Katharine who will call Marcus and Marcus will listen to them. And if he feels that, in fact, the caller is right and the story is factually inaccurate, we will certainly listen to that. But we will listen to it not merely for politicians, not merely for businesspeople.

Such things arise in stories – you know, we have had frantic calls from parents when we were writing something involving a school that they felt would identify their student, their child and call them up for –

MR. RUBENSTEIN: So what is the best way to persuade a publisher not to publish something that is – (laughter)?

MR. GRAHAM: Well, in your case, I wouldn't put a whole lot of effort into that. (Laughter.) But no, the best case is put forward – you know, tell the truth and tell us if you want something not published because the story is inaccurate or wrong, make that case and we will listen and we will – but we are not going to, you know – we are reporters. We will take your word for it.

I do remember one of the valuable things I learned back in cop days was – these are famous scenes in every police movie for 1,000 years is you can listen to one side of a story and be so convinced that that person is telling you the truth and they are right. And then you walk into the next room and hear the other side of the story and oh, my god. You do not – reporting is challenging because you have got to listen to everyone.

MR. RUBENSTEIN: Over the years, people come to the Washington Post to meet editors and publisher and sometimes to get endorsements and so forth. Of all the years you have been sitting in these meetings, who is the most impressive person? Who came and said something that was so compelling that you said wow, we have to write about this person. This person is really of gifted intellect or this person is much more persuasive in person than I ever dreamed. Is there anybody –?

MR. GRAHAM: Well, that happens all the time. I met Mandela. In any list of the most impressive people in the world, he has to rank very near the top. But I think the most moving day in such a meeting was that the Post for years had an editorial page editor named Meg

Greenfield, who was one of the great people in the history of journalism. And when Andrei Sakharov was banished within Russia, he was sent off to a provincial town and forbidden to communicate with anybody in the capital.

And Meg and Steve Rosenfeld, her deputy, who was written up very beautifully in last month's Washingtonian by one of his children, wrote a weekly editorial entitled, "Where is Andrei Sakharov?" that ran, you know, every week in the Post while he remained in exile. And when Sakharov and his wife came to Washington, they asked for Meg and Steve to come over and meet with them, which was extremely moving. And that I will always remember.

MR. RUBENSTEIN: Now, the circulation of the Washington Post has pretty much held up, I would say, relatively speaking.

MR. GRAHAM: It has declined, but we have done quite a bit better than most newspapers.

MR. RUBENSTEIN: Right, compared to others, you have done reasonably well. Do you expect the circulation to be flat or go down? Or do you think – my children, for example, don't read newspapers. They read everything online. And so I have observed the younger generation doesn't kind of read a lot of newspapers. Do you think that is a problem that younger people tend to get everything online?

MR. GRAHAM: Well, we are on the very lucky side of that because Washington is the most educated market in the United States. And newspaper readership or readership of anything coincides with education more than any other demographic. And so as you kindly noted at the start, the Post is more widely read – and, of course, we have an element of being the office bulletin board. You know, if you work in the government, which many people do, they read us to find out what the boss is doing or that somebody thinks the boss is no good or whatnot. You want to know that.

But we – I mean, I am a habituated newspaper reader. I have got the newspaper at my door every morning. I could perfectly well walk upstairs and read it on the computer. I wouldn't think of it. You know, I put in half an hour, 45 minutes reading the paper. And, you know, I love it. I really enjoy that time.

But your kids are, in fact, typical of the generation now in its 20s, maybe up to 35. I think the dividing line is when you went to college and they had a high-speed connection in your dorm room. You know, you did your homework online and you talked to your friends online and you communicated with your teachers online. You know, you may never have left the room, just ordered pizzas in and whatnot.

But, of course, you read the news online because you did everything else online. So we have more readers in that younger age group than any other paper going because Washington continues to attract these outlier 25-year-olds who think working in the Federal Trade Commission is the most exciting career they can have. (Laughter.)

My father was one of those ones. So the Post – but we are on the high side compared to other newspapers. But we are no exception in that most people that age get their news on the Internet and will continue to. And we have to reach them in ways that they find, you know, in ways that are well-suited to the Internet and well-suited to them.

MR. RUBENSTEIN: Today would you recommend journalism as a career to young college students? Do you think there is a great future to journalism?

MR. GRAHAM: I do. In fact, I think no matter what – you know, I think that in the future, people are going to get their news from news organizations that employ reporters and editors and make money doing it. And whether that is us or not, it depends on how smart we are. And if we adapt to changing circumstances, which we have done, I think, a pretty good job of so far, but, you know, not nearly as good as we would like to be doing, we have a chance of getting there. But it is going to be very challenging.

MR. RUBENSTEIN: Now, your father, I think, purchased when he was the publisher at Newsweek, is that right?

MR. GRAHAM: Yeah.

MR. RUBENSTEIN: And you have owned Newsweek ever since that time?

MR. GRAHAM: Nineteen sixty-three.

MR. RUBENSTEIN: And newsweeklies, some people would say, don't have as big a future as they did before because everybody gets the news on the Internet and so forth. What is the future of Newsweek? Do you see it as –?

MR. GRAHAM: I actually think Newsweek – Time and Newsweek – we have a guy who has done market research for our company and also for Coke and IBM and whatnot who said he had never surveyed on a product that had the strong appeal to its consumers of newsweeklies that people like them because they make sense of a confusing – you know, after a week when your head has been spinning.

And there was a story. My daughter posted something on Facebook this morning that said the earthquake in Chile had knocked the earth off its axis and had affected the amount of its rotation or something. And, you know, that – you get so much thrown at you in the course of a week that you want something you trust to come along and take care of it. Newsweek and Time have been – have quite strong reader appeal.

MR. RUBENSTEIN: How did you get involved with Facebook? Were you an early investor? Did you know the founder? And are you the most senior person on that board?

MR. GRAHAM: I am the most senior person on that board by decades. (Laughter.) Yeah. I talked to what they call an all hands, a meeting of all the employees at Facebook. And I

said this must be very special to you because only Facebook has had the wisdom to reach out to the newspaper industry for strategic advice among major technology – (laughter).

And we are very lucky in the folks who work at our company. And there is a guy named Chris Ma who has worked for us for decades. He was at Newsweek and then later he was the editor of washingtonpost.com. And he now works in corporate on development. And his daughter was in Mark Zuckerberg's class at Harvard and told Chris that when Mark came to Washington, they ought to meet.

So Chris talked to Mark for a while and then brought Mark in to talk to me. And I met him in 2005, when they were on 30 campuses. And I thought it was the most extraordinary business I had heard of in years. And we stayed in touch over the years. And I went on their board a little more than a year ago.

MR. RUBENSTEIN: More prescient than I am because my daughter is about to marry somebody who went to Exeter and Harvard with Mark. And my son-in-law-to-be told me about this company that was getting off the ground. He said you should go out and invest in it. And I said what is the likelihood that this guy is going to have a company that I am going to want to invest in? (Laughter.) So unfortunately, I wasn't quite as prescient as you were.

MR. GRAHAM: Well, I have got a story somewhat analogous to that.

MR. RUBENSTEIN: Let me ask you. Right now you expect your family will continue to own the Post forever as Warren Buffett says? Or do you see –

MR. GRAHAM: Nothing lasts forever. But we have – if future generations of Grahams and Weymouths and Meyers want to, it can go on for quite a while.

MR. RUBENSTEIN: And the two-class stock that media companies often use, the defense of that is what?

MR. GRAHAM: Well, in our case, we have had two classes of stock, one having a greater vote since 1947. So no one now owning a share of B stock, publicly traded stock in the Post, has ever bought it under any supposition except that it had limited voting rights. And I think there is definitely, you know, in a case like the Pentagon Papers, if the Nixon administration could have done anything to dislodge Kay Graham from being the owner of the Washington Post, they would have done it. So there is a certain journalistic virtue in having that.

I also think that, you know, we are a real outlier of a company. We do not pay any attention whatsoever to quarterly reported results. We report them. We are very meticulous about our record keeping. And we are very thorough in our reporting. But, you know, it is late in the first quarter. I don't have a clue what our first-quarter earnings will be. I don't know what any analyst has estimated for our first-quarter earnings. And I don't care. And I won't know when the quarter closes what any analyst has recommended or whether we are higher or lower.

And I said that to the analyst community when I first became the CEO in 1991. And it wasn't a hell of a lot different than what Kay had been saying before me. And my statement was if you care what we are going to make for the next quarter, you shouldn't own the stock because management, you know, we are looking to build this company for a long term and we want shareholders who are not buying it because of what will happen for the next quarter, but what happens long term.

MR. RUBENSTEIN: The stock has done pretty well, I would say, in the sense that when my wife joined the company – or my wife-to-be joined the company, the stock, I remember, was \$28 a share. And I know she got some options, I guess. And it went up to 900-plus.

MR. EDWARDS: It went up to 900-plus and is now at 430. But, you know, we have had the tides in the newspaper industry running against us. And we got creamed in the 2008-2009 market, as many others did.

MR. RUBENSTEIN: Who was the genius at the Washington Post who figured out that Stanley Kaplan was a good investment? And who actually made it the great company that it became or division within your company?

MR. RUBENSTEIN: The guy who figured out that we should invest in it was Dick Simmons, the former president of our company, who now lives in Alexandria. He is probably known to quite a few people in this room. And Dick and, to some extent, Alan Spoon and Ross Hamachek, who were working for Dick at the time – and Alan was here for years, was an early Internet investment pioneer and now is a venture capitalist in Boston, but was with us for 18 years and sensationally important to us.

They pushed for the acquisition of Kaplan and they all three would say that they completely misunderstood the business. And buying it was the luckiest thing in the world for us. It turned out to be the greatest piece of strategic good luck we ever had. But we bought it on completely mistaken assumptions.

And, in fact, when we bought it from Stanley, it was making \$8 million a year. And 10 years later, it was losing about 4 million a year. And it was taken over by a 29-year-old CEO named Jonathan Grayer, who ran it for the next 17 years and ran it brilliantly. Built it into the multiline, multinational powerhouse it is today and seamlessly handed it off to Andy Rosen, who was his longtime number two. And Andy had been the founder of Kaplan's single largest business unit, which is an online university, which now has about 60,000 students.

MR. RUBENSTEIN: And Jonathan, I understand, has gone on to do God's work in the private-equity world, I think. (Laughter.)

MR. GRAHAM: You know, you have just built this colossus, David. No, Jonathan really did a – (break) – and he will be very successful at whatever he does in the future.

MR. RUBENSTEIN: One last question before some audience questions or guest questions. If somebody wants to get a presidential or a candidate endorsement, they come to the

Post. Do you actually – when you were the publisher, did you make the decision yourself or is it collegial? And does Katharine now make the decision? Who makes the decision about endorsements?

MR. GRAHAM: Well, the editorial page of the Post writes three editorials every day telling you what to think about various subjects. I need to read the editorial page every day so I know what to think. (Laughter.) We run a very unusual editorial page in that we don't always think that one party or the other is right. And we have your rare open-minded editorial page. We try to listen to the facts on any issue and make up our mind.

In the rare case of a presidential endorsement, the publisher will be in the room and we will, you know – the publisher's views will be consulted. Mine were for years. Meg was the editor of the editorial page almost all the time that I was the publisher. And there certainly wasn't a case of presidential endorsements where we disagreed.

MR. RUBENSTEIN: And you don't regret any of the endorsements that you have made?

MR. GRAHAM: Yeah, you know –

MR. RUBENSTEIN: You don't want to mention –

MR. GRAHAM: There are some I would be glad to take back. But, you know, you always get surprises.

MR. RUBENSTEIN: We have a few minutes for questions. Just raise your hand. I think there might be a mike out there. There? Somebody has a hand up.

MR. GRAHAM: I could see some, but not all of you since I know more than half of the people in this room.

Q: Good afternoon. Mr. Graham, having attended the reception for Dr. Henry Louis Gates recently at the Madison Hotel, which was one of the most interesting and festive events that I have ever attended in Washington, I would like to ask you about some of the spinoffs that the Post has been involved in that are relatively new such as the Root, which is an online publication directed towards professional African-Americans and some of the other things that you may be involved in that you haven't mentioned today that people might want to know about.

MR. GRAHAM: Thanks. We have started up about – we were lucky enough to buy Slate from Microsoft five years ago. Slate was the first all-online – well, maybe the second all-online publication. It was started by Bill Gates and Michael Kinsley. And it became gradually more and more successful – and I have to say at just the wrong time.

I thought that Slate's success suggested that we ought to try starting up a couple of smaller content sites and see if we could grow audiences and ultimately be of interest to advertisers at just the wrong time because this all happened about five minutes before the world crashed at the end of 2008.

But the Root, of which Skip Gates is the editor in chief, is a very – thank you for asking about it. It is a very lively, rapidly growing in audience site for the African-American community, whose editor now is an old friend of mine, Joel Dreyfuss, who was long ago a reporter on the Post, spent much of his career on Fortune and then became the editor of Red Herring out in Silicon Valley and spent a lot of his career as a technology reporter. Under Joel, it is going to become a sensational site.

We also have a financial site called the Big Money. Within Slate, there is a women-focused site called Double X, which I highly recommend. And we also were lucky enough to buy the print magazine called Foreign Policy from the Carnegie Endowment. And Susan Glasser, the editor, has turned the Web site on Foreign Policy into the liveliest discussion of international affairs in the world. It is recommended without reservation. So thanks for the question.

MR. RUBENSTEIN: Other questions? Here? Stand up, please.

Q: Hi, Don. Barbara Reineke (ph). Just a quick question. I really miss the business section of the Post. And I was wondering if there is any thought about reinstating that.

MR. GRAHAM: Well, the business news in the Post is now, in fact, in the A section. And I have to tell you, I think it is significantly more widely read where it is now than when we had a standalone section. I will take your comment under advisement – if others have advice for me when I am leaving.

I can tell you because Katharine and Marcus tell me that we survey our readers all the time about how they feel about different aspects of the paper. And business news had this huge jump up. Now, of course, the last 15 months or so, people have certainly been preoccupied with business news, so that may have something to do with it. But I appreciate the comment, Barbara. I know Marcus does, too.

MR. RUBENSTEIN: Other question? One or two more. Yes, right here. This looks like it is going to be a professional question here.

Q: It just might. Frank Sesno at George Washington University. So the New York Times is taking a year to figure out how to charge for at least elements, if not all of its online offering. You said you are not going to do that at the Post. Do you have many times more unique visitors to your online section as you do to the print section? How do you make money out of that?

MR. GRAHAM: Well, we are making pretty good money out of it by selling advertising against it.

Q: So the Times is wrong?

MR. GRAHAM: No. I think we are going to be watching very closely what the Times does, as we have watched for years what the Wall Street Journal does. And there are several ongoing experiments with different pay models going on in the industry right now. A very smart guy named Steve Brill is running a company to try to do that. The Dow Jones is running a company to try to do that. The Times is going to do something quite different.

We are going to watch them all. We are going to learn as much as we can about them. It is perfectly possible that sometime down the road, the Post would consider – but we have no plans to do that at the moment. And such plans, if there ever are any, are going to come up from Katharine and Marcus, not from me.

MR. RUBENSTEIN: Okay, one more question. Right back here, last question, please.

Q: Don, how long will we be receiving the news on paper?

MR. GRAHAM: Well, I think, you know, I think for a very long time because there are so many people my age to fortunately quite a bit younger who just prefer it that way. And we are in the business of satisfying readers, you know. So I think we want to get better and better at satisfying online readers. But we absolutely want to maximize the number of papers we sell and the amount of good we do for advertisers by doing that.

If I could just throw out one last observation, David, you mentioned in introducing me that I am the founder of the D.C. College Access Program, which is a counseling – we have a college counseling – we are a big part of the college counseling function, along with the D.C. public school counselors for D.C. public and charter schools. And we are hosting on Monday night at the Kennedy Center an American Idol-style competition among the most talented kids in the D.C. public schools, if any of you want to pay up a relatively paltry sum and come along.

I also want to mention that this room is full of – you know, very intelligently, since this is the Economic Club, this room is full of some of my favorite non-profit people in all of D.C. And there is so much educational innovation going on in Washington right now, not just at the D.C. public schools, where innovation is famous. But in the charter school community, which is richly represented at Katherine Bradley's table here and with Katherine and her fellow non-profit executives. So if any of you want to meet some of the great education leaders in D.C., go introduce yourself to Katherine. And I am on the board of KIPP DC, and I am longtime fan of the Friendship schools, both of whose founders-chairs are here.

And thanks so much for the chance to be with you.

MR. RUBENSTEIN: Thank you very much, Don, for doing this. We appreciate your giving us this much time. (Applause.)

(END)