As we've seen, during the acquisition frenzy of the 1980s, Graham generally stood aside, passing on numerous newspaper acquisitions, large and small. As her son Donald says today, "The deals not done were very important. Another large newspaper would have been a boat anchor around our necks today."[3] The only newspaper investment that the company made during the decade was telling—the purchase of a minority interest in Cowles Media, the publisher of the *Minneapolis Star Tribune* and several smaller dailies. The interest was purchased outside of an auction at an attractive price, based on a long relationship between the Graham and Cowles families.

Buffett played a key role in this discipline, functioning as Graham's allocation court of appeals and weighing in on all significant decisions involving capital investment. He was particularly involved with acquisitions. Buffett's style, however, was not directive, according to longtime board member and Cravath, Swaine partner George Gillespie: "He would never say, 'Don't do that,' but something more subtle, along the lines of, 'I probably wouldn't do that for these reasons, but I'll support whatever you decide.'"[4] His reasoning, however, was invariably compelling and usually encouraged restraint.

Most of the Post's acquisitions under Graham would lead the company into new businesses, unrelated to newspapers or broadcasting, where competition was less intense and valuations more reasonable. The most significant of these diversifying purchases were the Stanley Kaplan test preparation business, which provided a toehold in the education market, and the large 1986 Capital Cities acquisition, which established an entry point into the rapidly growing cable business.

The Capital Cities cable deal was both very large and highly opportunistic, and, like the Cowles deal, revealing of Graham's disciplined approach to acquisitions. When Capital Cities was forced by the FCC to divest its cable television systems following the ABC acquisition, Warren Buffett arranged for the *Post* to get an exclusive look at the transaction. Graham sensed a potentially compelling, proprietary opportunity. After a frenzied weekend, she and her team agreed to acquire the systems for an attractive price of $1,000 per subscriber. Importantly, no investment banker was involved.

. . .

Graham's uncharacteristic buying spree during the recession of the early 1990s was also telling. With an exceptionally strong balance sheet, she became an active buyer at a time when her overleveraged peers were forced to the sidelines. Taking advantage of dramatically reduced prices, the Post opportunistically purchased a series of rural cable systems, several underperforming television stations in Texas, and a number of education businesses, all of which proved to be extremely accretive to shareholders.

As we've seen, stock repurchases were another major capital allocation outlet for Graham. Once Buffett explained the compelling math of repurchases, she initiated a buyback program and pursued it with vigor. Graham would add enormous value for her shareholders by buying in a massive amount of stock (almost 40 percent eventually), most of it purchased during the 1970s and early 1980s at single-digit P/E multiples. As longtime investor Ross Glotzbach of Southeastern Asset Management says, "All buybacks are not created equal—she purchased in big chunks and at the right time."[5] As figure 5-2