FORM 10-K405

Annual report pursuant to section 13 and 15(d), Regulation S-K Item 405

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FILER

BUREAU OF NATIONAL AFFAIRS INC

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SIC: **2711** Newspapers: publishing or publishing & printing

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FORM 10-K.--- ANNUAL REPORT PURSUANT TO SECTION 13
OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

(Mark One)

(X)ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the fiscal year ended December 31, 1998

OR

( ) TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the transition period from ________________________ to ______________________

Commission file number 2-28286

The Bureau of National Affairs, Inc.
(Exact name of Registrant as specified in its charter)

Delaware	53-0040540
(State or other jurisdiction of incorporation or organization)	(I.R.S. Employer Identification No.)
1231 25th St., N.W., Washington, D.C.	20037
(Address of principal executive offices)	(Zip Code)

Registrant's Telephone Number, including Area Code (202) 452-4200

Securities Registered pursuant to Section 12(b) of the Act: None

Securities registered pursuant to Section 12(g) of the Act: Class A common stock, $1.00 par value.

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months, and (2) has been subject to such filing requirements for the past 90 days. Yes X . No _____.

Indicate by check mark if disclosure of delinquent filers pursuant to Item 405 of Regulation S-K is not contained herein, and will not be contained, to the best of registrant's knowledge, in definitive proxy or information statements incorporated by reference in Part III of this Form 10-K or any amendment to this Form 10-K. (X)

The market value of the Class A voting stock held by non-affiliates of the registrant as of February 28, 1999 was $109,908,570 . All voting stock is owned by employees of the registrant and its subsidiaries. The market value of the Class B and Class C non-voting stock held by non-affiliates as of February 28, 1999 was $145,890,090, and $10,157,806 respectively. In determining the above, The Bureau of National Affairs, Inc. (the "Company"), has assumed that all of its officers, directors, and persons known to the Company to be the beneficial owners of more than five percent of each class of the Company's common stock are affiliates. Such assumption should not be deemed conclusive for any other purpose.

The number of shares outstanding of each of the registrant's classes of common stock, as of February 28, 1999 was 3,506,625 Class A common shares, 4,414,594 Class B common shares, and 298,759 Class C common shares.

DOCUMENTS INCORPORATED BY REFERENCE

Portions of the Company's definitive Proxy Statement, filed with the SEC on March 26, 1999, are incorporated by reference into Part III of this Form 10-K.

The Bureau of National Affairs, Inc.

Index to Form 10-K
For the fiscal year ended December 31, 1998

PART I.

PART II.

PART III.

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FORWARD -LOOKING STATEMENTS

This Annual Report on Form 10-K contains and incorporates by reference certain statements that are not statements of historical fact but are forward-looking statements. The use of such words as "believes" and "expects" and similar expressions are intended to identify forward-looking statements. Such statements are subject to certain risks and uncertainties, which could cause actual results to differ from those projected. Readers are cautioned not to place undue reliance on these forward-looking statements which speak only as of the date hereof.

PART I

Item 1. Business

General Development of Business and Narrative Description of Business

Business of BNA and Subsidiaries

The Bureau of National Affairs, Inc. (BNA), is a leading publisher of specialized legal and regulatory information. BNA was founded in 1929, and was incorporated in its present form as an employee-owned company in 1946. BNA is independent, for profit, and is the oldest fully employee-owned company in the United States.

BNA and its publishing subsidiaries, Tax Management Inc., Pike & Fischer, Inc., and Institute of Management Administration, Inc. (IOMA), are engaged in providing legal and regulatory and general business advisory information in labor, economic, tax, health care, environment and safety and other markets to business, professional, and academic users. They prepare, publish, and market subscription information products in print, compact disc, and online formats, books, pamphlets, and research reports.

Sales are made principally in the United States through field sales personnel who are supported by direct mail, space advertising, and telemarketing. Customers include lawyers, accountants, business executives, human resource professionals, health care administrative professionals, labor unions, trade associations, educational institutions, government agencies, and libraries mostly in the United States.

Online products are marketed through database vendors such as LEXIS/NEXIS, West Publishing Company, Dialog, and Legislate. Since 1996, the Company has provided many of its products for electronic delivery via Lotus Notes and the World Wide Web.

BNA Software, a division of Tax Management Inc., develops, produces, and markets tax and financial planning software. Sales are made to accountants, lawyers, tax and financial planners, and others. The products are marketed through direct mail, space advertising, and BNA field sales representatives.

BNA International Inc. is BNA's agent outside of North America for sale of its U.S. products and also engages in independent publishing activity.

The McArdle Printing Co., Inc. provides printing services to mid-Atlantic area customers. It utilizes modern equipment and its customers include publishers, trade associations, professional societies, other non-profit organizations, financial institutions and governmental organizations. Approximately 48 percent of its business is derived from the BNA publishing companies.

BNA Communications Inc. is engaged in the business of producing, publishing, and marketing multimedia programs for training in the equal employment opportunity and safety and health related fields. The programs promote awareness, facilitate regulatory compliance, and develop skills for managers and employees in industry and government.

Continued

Review Of Operations

BNA's financial results for 1998 reflected ongoing business growth, as revenues advanced at a double-digit rate. The company was able to absorb significant expenses, including Year 2000 costs and an adverse judgment in a civil lawsuit, yet still show an increase in operating profit over 1997. 1998 earnings per share rose to $2.34, a 4.5 percent increase over 1997, and 70 percent higher than just three years ago.

Consolidated revenues increased 10.1 percent to nearly $269 million. The acquisition of the Institute of Management and Administration, Inc. (IOMA), a newsletter publisher, accounted for 5.2 percent of the increase. Internal revenue growth was 4.9 percent, led by the strong advances of Tax Management, BNA Software, and The McArdle Printing Co., Inc.

Year 2000 costs, the adverse judgment, acquisition-related amortization expenses, and an otherwise modest increase in operating expenses resulted in the consolidated operating profit increasing only 2.7 percent. All business units achieved higher operating profits and margins, however, except for the parent company, which bore the brunt of the Year 2000 costs and the adverse judgment, and BNA Communications, which suffered from declining revenues.

Investment income grew 13.2 percent. However, interest expenses on the IOMA purchase loan, as well as equipment write-offs, resulted in non-operating income being $.6 million lower than in 1997, a year in which non-operating income included a gain from the sale of a publication.

Net income of $19.6 million was unchanged from the prior year. Earnings per share rose 4.5 percent, however, because there were fewer shares outstanding. The 1998 earnings margin of 7.3 percent and the return on equity of 26.6 percent, although down slightly from the decade highs achieved in 1997, nevertheless remain historically impressive.

Cash and investment balances increased slightly to $145.8 million, despite a higher-than-usual expenditure of cash funds for capital expenditures, including the internally-financed portion of the IOMA acquisition. Stock repurchases, primarily mandatory redemptions from the estates of Class B shareholders and from Class C shareholders, continued at a high level. Cash flows from operations constituted the primary source of funds needed for the capital expenditures and stock repurchases, and for dividends paid to shareholders.

BNA's financial strength and liquidity, in addition to providing current investment income, ensures that the Company has the resources to respond to business challenges and opportunities, to make the investments needed to maintain continued future growth, and to meet the stock repurchase obligations inherent in an employee-owned company.

A review of the 1998 operations of the parent company and each subsidiary follows.

(Continued)

Parent Company

Successful new products -- both traditional and non-traditional -- and a big boost from the Web versions of our established services helped grow parent revenues in 1998. This growth in turn helped fund aggressive technology investments that position us well for future growth.

The magnitude of the investments needed to bolster our electronic infrastructure and remedy Year 2000 problems, support and improve existing products and create new ones, and develop a whole new generation of products for the Web, proved to be great, however, and led to a decline in the parent's operating profit. An adverse judgment in a civil lawsuit also had a negative impact on operating profit.

The investments began to bear fruit in 1998. Our new Medicare/Medicaid Compliance Library, a CD product designed to go head-to-head with well-established competitive products, was launched in July and easily surpassed initial sales projections. The heart of this product is an innovative legal research tool, Roadmaps(TM) Researcher. This tool guides researchers through lengthy and complex laws, regulations, and administrative materials to get to the answers they need. The early market success of this product shows that, even in a world where government information is widely available, there remains a critical need for what BNA does best: organize and analyze. The Roadmaps(TM) Researcher will be an important part of future electronic reference services.

BNA launched its first Web reference products, Human Resources Library on the Web and Export Reference Guide on the Web, in 1998. Both products garnered Information Industry Association Hotshot Awards for being the best new Web products in their class. A number of other major reference products will be launched in a Web format in the first half of 1999.

The Web is a great delivery platform for BNA's notification services. The ability to get BNA information on a daily or weekly basis without having to wait for the print copy to arrive and be routed has proven to be popular. Product enhancements, such as e-mail summaries that link directly into the stories they describe, along with innovative selling techniques and creative pricing policies, have made these Web products the fastest growing part of the parent company.

Three new notification services were launched in 1998. Responding to a resurgence in corporate merger activity, BNA launched Mergers & Acquisitions Law Report in March. That same month saw the start of BNA's Year 2000 Law Report. The subject matters struck a chord; both products were among the year's best-selling products. The third notification service, Business Law Adviser, was introduced in September. This biweekly is designed for attorneys who need notification, as well as practice-oriented information to advise business clients, but who do not need the depth and frequency of more specialized BNA services.

To meet the needs of in-house counsel, BNA introduced two related products, Corporate Governance Manual and Corporate Governance Library on CD. The manual is a one-binder service that provides practical, expert guidance on shareholder meetings, boards of directors, and other corporate governance matters. The Corporate Governance Library on CD, in addition to the manual, features the full text of federal and state court decisions and statutes.

(Continued)

Investments in the functionality and editorial quality of BNA's Human Resources Library on CD helped maintain BNA's position as the premier publisher in this area. New sales of that product increased for the third straight year. Contributing to this momentum were two significant additions to the HR product line. February saw the launch of HR Practitioners Guide, a service designed for HR managers whose information needs do not match the comprehensive scope of HRCD. The end of the year saw the launch of Human Resources Library -- Lawyers Edition. By providing the full text of judicial decisions cited in HRCD, the lawyers edition meets the specialized information needs of attorneys.

Much work was done in 1998 on a Web version of our environment and safety CD products. A first generation of the Environment & Safety Library on the Web was released to select customers last year. An improved version with considerably enhanced functionality will be released in 1999.

The emergence of the Web product platform, increasing demands from our biggest customers for more specialized service and support, and the ability to provide enterprise-wide information solutions led to the evolution of a new kind of field sales representative--the National Account Manager. These account executive-like positions helped solidify and expand the business we do with our largest customers. Later in the year, some of the same considerations led to the creation of Regional Account Development Managers, who are trained to work with traditional sales reps to offer specialized solutions to specific information needs. These new resources played a significant role in quickly establishing the Web as a major revenue source for BNA.

Electronic products and new ways of doing business placed unprecedented demands on the Information Technology Department. That, along with the need to prepare BNA for the Year 2000, necessitated big investments in both people and equipment in 1998. While the challenges were great, the successes were many. A record number of electronic products were launched, good progress was made on the Year 2000 front, and much new talent was brought into the organization. BNA is well on its way to having the IT Department it needs to compete in this technology-intensive industry.

Great progress also was made on BNA's multi-year effort to implement a single publishing system to create all of BNA's diverse product line. That system, PS2000, is now used by four out of every five of BNA's reporters and editors. All notification and newsletter publications of the parent company, as well as most reference publications, are published from PS2000. The implementation of PS2000 means that BNA's most vital commity, its information, is now stored and uniformly coded, ready to be delivered to subscribers by any means desired. The system provides the flexibility needed to respond to marketplace demands for multiple product types.

Once again BNA ended the year by being named one of Fortune magazine's "100 Best Companies to Work for in America." BNA also made, for the ninth straight year, Working Mother magazine's list of the "100 Best Companies for Working Mothers." The fact that we received these honors in the past does not make their continued receipt any less of an accomplishment. In fact, it's an important reminder from an outside perspective that, because we are employee-owned, "shareholder value" means more than simply business success.

(Continued)

BNA Books

For the fifth year in a row, BNA Books produced record profits. Revenues grew over 9 percent to $7.9 million in 1998.

Supplements to Employment Discrimination Law and Developing Labor Law, co-published with the ABA Section of Labor and Employment Law, contributed heavily to the division's success in 1998. Sales of Covenants Not to Compete, Employee Duty of Loyalty, and Trade Secrets, also co-published with the ABA, continued to do well. The division's biannual Equal Employment Law Update has become a steady best seller.

Other successful titles in 1998 included Patents in the Federal Circuit, 4th Edition; BNA's Directory of State and Federal Courts; Patent, Trademark, and Copyright Laws and Regulations; and ERISA: The Law and the Code.

Finally, at year's end, the division completed its transition to a new Year 2000-compliant book fulfillment system. The new system is much more flexible and efficient, enabling us to provide our customers with greatly improved service.

Subsidiary Companies

Tax Management Inc.

Tax Management had another banner year in 1998 as revenues, including those of BNA Software, rose more than 12 percent to a new record of $61.8 million.

Operating revenues for the print and CD-ROM services increased nearly 11 percent, with slightly more than half of the subscribers relying on electronic delivery. The fall introduction of a beta version of the Portfolios on the Web was well received by customers and won positive industry reviews. A greatly enhanced version is rolling out during the first half of 1999.

Tax Practice Series continues to grow in industry acceptance, and circulation reached new highs in 1998. The major product enhancement for this service and for Tax Management Multistate was the addition of state tax codes and regulations in the final quarter of the year. There has been a great deal of enthusiasm for these new combinations and we look forward to greater market penetration.

New advertising campaigns, an effective field sales effort, creative packaging, and increased market presence helped continue the strong new sales trend of recent years, while renewal sales were encouraged through a significant increase in client relations activity and training sessions.

A new Editorial Technology Division was created to fulfill an ambitious product development plan that includes migrating the TM services to PS2000, enhancing TM's Web publishing capability, ensuring Year 2000 compliance, and increasing CD-ROM publishing activities.

(Continued)

BNA Software

BNA Software again posted strong double-digit growth in sales and profits. Revenues were up 16 percent and total value of existing subscriptions expanded a healthy 13 percent for the year.

New sales reached a new high, with the Fixed Asset and Tax Planning products finishing among the top ten best sellers for all of BNA. The Sales Tax segment also continued to post positive growth.

Late in the year, the Enterprise Edition of the BNA Fixed Assets Next Dimension product was introduced to reach a higher-end customer group with more demanding needs. Early signs of customer acceptance have been positive. Customers are also positive about the fee-based training curriculum introduced earlier this year for the Fixed Asset product line.

Also contributing to the division's success in 1998 was the introduction of a new per-user licensing program. This new licensing approach gives customers the flexibility to license just the number of users they need at more affordable rates. Looking forward to 1999, we expect favorable overall results and increased emphasis on new product development to ensure long-term growth.

BNA International Inc.

BNAI experienced record growth in 1998. Revenues increased by 19 percent. Revenues from BNAI services were 16 percent higher than the previous year due to continuing growth from established products and the launch of new ones such as Asia-Pacific Focus, International Securities Law, and World Telecom Law Report. Sales of BNA and Tax Management services were at the highest level ever recorded.

The continuous refinement of direct marketing techniques resulted in high sales of Tax Planning International and several other products, and the strategy of developing loose-leaf reference services, like International Licensing, related to existing services, resulted in a very good return for every marketing dollar spent.

The drive to develop new products as one means of growth continued in 1998. The International Securities Law loose-leaf was introduced mid-year and extensive market research resulted in three new publications which were launched in January 1998. BNAI's international tax offering will be significantly enhanced by the quarterly European Union Focus and monthly Tax Planning International's e-commerce. The new World Licensing Law Report has been introduced to capitalize on the success of International Licensing.

The acquisition of three newsletters from FT Finance in August generated additional revenues. FT World Tax Report was merged with Tax Planning International and added 18 percent to its circulation. Emerging European Markets and East European Business Law were merged with Eastern Europe Reporter, doubling the circulation of that service. Efforts will continue to identify suitable acquisition targets.

BNAI will continue to focus on growth of its own product line and of international sales of parent company and Tax Management products while maintaining a solid profit base.

(Continued)

Pike & Fischer, Inc.

1998 was a year of transition for Pike & Fischer, with the biggest change being the company's relocation from Bethesda to nearby Silver Spring, MD. Moving to Silver Spring promised more reasonably priced space with little disruption to the commuting patterns of employees.

That wasn't the only change. Pike & Fischer launched three new subscription services in 1998 and set in motion major new product development initiatives. UT Digest is a biweekly newsletter covering electric and gas utilities' strategic repositioning of their businesses. Telecom Land Management Law Report is a single-binder reference-plus-notification service covering the contentious intersection of zoning law and telecommunications regulation. FR Today is a daily e-mail alert providing subscriber-selected portions of the daily Federal Register. It is Pike & Fischer's first electronic-only publication and reflects the company's decision to accelerate its commitment to Web publishing. The company also published two books on the subject of alternative dispute resolution: Mediation Practice Guide and Court-Annexed Mediation.

Even with the additional expenses associated with both relocation and product development, Pike & Fischer posted an increase in operating profit, the result of nearly 12 percent revenue growth in 1998. This growth came from an increase in royalty payments and the first full year of revenues from the food safety publications acquired in late 1997.

With the move completed, Pike & Fischer looks forward in 1999 to continuing to build new revenue sources from new products and new types of products. This will ensure that it continues to be an important contributor to BNA's bottom line.

Institute of Management and Administration, Inc.

IOMA finished its first year as a BNA company with record new product launches, revenues, and profits. The first year was also characterized by the development of new publishing strategies linked to BNA's editorial and market strengths.

Foremost among the year's accomplishments was the launch of ten new subscription newsletters, with titles ranging from Managing HR Information Systems to Security Director's Report to Managing Logistics. IOMA published 31 newsletters at the beginning of the year, and 41 at the end. In addition to subscription newsletters, IOMA launched six Yearbooks and over a dozen special reports, and test-marketed 24 newsletter product ideas.

IOMA's telemarketing-based product test department added a series of tests to develop new information services in the mid-price business-to-business market. In addition to traditional IOMA products, this new line will capitalize on BNA and IOMA editorial talent, while taking advantage of IOMA's mail and telephone sales capabilities.

IOMA added nearly $12.6 million in revenues to BNA's consolidated total in 1998. Despite heavy expenses related to its aggressive, growth-oriented marketing plan, IOMA also improved its operating profit. Strong growth in IOMA revenues and profits are projected for 1999.

Much effort this year also went into developing synergies with the parent company. These efforts included marketing select TM lists late in 1998, working with BNA's Business Development staff to identify and evaluate a number of high-quality acquisition opportunities, cooperative marketing efforts, and developing programs to enable IOMA to achieve the strategic goal of leveraging BNA's strengths.

(Continued)

BNA Washington Inc.

BNAW, BNA's real estate subsidiary, had another successful year. Revenues from outside tenants were $1.8 million again in 1998, and total operating expenses for all facilities were virtually the same as the prior year. Most importantly, BNAW continued to provide the facilities and support services to accommodate BNA's operations, growth, and changing business requirements.

During June, the Accounting & Finance and Human Resources Departments were moved to new offices in the 23rd Street building (BNA 4). Included in the new space are greatly expanded training facilities. This relocation was a major step in BNA's long-range facilities goal of providing editorial and support services growth space in the 25th Street buildings for the next several years.

A long-range facilities plan was completed in 1998. It will be an invaluable planning tool in effectively anticipating and meeting office space requirements in future years. Also completed was a comprehensive evaluation of the operating systems (mechanical, electrical, and plumbing) of the aging North and South Buildings. The resulting plan will serve as a guideline for timely and economical replacement or overhaul of equipment over the next four to five years.

The company is well positioned to handle foreseeable space needs in the future.

The McArdle Printing Co., Inc.

In 1998, McArdle achieved a significant increase in commercial sales and a rebound in profitability. For the first time in its history as a BNA company, over half of McArdle's revenues came from non-BNA work.

Total revenues increased to $31.6 million. Commercial sales continued to grow strongly, up 25 percent in 1998 after a 24 percent increase in 1997. Total 1998 sales to BNA and Tax Management for printing, binding, and mailing services declined 7.4 percent in 1998 reflecting the migration to electronic products. Total sales to BNA, Tax Management, and IOMA, a new McArdle customer, made up 48 percent of total revenues.

McArdle continued investing in new equipment to expand the capacity, capability, and scope of the printing operation to meet customer needs and provide opportunities for revenue growth. New equipment purchased during the year significantly enhanced McArdle's electronic pre-press and bindery operations.

With an excellent facility, modern equipment, and knowledgeable and productive employees, McArdle's growth and profitability is expected to continue to advance in 1999. In 1998, McArdle ranked 196 in the top U.S. printing companies, making it one of the largest printers on the East Coast. Its commitment to produce competitively priced, superior quality products and services to BNA and to the commercial markets it serves will ensure continued success.

(Continued)

BNA Communications Inc.

BNAC spent 1998 repositioning itself in the Human Resource market from a producer of video-based training programs to a provider of full-service training and consulting solutions. Though the company continued to build its image and profile in the Human Resource market, the effort presented numerous challenges.

The loss of a seasoned product development manager in late 1997 resulted in significant delays in new product launches. As a result, no new products were released on the Human Resources side of the business in 1998. The year also saw the loss of some top-producing sales reps whose talent and experience were difficult to replace.

New product delays, transitions in strategic direction, and personnel turnover resulted in declining revenues for the first part of 1998 and a net loss for the year. The repositioning efforts began to pay off in the second half of the year when the company was solidly profitable.

BNAC begins 1999 with three major new Human Resource products ready for market. Jack Cade's Nightmare III: Caught in the Crossfire and Roadmap to Success build on BNAC's successful line of management development programs with a legal emphasis. Diverse Communications: Investing in Relationships is a groundbreaking training program that unites diversity and communications skills to help build more productive work relationships.

PART I

Item 1. Business

General Development of Business and Narrative Description of Business, Continued

The Bureau of National Affairs, Inc. ("BNA" or the "Company"), operates primarily in the professional publishing and the printing industries. Publishing operations consist of the production and marketing of information products in print and electronic form. Printing operations consist of printing services to internal and outside customers.
Activities in other industry segments are less than 10 percent of total revenue.

As a response to customer demand, advances in technology, and competition, the Company now offers many products in CD-ROM or online delivery formats. CD-ROM's allow the economical addition of value-added features such as searching capabilities and additional information content. Online delivery provides more timely receipt.

The professional publishing industry is very competitive. Some competitors are much larger and have more resources than BNA. In recent years, mergers and acquisitions of many of the Company's competitors have created even larger organizations with ownership interests outside of the United States. The Company has invested heavily to upgrade its product offerings to take advantage of new technologies. The resulting electronic products, with some features superior to those of print, continue to compete successfully in their markets.

The number of employees of BNA and its subsidiaries was 2,055 at December 31, 1998.

Item 2. Properties

BNA Washington Inc. owns and manages the buildings presently used by BNA and some of its Washington area subsidiaries. Principal operations are conducted in three adjacent buildings at 1227-1231 25th Street, N.W., Washington, D.C. The office building at 1227 25th Street is being used primarily by BNA and also for commercial leasing. BNA also leases office space for its use at 1250 23rd Street, N.W., Washington, D.C.

BNA's Circulation Department and BNA Communications Inc. operate in an owned facility at 9435 Key West Avenue, Rockville, Maryland. Pike & Fischer, Inc. leases office space for its operations at 1010 Wayne Avenue, Silver Spring, Maryland. BNA International Inc. conducts its operations from leased offices at Heron House, 10 Dean Farrar Street, London, England. The McArdle Printing Co., Inc. owns its office and plant facilities at 800 Commerce Drive, Upper Marlboro, Maryland. IOMA conducts its operations from leased offices at 29 West 35th Street, New York, New York.

Item 3. Legal Proceedings

The Company is involved in certain legal actions arising in the ordinary course of business. In the opinion of management the ultimate disposition of these matters will not have a material adverse effect on the Company's consolidated financial statements.

(Continued)

PART I

Item 4. Submission of Matters to a Vote of Security Holders

No matters were submitted to a vote of security holders during the fourth quarter of the fiscal year ended December 31, 1998.

Item X. EXECUTIVE OFFICERS OF THE REGISTRANT

The following persons were executive officers of The Bureau of National Affairs, Inc., at December 31, 1998. Executive officers are elected annually by the Board of Directors and serve until their successors are elected.

Name	Age	Present position and prior experience
William A. Beltz	69	Chairman of the Board Elected Chairman in 1994. Served as President from 1979 to 1995 and Chief Executive Officer from 1980 until 1996. Joined BNA in 1956.
Jacqueline M. Blanchard	49	Vice President for Human Resources Elected to Vice President in 1994. Previously was Director of Labor and Employee Relations since 1987. Joined BNA in 1984.
Eunice L. Bumgardner	38	Vice President and General Counsel Elected Vice President in 1996 and General Counsel in 1995. Joined BNA in 1994 as Associate General Counsel. From 1991 to 1994 was senior associate at LeBoeuf, Lamb, Greene & MacRae, LLP.
Kathleen D. Gill	52	Vice President and Editor in Chief Elected to Vice President and Executive Editor in 1993, and Editor in Chief in 1997. Joined BNA in 1970.
Daniel C. Horsey	43	Vice President and Director of Information Technology Elected to Vice President in 1997. Previously was employed by the Thomson Corporation from 1993 to 1997, most recently as Chief Technology Officer of Thomson Electronic Information Resources. Joined BNA in 1997.

Item X. EXECUTIVE OFFICERS OF THE REGISTRANT (Continued)

Name	Age	Present position and prior experience
Gilbert S. Lavine	47	Treasurer Elected to present position in 1998. Joined BNA in 1985.
George J. Korphage	52	Vice President and Chief Financial Officer Elected Vice President in 1988 and Chief Financial Officer in 1989. Joined BNA in 1972.
Mary Patricia Swords	53	Vice President and Director of Sales and Marketing Elected to present position in 1996. Previously was Regional Manager of Mountain sales region since 1985. Joined BNA in 1977.
Robert L. Velte	51	Vice President for Strategic Development Elected to Vice President in 1995. Previously was President of BNA Communications since 1986. Joined BNA Communications in 1976.
Paul N. Wojcik	50	President and Chief Executive Officer Elected President in 1995 and Chief Executive Officer in 1997. Previously was Chief Operating Officer from 1995 to 1996, and General Counsel from 1988 to 1995. Joined BNA in 1972.

PART II

Item 5. Market for the Registrant's Common Stock and Related Security Holder Matters

Market Information, Holders, and Dividends

There is no established public trading market for any of BNA's three classes of stock, but the Stock Purchase and Transfer Plan provides a market in which Class A stock can be bought and sold.

The Board of Directors establishes semi-annually the price at which Class A shares can be bought and sold through the Stock Purchase and Transfer Plan and declares cash dividends. In accordance with the corporation's bylaws, the price and dividends on non-voting Class B and Class C stock are the same as on Class A stock. Dividends have been paid continuously for 48 years, and they are expected to continue.

As of March 1, 1999, there were 1,584 Class A shareholders, 246 Class B shareholders, and 26 Class C shareholders. The company repurchased 235,766 shares of Class B stock and 104,654 shares of Class C stock from retired employees or their estates in the 12 months ending March 1, 1999.

Established stock price and dividends declared during 1998 and 1997 were as follows:

Stock Price	
January 1, 1997 - March 23, 1997	27.00
March 24, 1997 - September 21, 1997	28.50
September 22, 1997 - March 22, 1998	29.75
March 23, 1998 - September 27, 1998	32.50
September 28, 1998 - December 31, 1998	34.00
Record Date and Dividend Amount	
March 22, 1997	$ .55

September 20, 1997	.55
March 21, 1998	.60
September 26, 1998	.60

The principal market for trading of voting shares of common stock of The Bureau of National Affairs, Inc., is through the Trustee of the Stock Purchase and Transfer Plan.

PART II

Item 6. Selected Financial Data

The Bureau of National Affairs, Inc.
Consolidated Operating and Financial Summary: 1998-1994
(Dollar amounts in thousands, except per share data)

	1998	1997	1996	1995	1994
Operating Revenues	$268,829	$244,061	$232,632	$226,497	$215,491
Operating Expenses	248,229	223,999	218,074	218,628	204,507
Operating Profit	20,600	20,062	14,558	7,869	10,984
Non-operating Income :					
Investment Income, net	8,178	7,957	6,989	6,452	4,614
Other Income	(432)	427	82	3,257	459
Income from Operations Before Income Taxes	28,346	28,446	21,629	17,578	16,057
Income Taxes	8,753	8,885	7,041	5,487	4,397
Net Income	$ 19,593	$ 19,561	$ 14,588	$ 12,091	$ 11,660
Profit Ratios (b):					
% of Operating Revenues	7.3	8.0	6.3	5.3	5.4
% of Average Stockholders' Equity	26.6	26.9	20.9	19.8	21.7
Total Earnings Per Share	2.34	2.24	1.65	1.38	1.36
Dividends Per Share	1.20	1.10	1.00	0.94	0.90
Balance Sheet Data:					
Total Assets	$324,449	$300,900	$299,311	$278,752	$270,599
Long-Term Debt	14,000	--	--	--	107
Employee Data:					
Number of Employees	2,055	1,893	1,915	1,863	1,854
Total Employment Costs	$137,386	$128,095	$124,322	$119,488	$120,599
Stockholder Data at Year-End:					
Book Value Per Share	$ 9.00	$ 8.65	$ 8.15	$ 7.59	$ 6.36
Number of Stockholders	1,791	1,752	1,741	1,717	1,627
Common Shares Outstanding (In thousands)	8,228	8,500	8,848	8,858	8,652

PART II

Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations

1998 VS. 1997
CONSOLIDATED revenues of $269 million were up 10.1 percent over the prior year. Operating expenses increased 10.8 percent, and operating profit increased 2.7 percent to $20.6 million. Net income was $19.6 million, essentially unchanged from 1997. On January 13th, 1998, BNA acquired Institute of Management and Administration, Inc. (IOMA). IOMA accounted for 5.2 percent of the revenue growth and their expenses, along with purchase-price amortization, added 6 percent to the expense growth.

Non-operating income declined 7.6 percent in 1998. Investment income increased

$1.1 million, or 13.2 percent in 1998, due to higher portfolio balances and gains on sales. Interest expense increased $.8 million, mainly related to the new borrowing for IOMA's acquisition. Other non-operating income decreased $.9 million, reflecting the absence of last year's gain on the sale of a publication and a write-off of furniture, fixtures, and equipment in 1998.

The consolidated federal, state, and local effective income tax rate was 30.9 percent in 1998 compared to 31.2 percent in 1997. Earnings per share were $2.34, up 4.5 percent over 1997.

PROFESSIONAL PUBLISHING operating segment (including the Parent, Tax Management Inc., IOMA, Pike & Fischer, Inc., BNA International Inc., and BNA Washington Inc.) revenues amounted to 92.1 percent of consolidated revenues, and increased 9.8 percent over 1997. Excluding IOMA, publishing revenues were up 4.2 percent, reflecting new products and price increases. Operating expenses increased 10.7 percent, but excluding IOMA, operating expenses were up 4.2 percent, mainly due to salary increases, higher employee benefit expenses, increased system-related costs, and an adverse judgement in a civil lawsuit (see note 11 of the consolidated financial statements). Twenty-seven new products were launched in 1998. Development expenses for new products and improvements on existing products were $6 million compared to $4.6 million in 1997. Operating expenses in 1998 also include an identifiable $8.3 million for developing improved business and publishing systems and Year 2000-related systems expenses, compared to 5.1 million in 1997. Operating profit in 1998 was even with 1997.

PRINTING operating segment (includes The McArdle Printing Company, Inc.) revenues increased 7.9 percent, reflecting a 24.9 percent increase in revenues from external customers and a 6.1 percent decrease in intersegment revenues. Sales to external customers have improved over the last two years due to increased capacity and an expansion of the sales force. Intersegment revenues are expected to continue to decline as the mix of Professional Publishing products migrates from print to electronic format products. Operating expenses increased 5.3 percent due to higher operating expenses related to increased volume. Printing operating profit increased 76.4 percent.

(Continued)

1997 VS. 1996

CONSOLIDATED revenues increased 4.9 percent over the prior year to $244 million. Operating profit of $20.1 million in 1997 was significantly higher than in 1996. Net income, at $19.6 million, was a record high for the fourth straight year.

Investment income was 13.9 percent higher than in 1996 due to larger portfolios. Other non-operating income for 1997 included a gain of $.4 million on the sale of a publication.

The consolidated federal, state, and local effective income tax rate was 31.2 percent in 1997 compared to 32.6 percent in 1996. Earnings per share were $2.24, a 35.8 percent increase over 1996.

PROFESSIONAL PUBLISHING revenues increased 3.9 percent over 1996 due to modest business growth in the combined subscription revenue base for print and electronic products. Revenues for electronic products continued to grow, while print products--although still the dominant service revenue source--declined. Publishing revenues were 92.4 percent of consolidated revenues in 1997 and 93.4 percent in 1996.

Thirteen new subscription services were launched in 1997. Development expenses for new products, improvements on existing products, and new delivery methods were $4.6 million compared to $6.4 million in 1996. Operating expenses in 1997 also include an identifiable $5.1 million for developing improved business and publishing systems and the write-off of an abandoned business system. Overall, operating expenses were only 1.3 percent higher in 1997 than in 1996, as direct expenses (editorial, production and distribution) were essentially unchanged.

PRINTING revenues increased 11.5 percent, reflecting a 23.8 percent increase in revenues from external customers and a 3 percent increase in intersegment revenues. Printing operating profit decreased 42.9 percent due to higher operating expenses related to increasing plant capacity, higher volume, and an expansion of the sales force.

(Continued)

DEFERRED TAX ASSETS

The Company has recorded $23.4 million of net deferred tax assets as of year-end 1998. The ultimate realization of deferred tax assets is dependent upon future taxable income during the periods in which those temporary differences become deductible. The Company has consistently achieved profitability and taxable income. In the opinion of management, this trend will continue, and it is more likely than not that the recorded deferred tax assets will be fully realized and no valuation allowance is necessary.

FINANCIAL RESOURCES AND CASH FLOWS

The Company maintains its financial reserves in cash and investment securities, which, along with its operating cash flows, are sufficient to fund ongoing, cash expenditures for operations and to support employee ownership. Cash provided from operating activities declined 13 percent in 1998, reflecting a 7 percent increase in collections, but a 10.3 percent increase in expenditures. Excluding IOMA, collections increased 1.9 percent compared to 1997, which had increased 6.2 percent over 1996, and expenditures increased 4.8 percent.

Cash outlays for investing activities netted to $29.6 million, reflecting $18.3 million for the acquisition of a business, other capital expenditures of $4.4 million, and $6.9 million reinvested in the Company's investment portfolio. Capital expenditures for 1999 are budgeted to be over $6 million.

Cash used for financing activities netted to $5.1 million. The Company borrowed $15 million to partially finance the IOMA acquisition and repaid $1 million of that debt during 1998. Sales of Class A capital stock to employees totaled $5.7 million. Capital stock repurchases amounted to $14.7 million, most of which were mandatory redemptions. In addition, the Company paid cash dividends of $10.1 million in 1998. During 1999, the Company will redeem over $3 million of capital stock.

With $145.8 million in cash and investment portfolios, the financial position and liquidity of the Company remains very strong. Since subscription monies are collected in advance, cash flows from operations, along with existing financial reserves and proceeds from the sales of capital stock, have been sufficient in past years to meet all operational needs, new product introductions, debt repayments, most capital expenditures, and, in addition, provide funds for dividend payments and the repurchase of stock tendered by shareholders. Should more funding become necessary or desirable in the future, the Company has substantial debt capacity based on its operating cash flows and real estate equity. This capacity was partially utilized to finance the acquisition of IOMA.

(Continued)

YEAR 2000 READINESS

The Year 2000 (Y2K) readiness issue concerns the inability of older computer programs to properly recognize a date using "00" for the applicable year as the year 2000 rather than the year 1900. This could result in miscalculations, system failures, or other business disruptions. The Company has projects underway to address Y2K readiness of its products and internal systems, and with material third parties.

The Company has inventoried and assessed all major categories of information technology systems (i.e. electronic products and publishing and business systems) and non-information technology systems (i.e., equipment with embedded microprocessors such as elevators, phones and copiers) in use by the Company. With respect to its information technology systems, the Company has been replacing its business and publishing systems for the last several years. The various business systems are either in the process of being renovated (replaced or remediated through code changes); or have completed renovation and are in the Y2K validation testing phase. Most of the publishing systems have been renovated and are in the validation phase. In addition, the Company has many products that are delivered in an electronic format, such as CD-ROM, diskette, e-mail, or via the worldwide Web, representing over one-third of consolidated revenues. The Company believes that its products, and the third-party software used to create, use, and/or deliver those products, are Y2K ready, and is currently devising plans to validate each product. With respect to its non-information technology systems, the Company is in the validation testing phase. Validation of all areas as to the integrity of the Company's Y2K readiness is expected to be completed by late 1999. The Company expects to have all products and all internal mission-critical information technology and non-information technology systems Y2K ready by late 1999.

The Company has initiated communications with its key suppliers, including financial institutions and other data interface sources, to assess the potential impact on the Company's operations if those third parties fail to become Y2K compliant in a timely manner. Risk assessments, action steps and contingency plans related to significant third party relationships are expected to be completed by late 1999.

Based on updated estimates, the cost in 1999 to replace business systems with Y2K ready systems, and for testing to ensure that the publishing systems and products are also ready, is expected to be $2.4 million. Of this amount, an estimated $1.5 million for software will be capitalized. The cost to remediate other business systems is expected to be $3 million. In 1998, Y2K readiness efforts cost $4.3 million, of which $360,000 was capitalized.

(Continued)

The Company's readiness projects also include the development of contingency plans to protect its business and operations from Y2K-related interruptions. These plans should be complete by September 1999 and, by way of examples, may include back-up procedures, identification of alternate suppliers, where practical, and increases in inventory levels. Based upon the Company's current assessment of its non-information technology systems, the Company does not believe it necessary to develop an extensive contingency plan for those systems. There can be no assurances, however, that all of the Company's contingency plans will be sufficient to handle all problems or issues that may arise.

The Company believes that it is taking reasonable steps to identify and address those matters that could cause serious interruptions in its business and operations due to Y2K issues. However, delays in the implementation of new systems, a failure to fully identify all computations which are year dependent in the Company's systems or in the systems of its material suppliers, a failure of such suppliers to adequately address their respective Y2K issues, or a failure of a contingency plan, could have a material adverse effect on the Company's business, financial condition and results of its operations. The Company believes the most reasonably likely worst case scenario may be that the failure of a supplier, including an energy supplier, to be Y2K ready could lead to the temporary disruption in the production of some of the Company's products, resulting in lost revenues and profits.

ITEM 7a. Quantitative And Qualitative Disclosures About Market Risk

The Company is exposed to interest rate risks in its investment portfolio and its term debt liability. A hypothetical 10 percent adverse change in market interest rates would result in higher interest expense on its term debt, but the increase would be immaterial.

The maturity dates and average interest yields for fixed-income securities debt held in the Company's investment portfolio as of December 31, 1998 was as follows:

	Expected Maturity Date ($ thousands)					
	1999	2000	2001	2002	2003	Thereafter
Municipal Bonds	$17,399	$1,130	$582	$4,469	$4,383	$68,321
Average Interest Rate	5.3%	5.4%	5.0%	5.2%	5.6%	5.1%
Corporate Debt	$8,316	---	$1,510	$2,004	---	---
Average Interest Rate	5.0%		5.7%	5.6%		

The Company manages interest rate risk in its investment portfolio by diversifying the maturities of its fixed-income investments. Approximately 24 percent of these instruments at year-end 1998 mature within one year, and 36 percent mature within five years. Shorter-term maturity investments reduce the risk that any decline in their fair value will have a permanent adverse effect on the Company's financial position. The Company does not hold securities for trading purposes, or use derivative financial instruments.

PART II

Item 8. Financial Statements and Supplementary Data

THE BUREAU OF NATIONAL AFFAIRS, INC.

Consolidated Financial Statements

December 31, 1998 and 1997

(With Independent Auditors' Report Thereon)

Independent Auditors' Report

The Board of Directors and Stockholders
The Bureau of National Affairs, Inc.:

We have audited the consolidated financial statements of The Bureau of National Affairs, Inc. and subsidiaries as listed in the accompanying index in Part IV, Item 14(a)(1). In connection with our audits of the consolidated financial statements, we have also audited the financial statement schedule as listed in the accompanying index in Part IV, Item 14(a)(2). These consolidated financial statements and the financial statement schedule are the responsibility of the Company's management. Our responsibility is to express an opinion on these consolidated financial statements and the financial statement schedule based on our audits.

We conducted our audits in accordance with generally accepted auditing standards. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of The Bureau of National Affairs, Inc. and subsidiaries as of December 31, 1998 and 1997, and the results of their operations and their cash flows for each of the years in the three-year period ended December 31, 1998 in conformity with generally accepted accounting principles. Also in our opinion, the related financial statement schedule, when considered in relation to the basic consolidated financial statements taken as a whole, presents fairly, in all material respects, the information set forth therein.

s\ KPMG LLP

KPMG LLP

Washington, D.C.
February 19, 1999

THE BUREAU OF NATIONAL AFFAIRS, INC.
CONSOLIDATED BALANCE SHEETS
DECEMBER 31, 1998 AND 1997
(In thousands of dollars)

ASSETS

	December 31, 1998	December 31, 1997
CURRENT ASSETS:		
Cash and cash equivalents (Note 5)	$ 15,259	$ 19,421

Short-term investments (Note 5)	25,715	9,013
Receivables (Note 9)	43,934	41,307
Inventories (Note 9)	4,999	5,440
Prepaid expenses	3,447	3,368
Deferred selling expenses (Note 3)	21,586	23,244
Total current assets	114,940	101,793
MARKETABLE SECURITIES (Note 5)	104,838	115,809
PROPERTY AND EQUIPMENT (Note 9)	44,791	47,852
DEFERRED INCOME TAXES (Note 8)	25,019	22,296
GOODWILL (Note 7)	28,702	8,924
OTHER ASSETS (Note 9)	6,159	4,226
Total assets	$324,449	$300,900

(Continued)

THE BUREAU OF NATIONAL AFFAIRS, INC.
CONSOLIDATED BALANCE SHEETS
DECEMBER 31, 1998 AND 1997
(In thousands of dollars)

LIABILITIES AND STOCKHOLDERS' EQUITY

	December 31,	
	1998	1997
CURRENT LIABILITIES:		
Payables and accrued liabilities (Note 9)	$ 33,901	$ 33,529
Deferred income taxes (Note 8)	1,577	3,120
Deferred subscription revenue (Note 3)	127,592	121,934
Total current liabilities	163,070	158,583
LONG-TERM DEBT (Note 10)	14,000	---
POSTRETIREMENT BENEFITS, less current portion (Note 4)	69,230	65,410
OTHER LIABILITIES	4,128	3,356
Total liabilities	250,428	227,349
COMMITMENTS AND CONTINGENCIES (Notes 11 & 12)		
STOCKHOLDERS' EQUITY (Notes 5 & 12):		
Common stock issued, $1.00 par value --		
Class A - 6,478,864 shares	6,479	6,479
Class B - 4,926,973 shares	4,927	4,927
Class C - 506,336 shares	506	506
Additional paid-in capital	39,782	35,668
Retained earnings	69,734	60,242
Treasury stock, at cost	(50,418)	(37,329)
Elements of other comprehensive income:		
Net unrealized gain on marketable securities	3,081	3,126
Foreign currency translation adjustment	(70)	(68)
Total stockholders' equity	74,021	73,551
Total liabilities and stockholders' equity	$ 324,449	$ 300,900

See accompanying notes to consolidated financial statements.

THE BUREAU OF NATIONAL AFFAIRS, INC.
CONSOLIDATED STATEMENTS OF INCOME
YEARS ENDED DECEMBER 31, 1998, 1997, AND 1996
(In thousands of dollars)

				Percent of Operating Revenue		
	1998	1997	1996	1998	1997	1996
OPERATING REVENUES (Notes 1 and 3)	$ 268,829	$ 244,061	$ 232,632	100.0%	100.0%	100.0%
OPERATING EXPENSES (Notes 1,3,4,7,9 and 11):						
Editorial, production, and distribution	143,989	134,179	131,295	53.5	55.0	56.4
Selling	59,626	51,362	50,828	22.2	21.0	21.9
General and administrative	42,646	36,371	34,681	15.9	14.9	14.9
Profit sharing	1,968	2,087	1,270	0.7	0.9	0.5
	248,229	223,999	218,074	92.3	91.8	93.7
OPERATING PROFIT	20,600	20,062	14,558	7.7	8.2	6.3
NON-OPERATING INCOME:						
Investment income (Note 5)	9,077	8,016	7,012	3.4	3.2	3.0
Interest expense (Note 10)	(899)	(59)	(23)	(0.3)	0.0	0.0
Other income(expense) (Note 6)	(432)	427	82	(0.2)	0.2	0.0
TOTAL NON-OPERATING INCOME	7,746	8,384	7,071	3.4	3.0	2.9
INCOME BEFORE PROVISION FOR INCOME TAXES	28,346	28,446	21,629	10.6	11.6	9.3
PROVISION FOR INCOME TAXES (Note 8)	8,753	8,885	7,041	3.6	3.0	3.3
NET INCOME	$ 19,593	$ 19,561	$ 14,588	% 8.0	% 6.3	% 7.3
EARNINGS PER SHARE (Note 12)	$ 2.34	$ 2.24	$ 1.65			

See accompanying notes to consolidated financial statements.

THE BUREAU OF NATIONAL AFFAIRS, INC.
CONSOLIDATED STATEMENTS OF CASH FLOWS
YEARS ENDED DECEMBER 31, 1998, 1997, AND 1996
(In thousands of dollars)

	1998	1997	1996
CASH FLOWS FROM OPERATING ACTIVITIES:			
Net income	$ 19,593	$ 19,561	$ 14,588
Items with different cash requirements than that reflected in net income			
Depreciation and amortization	10,533	8,798	8,887
(Gain) on sales of securities	(1,423)	(948)	(542)
(Gain)/loss on sales of assets	432	(427)	(82)
Others	48	197	233
Changes in operating assets and liabilities			
Receivables	(1,806)	3,947	(1,970)
Deferred subscription revenue	(349)	2,445	2,295
Payables and accrued liabilities	1,663	642	2,643

Postretirement benefits	3,786	2,133	7,357
Deferred income taxes	(4,275)	(1,530)	(4,110)
Deferred selling expenses	1,658	465	1,385
Inventories	441	(47)	871
Other assets and liabilities--net	240	(111)	(1,800)
Net cash provided from operating activities	30,541	35,125	29,755
CASH FLOWS FROM INVESTING ACTIVITIES:			
Capital expenditures			
Acquisition of a business (net of $750 cash acquired)	(18,289)	---	---
Purchases of equipment and furnishings	(4,272)	(5,670)	(4,002)
Building improvements	(170)	(256)	(132)
Proceeds from the sales of property	71	17	37
Proceeds from sales of publishing assets	25	184	17
Purchase of publishing assets	(132)	(185)	---
Net cash used for capital expenditures	(22,767)	(5,910)	(4,080)

(Continued)

THE BUREAU OF NATIONAL AFFAIRS, INC.
CONSOLIDATED STATEMENTS OF CASH FLOWS
YEARS ENDED DECEMBER 31, 1998, 1997, AND 1996
(In thousands of dollars)

	1998	1997	1996
Securities investments			
Proceeds from sales and maturities	75,267	58,075	75,250
Purchases	(82,127)	(66,824)	(90,587)
Net cash used for securities investments	(6,860)	(8,749)	(15,337)
Net cash used for investing activities	(29,627)	(14,659)	(19,417)
CASH FLOWS FROM FINANCING ACTIVITIES:			
Borrowings	15,000	---	---
Repayment of borrowings	(1,000)	---	---
Sales of capital stock to employees	5,727	5,313	5,306
Purchases of treasury stock	(14,702)	(15,568)	(5,625)
Dividends paid	(10,101)	(9,688)	(8,884)
Net cash used for financing activities	(5,076)	(19,943)	(9,203)
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	(4,162)	523	1,135
CASH AND CASH EQUIVALENTS, beginning of year	19,421	18,898	17,763
CASH AND CASH EQUIVALENTS, end of year	$ 15,259	$ 19,421	$ 18,898
SUPPLEMENTAL DISCLOSURES OF CASH FLOW INFORMATION:			
Interest paid	$ 678	$ 41	$ 23
Income taxes paid	13,627	9,490	10,884
NONCASH INVESTING ACTIVITIES- Acquisition:			
Fair value of assets acquired	$ 26,628		
Cash paid for capital stock	(19,039)		
Liabilities assumed	$ 7,589		

See accompanying notes to consolidated financial statements.

<TABLE>

THE BUREAU OF NATIONAL AFFAIRS, INC.
CONSOLIDATED STATEMENTS OF CHANGES IN STOCKHOLDERS' EQUITY
YEARS ENDED DECEMBER 31, 1998, 1997, AND 1996
(In thousands of dollars)

<CAPTION>

<S>	Comprehensive Income (Note 13) <C>	Capital Stock Issued <C>	Additional Paid-In Capital <C>	Retained Earnings <C>	Treasury Stock <C>	Accum. Other Comprehensive Income <C>
BALANCE, January 1, 1996		$ 11,912	$ 27,695	$ 44,665	$ (18,782)	$ 1,708
Net Income	$ 14,588	---	---	14,588	---	---
Other Comprehensive Income, net of tax:						
Unrealized (loss) on marketable securities	(408)	---	---	---	---	(408)
Currency translation adjustment	(50)	---	---	---	---	(50)
Comprehensive Income	$ 14,130					
Sale of Class A treasury shares to employees		---	4,077	---	1,229	---
Repurchase of shares		---	---	---	(5,625)	---
Cash dividends--$1.00 per share		---	---	(8,884)	---	---
BALANCE, December 31, 1996		11,912	31,772	50,369	(23,178)	1,250
Net Income	19,561	---	---	19,561	---	---
Other Comprehensive Income, net of tax:						
Unrealized gain on marketable securities	1,778	---	---	---	---	1,778
Currency translation adjustment	30	---	---	---	---	30
Comprehensive Income	$ 21,369					
Sale of Class A treasury shares to employees		---	3,896	---	1,417	---
Repurchase of shares		---	---	---	(15,568)	---
Cash dividends--$1.10 per share		---	---	(9,688)	---	---
BALANCE, December 31, 1997		11,912	35,668	60,242	(37,329)	3,058
Net Income	19,593	---	---	19,593	---	---
Other Comprehensive Income, net of tax:						
Unrealized gain on marketable securities	(45)	---	---	---	---	(45)
Currency translation adjustment	(2)	---	---	---	---	(2)
Comprehensive Income	$ 19,546					
Sale of Class A treasury shares to employees		---	4,114	---	1,613	---
Repurchase of shares		---	---	---	(14,702)	---
Cash dividends--$1.20 per share		---	---	(10,101)	---	---
BALANCE, December 31, 1998		$ 11,912	$ 39,782	$ 69,734	$ (50,418)	$ 3,011

<FN>

See accompanying notes to consolidated financial statements.

</FN>

</TABLE>

(1) PRINCIPLES OF CONSOLIDATION AND BASIS OF PRESENTATION

The accompanying consolidated financial statements include the accounts of The Bureau of National Affairs, Inc. (the Parent), and its subsidiaries (consolidated, the Company). Material intercompany transactions and balances have been eliminated. Certain prior year balances have been reclassified to conform to current year presentation.

The carrying value of financial assets and liabilities reported in the financial statements approximates fair value. The reported amounts of some assets and liabilities, and the disclosures of contingent assets and liabilities, result from management estimates and assumptions which are required to prepare financial statements in conformity with generally accepted accounting principles. Actual results could differ from those estimates.

(2) ACQUISITION

On January 13, 1998, the Company acquired all of the outstanding stock of Institute of Management and Administration, Inc. (IOMA), a newsletter publisher. The acquisition was accounted for as a purchase, and accordingly, IOMA's financial results have been included with those of the Company since the acquisition date. IOMA was acquired for $19 million in cash, partially financed with a $15 million bank loan. A portion of the cost was assigned to subscription lists, which are being amortized over three years. The majority of the cost was assigned to goodwill, which is being amortized over 35 years. The recoverability of these intangible assets will be evaluated periodically by comparing their amortized balances to IOMA's expected cash flows.

The following unaudited pro forma information for 1997 and 1996 presents a summary of consolidated results of operations of the Company and IOMA as if the acquisition had occurred at the beginning of 1996. The pro forma information includes adjustments for interest expense that would have been incurred to finance the purchase, amortization of goodwill and customer lists, and certain other adjustments, together with related income tax effects (in thousands, except per share data).

		Unaudited	
	1998	1997	1996
Revenues	$ 268,829	$ 255,920	$ 243,838
Net Income	$ 19,593	$ 18,058	$ 12,977
Earnings Per Share	$ 2.34	$ 2.07	$ 1.46

On a pro forma basis for 1997 and 1996, earnings per share would have decreased by $.17 and $.19, respectively. However, these pro forma results may not be indicative of the results of operations which would have resulted had IOMA and the Company been a consolidated entity during 1996 and 1997 or of future results of operations of the consolidated entities.

(Continued)

(3) RECOGNITION OF SUBSCRIPTION REVENUES AND SELLING EXPENSES

Subscription revenues and related field selling expenses are deferred and amortized over the subscription terms, which are primarily one year. Deferred subscription revenue is classified on the balance sheet as a current item; however, the fulfillment of the Company's subscription liability will use substantially less current assets than the liability amount shown. Advertising expenses, which are expensed as incurred, were $10,666,000 in 1998, $5,488,000 in 1997 and $5,302,000 in 1996.

(4) EMPLOYEE BENEFIT PLANS

The Company has noncontributory defined benefit pension plans covering employees of the Parent and certain subsidiaries. Benefits are based on years of service and average annual compensation for the highest paid five years during the last 10 years of service. The plans provide for five-year cliff vesting.

Pension expense is recorded on an accrual basis in accordance with financial reporting standards. Components of the net pension expense, based on the actuarial study as of January 1 for each year, were as follows (in thousands of dollars):

	1998	1997	1996
Service cost benefits earned during the year	$ 4,415	$ 3,862	$ 4,131
Interest cost	6,249	5,769	5,437
Expected return on plan assets during the year	(6,372)	(5,651)	(5,292)
Recognized net actuarial loss and amortization of transition assets and prior service costs	(50)	(101)	(117)
Net pension expense	$ 4,242	$ 3,879	$ 4,159

In addition to providing pension benefits, the Company extends certain health care and life insurance benefits (other postretirement benefits) to retired employees. Most of the Company's employees are eligible for these benefits if they retire while working for the Company.

Other postretirement benefits expense is recorded in accordance with financial reporting standards which require that the present value of these benefits be accrued during employees' working careers. Components of the postretirement benefit expense, based on the actuarial study as of January 1 for each year, were as follows (in thousands of dollars):

	1998	1997	1996
Service cost benefits earned during the year	$ 1,927	$ 1,659	$ 1,980
Interest cost	2,800	2,609	2,636
Expected return on plan assets during the year	(240)	---	---
Recognized net actuarial gain	(655)	(793)	(451)
Amortization of prior service cost	(55)	(55)	(55)
Other postretirement benefits expense	$ 3,777	$ 3,420	$ 4,110

(Continued)

The following table sets forth the changes in benefits obligations and assets, the funded status of the plans, and the liabilities recognized in the Company's Consolidated Balance Sheets as of December 31 (in thousands of dollars, except percentages):

	Pension Benefits		Other Postretirement Benefits	
	1998	1997	1998	1997
Change in benefit obligation:				
Benefit obligation--January 1	$ 84,426	$ 75,313	$ 40,785	$ 34,763
Service cost	4,415	3,862	1,927	1,659
Interest cost	6,249	5,769	2,800	2,609
Actuarial (gain)/loss	8,212	4,805	(373)	2,946
Plan amendment	(1,364)	---	---	---
Benefits paid	(6,444)	(5,323)	(1,131)	(1,192)
Benefit obligation--December 31	95,494	84,426	44,008	40,785
Change in plan assets:				
Fair value of plan assets--January 1	81,146	72,055	3,000	---
Actual return on plan assets	9,921	13,437	378	---
Employer contribution	---	872	3,000	3,000
Benefits paid	(6,339)	(5,218)	---	---
Fair value of plan assets--December 31	84,728	81,146	6,378	3,000

Projected benefit obligation in excess of plan assets	10,766	3,280	37,630	37,785
Unrecognized transition asset	1,502	1,878	---	---
Unrecognized net gain	6,994	11,594	13,264	13,408
Unrecognized prior service cost	(137)	(1,765)	464	517
Accrued liability	19,125	14,987	51,358	51,710
Less current portion	129	105	1,124	1,182
Long-term portion	$ 18,996	$ 14,882	$ 50,234	$ 50,528
Assumed discount rate	6.50%	6.75%	6.50%	6.75%
Assumed rate of compensation increase	5.0%	5.0%	---	---
Expected long term rate of return on assets	8.0%	8.0%	8.0%	8.0%

Plan assets include equity securities, fixed income securities, and temporary investments. Calculations of benefit obligations as of December 31, 1998 have been estimated by an independent actuary and are subject to revision upon completion of a detailed actuarial study.

(Continued)

The Company's funding practice with respect to pension benefits is to contribute amounts which, at a minimum, satisfy ERISA requirements. No contributions were allowed in 1998 or 1996 due to Internal Revenue Service funding limitations. The Company contributed $872,000 in 1997. The Company's policy with respect to other postretirement benefits is to fund these benefits as claims and premiums are paid or through a Voluntary Employees' Beneficiary Association (VEBA) trust established in 1997. The Company contributed $3 million to the VEBA in 1998 and in 1997.

The December 31, 1998 postretirement benefit obligation was determined using an assumed health care cost trend rate of 5 percent in 1999 and 2000, declining to 4.5 percent per year in the year 2001 and thereafter over the projected payout period of the benefits. The effect of a one percent change in the assumed health care cost trend rate at December 31, 1998 would have resulted in a $7,594,000 increase or a $6,040,000 decrease in the postretirement benefit obligation and a $1,057,000 increase or a $723,000 decrease in the 1998 postretirement benefit expense.

In addition, some acquired subsidiaries have defined contribution pension plans and union-sponsored multi-employer pension plans. Contributions under some of these plans are at the discretion of the Board of Directors of the respective subsidiaries. Total contributions under these plans were $1,001,000 in 1998, $946,000 in 1997, and $825,000 in 1996.

The Company also has a cash profit sharing plan based on operating profit, as defined, covering employees of the Parent and certain subsidiaries. Profit sharing expense was $1,968,000 in 1998, $2,087,000 in 1997, and $1,270,000 in 1996.

(5) INVESTMENTS AND INVESTMENT INCOME

Cash and investments were as follows (in thousands of dollars):

	December 31,	
	1998	1997
Cash and cash equivalents	$ 15,259	$ 19,421
Short-term investments ..	25,715	9,013
Marketable securities ...	104,838	115,809
Total	$145,812	$144,243

Cash equivalents consist of short-term investments, with a maturity of three months or less at the time of purchase. Short-term investments consist of other fixed-income investments, maturing in one year or less. Marketable securities consist of fixed-income securities maturing in more than one year, and equity securities.

(Continued)

Investment income consisted of the following (in thousands of dollars):

	1998	1997	1996
Interest income	$6,096	$5,380	$4,929
Dividend income	1,558	1,688	1,541
Net gain on sales of securities	1,423	948	542
Total	$9,077	$8,016	$7,012

Proceeds from the sales and maturities of securities were $75,267,000, $58,075,000, and $75,250,000 in 1998, 1997, and 1996, respectively. Gross realized gains and (losses) from these sales were $1,614,000 and $(191,000) in 1998, $1,096,000 and $(149,000) in 1997, and $713,000 and $(171,000) in 1996. The specific identification method is used in computing realized gains and losses.

The Company's investment securities have been classified as available-for-sale and are reported at their fair values (quoted market price), which were as follows (in thousands of dollars):

December 31, 1998	Amortized Cost	Gross Unrealized Gains	Gross Unrealized Losses	Fair Value
Equity securities	$ 19,927	$ 1,474	$ ---	$ 21,401
Municipal bonds	93,035	3,411	(162)	96,284
Corporate debt	12,851	38	(21)	12,868
Total	$ 125,813	$ 4,923	$ (183)	$ 130,553
December 31, 1997				
Equity securities	$ 26,067	$ 1,776	$ ---	$ 27,843
U.S. Government securities	6,014	7	(5)	6,016
Municipal bonds	83,558	3,013	(77)	86,494
Corporate debt	4,406	70	(7)	4,469
Total	$ 120,045	$ 4,866	$ (89)	$ 124,822

The differences between amortized cost and fair value result in unrealized gains or losses, which are reported, net of tax, as a component of Stockholders' Equity.

(Continued)

Fair values of the Company's investment securities are inversely affected by changes in market interest rates. Generally, the longer the maturity of fixed-income securities, the larger the exposure to the risks and rewards resulting from changes in market interest rates. Contractual maturities of the fixed-income securities as of December 31, 1998 were as follows (in thousands of dollars):

	Amortized Cost	Fair Value
Within one year	$ 25,469	$ 25,715
One through five years	13,695	14,078
Five through ten years	21,365	22,283

Over ten years	44,299	46,038
Total	$ 104,828	$ 108,114

In addition, the Company held mutual bond fund investments (amortized cost; $1,058,000, fair value; $1,038,000) with no single maturity date.

(6) OTHER INCOME (EXPENSE)

Other income (expense) was comprised of the following (in thousands of dollars):

	1998	1997	1996
Gain on sales of publishing assets	$ ---	$ 420	$ 58
Gain (loss) on disposals of other property and equipment	(432)	7	24
Total	$(432)	$ 427	$ 82

(7) GOODWILL

Goodwill represents the excess of the cost of purchased publications and the capital stock of subsidiaries over the fair value of net assets at the dates of their respective acquisitions, net of accumulated amortization of $5,090,000 in 1998 and $4,209,000 in 1997.

Goodwill acquired prior to November 1, 1970, in the amount of $634,000, is not being amortized because, in management's opinion, it has continuing value. Other goodwill is amortized on a straight-line basis, over periods not exceeding forty years. Amortization expense was $881,000 for 1998, and $313,000 for 1997 and 1996.

The recoverability of goodwill is evaluated periodically to determine if an impairment has occurred. The Company measures the potential impairment of recorded goodwill by comparing the undiscounted value of expected future operating cash flows to its book value, and records impairments when appropriate. If any impairment has occurred, goodwill will be written down to its most likely recoverable value

(Continued)

(8) INCOME TAXES

The total income tax expense (benefit) was allocated as follows (in thousands of dollars):

	1998	1997	1996
Income Statement-Provision for Income Taxes	$ 8,753	$ 8,885	$ 7,041
Stockholders' Equity--Change in:			
Unrealized gain (loss) on marketable securities	(24)	957	(220)
Foreign currency translation adjustment	(1)	16	(27)
Total	$ 8,728	$ 9,858	$ 6,794

The provision for income taxes consisted of the following (in thousands of dollars):

	1998	1997	1996
Taxes currently payable:			
Federal	$ 11,296	$ 9,158	$ 9,365
State and local	1,732	1,257	1,786
	13,028	10,415	11,151
Deferred tax provision:			
Federal	(2,811)	(927)	(3,364)
State and local	(1,464)	(603)	(746)

	(4,275)	(1,530)	(4,110)
Total	$ 8,753	$ 8,885	$ 7,041

Reconciliation of the U.S. statutory rate to the Company's consolidated effective income tax rate was as follows:

	Percent of Pretax Income		
	1998	1997	1996
Federal statutory rate	35.0%	35.0%	35.0%
State and local income taxes, net of federal income tax benefit	0.6	1.4	3.1
Goodwill amortization and other nondeductible expenses	2.0	1.2	1.5
Tax exempt interest exclusion	(5.3)	(4.9)	(5.3)
Dividends received exclusion	(1.4)	(1.5)	(1.7)
Total	30.9%	31.2%	32.6%

(Continued)

The tax effects of temporary differences that gave rise to the deferred tax assets and liabilities were as follows (in thousands of dollars):

	December 31,	
	1998	1997
Deferred tax assets:		
Other postretirement benefits	$ 20,814	$ 20,828
Pension expense	7,889	6,143
Inventories	2,161	2,070
Annual leave	1,867	1,871
Tax loss carryforwards	1,337	---
Others	3,402	2,308
Total deferred tax assets	37,470	33,220
Deferred tax liabilities:		
Deferred selling expenses	(8,584)	(9,169)
Depreciation	(2,219)	(2,859)
Others	(3,225)	(2,016)
Total deferred tax liabilities	(14,028)	(14,044)
Net deferred tax assets	$ 23,442	$ 19,176

To the extent not utilized, the tax loss carryforwards expire in 2001 through 2012. In the opinion of management, based on expected future earnings and available tax planning strategies, it is more likely than not that the deferred tax assets will be realized in future years, and no valuation allowance is necessary.

(9) OTHER BALANCE SHEET INFORMATION

Certain year-end balances consisted of the following (in thousands of dollars):

	1998	1997
Receivables:		
Customers	$ 41,166	$ 37,958
Others	4,482	4,925
Allowance for doubtful accounts	(1,714)	(1,576)

Total	$ 43,934	$ 41,307

(Continued)

	1998	1997
Inventories:		
Materials and supplies	$3,251	$3,742
Work in process	460	218
Finished goods	1,288	1,480
Total	$4,999	$5,440

Inventories are valued at the lower of cost (principally average cost method) or market.

	1998	1997
Property and Equipment (at cost):		
Land	$ 4,250	$ 4,250
Buildings and improvements	49,367	49,197
Furniture, fixtures and equipment	61,285	63,195
Accumulated depreciation	(70,111)	(68,790)
Total	$ 44,791	$ 47,852

The Company uses straight-line and accelerated methods of depreciation based on estimated useful lives ranging from 5 to 45 years for buildings and improvements and 3 to 10 years for furniture, fixtures and equipment. Depreciation expense was $7,657,000 in 1998, $7,358,000 in 1997, and $7,577,000 in 1996. Expenditures for maintenance and repairs are expensed while major replacements and improvements are capitalized.

	1998	1997
Other assets:		
Amortizable assets--		
Customer lists	$2,764	$ 620
Film production costs	739	498
Lease commissions	253	307
State information database	1,000	1,000
Software	1,109	1,299
Others	32	197
	5,897	3,921
Notes and other receivables	262	305
Total	$6,159	$4,226

(Continued)

Film production costs are amortized using the revenue-forecast method. Other amortizable assets are expensed evenly over their respective estimated lives, ranging from 3 to 10 years. Amortization expense for these assets was $1,995,000 in 1998, $1,127,000 in 1997, and $997,000 in 1996. Accumulated amortization for customer lists was $1,953,000 in 1998 and $789,000 in 1997.

	1998	1997
Payables and accrued liabilities:		
Accounts payable	$18,300	$18,060
Employee compensation and benefits	13,826	13,216
Postretirement benefits	1,253	1,287
Income taxes	522	966

Total	$33,901	$33,529

(10) LONG-TERM DEBT

Long-term debt outstanding as of December 31, 1998 was $14 million. Half of the outstanding principal is due in 2003 and the remainder in 2004. The operative interest rate on the loan is the London Interbank Offered Rate plus .2%; the effective rate for 1998 was 5.88%. The current rate, effective through April 12, 1999, is 5.26%.

The Company has a $1,500,000 unsecured line of credit. As of December 31, 1998, $450,000 of the line had been used to secure a letter of credit.

(11) COMMITMENTS AND CONTINGENCIES

The Company has non-cancelable operating leases for office space, computing and office equipment, and vehicles. Total rent expense was $5,671,000 in 1998, $4,786,000 in 1997, and $3,944,000 in 1996.

As of December 31, 1998, future minimum lease payments under non-cancelable operating leases were as follows: 1999 - $5,690,000; 2000 - $5,178,000; 2001 - $4,499,000; 2002 - $4,392,000; 2003 - $4,383,000; thereafter - $13,006,000. These amounts are net of sub-lease income of $402,000 in 1999, and $175,000 in 2000.

The Company has accrued $1.7 million for an adverse verdict in a civil lawsuit. On February 10, 1999, a District of Columbia Superior Court jury awarded damages to an employee who had claimed unspecified damages for alleged age discrimination. The plaintiff was awarded $500,000 in compensatory damages, $1 million in punitive damages, and legal fees. The Company intends to vigorously pursue all legal options to contest the case.

The Company is involved in certain other legal actions arising in the ordinary course of business. In the opinion of management the ultimate disposition of these matters will not have a material adverse effect on the consolidated financial statements.

(Continued)

(12) STOCKHOLDERS' EQUITY

Ownership and transferability of Class A, Class B, and Class C stock are substantially restricted to current and former employees by provisions of the Parent's certificate of incorporation and bylaws. Ownership of Class A stock, which is voting, is restricted to active employees. Class B stock and Class C stock are nonvoting. No class of stock has preference over another upon declaration of dividends or liquidation. As of December 31, 1998 and 1997, authorized shares of Class A, Class B, and Class C were 6,700,000, 5,300,000, and 1,000,000, respectively.

The Company's commitment to employee ownership is supported by its policy to repurchase all Class B and Class C stock tendered by shareholders. As of December 31, 1998, the total market value of Class B and Class C stock known or expected to be tendered in the future was as follows: 1999--$2,657,000, 2000--$32,000, 2001--none, 2002--$1,056,000, 2003--$250,000, and 2004--$8,837,000. The Company, as a matter of policy, is also committed to repurchase any Class A stock tendered by shareholders to the Stock Purchase & Transfer Plan Trustee, which the Trustee is unable to purchase with proceeds from the sale of Class A stock to employees.

Treasury share transactions were as follows:

Treasury Stock Shares

	Class A	Class B	Class C
Balance, January 1, 1996	2,915,110	54,771	84,693
Sales of shares to employees	(204,932)	---	---
Repurchases of shares	29,490	177,780	6,964
Conversions of Class A shares to Class			

B shares	148,092	(148,092)	---
Balance, December 31, 1996	2,887,760	84,459	91,657
Sales of shares to employees	(185,961)	---	---
Repurchases of shares	114,189	408,999	11,266
Conversions of Class A shares to Class B shares	143,773	(143,773)	---
Balance, December 31, 1997	2,959,761	349,685	102,923
Sales of shares to employees	(174,405)	---	---
Repurchases of shares	76,059	265,932	104,154
Conversions of Class A shares to Class B shares	108,241	(108,241)	---
Balance, December 31, 1998	2,969,656	507,376	207,077

(Continued)

Earnings per share have been computed based on the aggregate weighted average number of all outstanding shares of stock, which was 8,367,904 in 1998, 8,733,778 in 1997, and 8,859,586 in 1996.

Assets and liabilities of the Company's United Kingdom subsidiary are denominated in British pounds and translated into U.S. dollars at year-end exchange rates. Any resulting gain or loss is reflected, net of taxes, as a component of Stockholders' Equity.

(13) OTHER COMPREHENSIVE INCOME

During 1998, the Company adopted Financial Accounting Standard No. 130, Reporting Comprehensive Income. This statement establishes standards for the presentation of comprehensive income and its components. Comprehensive income encompasses all changes in Stockholders' Equity except those arising from transactions with shareholders, and includes net income, net unrealized gains or losses on marketable securities and foreign currency translation adjustments. This standard only requires additional information in the financial statements and notes; it does not affect the Company's financial position or results of operations.

Elements of other comprehensive income are shown below:

	1998	1997	1996
Unrealized holding gains (losses) on securities arising during the year	$ 1,354	$ 3,683	$ (86)
Less reclassification adjustment for amounts included in net income	1,423	948	542
	(69)	2,735	(628)
Less income taxes	(24)	957	(220)
Net unrealized gains(losses)	(45)	1,778	(408)
Currency translation adjustment	(3)	46	(77)
Less income taxes	(1)	16	(27)
Net currency translation adjustment	(2)	30	(50)
Other comprehensive income	$ (47)	$ 1,808	$ (458)

(Continued)

(14) SEGMENTS AND RELATED INFORMATION

During 1998, the Company adopted Financial Accounting Standard No. 131, Disclosures about Segments of an Enterprise and Related Information. This statement changes the requirements for disclosures about business segments from an industry segment approach to an operating segment approach. Operating segments are components of an enterprise whose separate financial information is reviewed regularly by the chief operating decision-maker in deciding how to allocate resources and in assessing performance. Operating segments may be aggregated for presentation purposes if they have similar economic characteristics.

The Company has two primary operating segments, Professional Publishing and Printing. Professional Publishing operations consist primarily of the creation, production and marketing of legal and regulatory and general business advisory information, in print and electronic formats. Professional Publishing includes the operations of the Parent and its publishing subsidiaries. Customers are primarily lawyers, accountants, human resource professionals, business executives, health care administrative professionals, trade associations, educational institutions, government agencies, and libraries.

Printing includes the operations of The McArdle Printing Co., Inc. The All Other segment includes the operations of BNA Communications Inc., a media-based training enterprise. Intersegment revenues and transfers approximate current market prices. The Company did not derive 10 percent or more of its revenues from any one customer or government agency or from foreign sales, nor did it have ten percent or more of its assets in foreign locations.

Operating segment information is presented below:

Year Ended December 31, 1998	Professional Publishing	Printing	All Other	Total
Revenues from external customers ..	$247,709	$ 16,523	$ 4,597	$268,829
Intersegment revenues	---	15,073	---	15,073
Investment income	9,468	45	---	9,513
Interest expense	899	419	17	1,335
Depreciation and amortization	9,107	1,053	373	10,533
Operating profit (loss)	18,845	1,894	(139)	20,600
Income tax expense (benefit)	8,245	559	(51)	8,753
Net income (loss)	18,840	864	(111)	19,593
Assets	311,268	17,617	2,704	331,589
Expenditures for segment assets ...	28,237	439	563	29,239
Year Ended December 31, 1997				
Revenues from external customers ...	$225,561	$ 13,226	$ 5,274	$244,061
Intersegment revenues	---	16,052	---	16,052
Investment income	8,427	28	---	8,455
Interest expense	59	408	31	498
Depreciation & amortization	7,339	882	577	8,798
Operating profit	18,844	1,074	144	20,062
Income tax expense	8,595	284	6	8,885
Net income	19,044	410	107	19,561
Assets	288,106	18,230	2,741	309,077
Expenditures for segment assets	4,614	2,926	160	7,700
Year Ended December 31, 1996				
Revenues from external customers ...	$217,166	$ 10,680	$ 4,786	$232,632
Intersegment revenues	---	15,585	---	15,585
Investment income	7,335	33	---	7,368
Interest expense	13	291	75	379
Depreciation & amortization	7,480	872	535	8,887
Operating profit (loss)............	13,036	1,882	(360)	14,558
Income tax expense (benefit)	6,482	709	(150)	7,041
Net income (loss)..................	13,958	915	(285)	14,588
Assets	287,288	15,865	2,896	306,049
Expenditures for segment assets	3,669	526	310	4,505

SCHEDULE V - VALUATION AND QUALIFYING ACCOUNTS AND RESERVES

THE BUREAU OF NATIONAL AFFAIRS, INC.
YEARS ENDED DECEMBER 31, 1998, 1997, AND 1996
(In Thousands of Dollars)

Column A	Column B	Column C		Column D	Column E
		Additions			
		(1)	(2)		
Description	Balance at Beginning of Period	Charged to Costs and Expenses	Charged to Other Accounts-- Describe	Deductions-- Describe	Balance at End of Period
VALUATION ACCOUNTS DEDUCTED FROM ASSETS TO WHICH THEY APPLY:					
Allowance for Doubtful Accounts Receivable:					
Year ended December 31, 1998	$ 1,576	$876	$ 51(a,c)	$ 834 (b)	$ 1,714
Year ended December 31, 1997	1,658	841	107 (a)	816 (b)	1,576
Year ended December 31, 1996	1,628	742	92 (a)	804 (b)	1,658

Notes: (a) Charged to deferred subscription revenue; portion of allowance for doubtful accounts receivable not included in revenues.

(b) Net accounts written off.

(c) Includes $30 acquired with IOMA.

PART II

Item 9. Changes in and Disagreements with Accountants on Accounting and Financial Disclosure

There were no changes in or disagreements with accountants on accounting and financial disclosures during the two years ended December 31, 1998 or through the date of this Form 10K.

PART III

Except as set forth in this Form 10-K under Part I, Item X, "EXECUTIVE OFFICERS OF THE REGISTRANT," the information required by Items 10, 11, 12, and 13, is contained in the Company's definitive Proxy Statement (the "Proxy Statement") filed pursuant to Regulation 14A under the Securities Exchange Act of 1934, to be filed with the SEC within 120 days of December 31, 1998. Such information is incorporated herein by reference.

Item 10. Directors and Executive Officers of the Registrant

The information required under this Item 10 is contained in the Proxy Statement under the headings "I. Election of Directors" and "Biographical Sketches of Nominees," and is incorporated herein by reference. Information related to Executive Officers is omitted from the Proxy Statement in reliance on Instruction 3 to Regulation S-K, Item 401(b), and included as Item X of Part I of this report.

Item 11. Executive Compensation

The information required under this Item 11 is contained in the Proxy Statement under the headings "III. Executive Compensation" and "IV. Employee Benefit Plans" and is incorporated herein by reference.

Item 12. Security Ownership of Beneficial Owners and Management

The information required under this Item 12 is contained in the Proxy Statement under the heading "I. Election of Directors" and is incorporated herein by reference.

Item 13. Certain Relationships and Related Transactions

The information required under this Item 13 is contained in the Proxy Statement under the heading "III. Executive Compensation" and is incorporated herein by reference.

PART IV

Item 14. Exhibits, Financial Statement Schedules, and Report on Form 8-K

The following documents are filed as part of this report.

All other schedules are omitted because they are not applicable or the required information is shown in the financial statements or notes thereto.

(a)(3) Exhibits:

3.1 Certificate of Incorporation, as amended***

3.2 By laws, as amended****

11 Statement re: Computation of Per Share Earnings is contained in the 1998 Consolidated Financial Statements in the Notes to Consolidated Financial Statements, Note 12, "Stockholders' Equity," at page __ of this Form 10-K.

22 Subsidiaries of the Registrant.*

28.1 Proxy Statement for the Annual Meeting of security holders to be held on April 17, 1999**

28.2 Annual Report on Form 11-K related to the Company's Deferred Stock Purchase Plan for the fiscal year ended December 31, 1998.*

* Filed herewith.

** Incorporated by reference to the Company's Definitive Proxy Statement, to be filed with the SEC within 120 days of December 31, 1998.

*** Incorporated by reference to the Company's 1993 Form 10-K, Commission File Number 2-28286, filed on March 31, 1994. The exhibit numbers indicated above correspond to the exhibit numbers in that filing.

**** Incorporated by reference to the Company's 1997 Form 10-K, Commission File Number 2-28286, filed on March 27, 1998. The exhibit numbers indicated above correspond to the exhibit numbers in that filing.

Upon written or oral request to the Company's General Counsel, a copy of any of the above exhibits will be furnished at cost.

(b) Reports on Form 8-K:

No reports on Form 8-K were filed during the fourth quarter of the year ended December 31, 1998.

SIGNATURES

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

THE BUREAU OF NATIONAL AFFAIRS, INC.

By: s\Paul N. Wojcik
Paul N. Wojcik, Chief Executive Officer

Date: March 11, 1999

Pursuant to the requirements of the Securities Exchange Act of 1934, this report has been signed below by the following persons on behalf of the registrant and in the capacities and on dates indicated.

By: s\Paul N. Wojcik
Paul N. Wojcik,
President and Chief Executive Officer
Director

Date: March 11, 1999

By: s\George J. Korphage
George J. Korphage,
Vice President and Chief Financial Officer
(Chief Accounting Officer)
Director

Date: March 11, 1999

By: s\William A. Beltz	3/11/99	By: s\Gregory C. McCaffery	3/11/99
William A. Beltz Chairman of the Board of Directors	Date	Gregory C. McCaffery Director	Date
By: s\Jacqueline M. Blanchard	3/11/99	By: s\Frederick A. Schenck	3/11/99
Jacqueline M. Blanchard Director	Date	Frederick A. Schenck Director	Date
By: s\Richard H. Cornfield	3/11/99	By: s\Mary P. Swords	3/11/99
Richard H . Cornfield Director	Date	Mary P. Swords Director	Date
By: s\Sandra C. Degler	3/11/99	By: s\Daniel W. Toohey	3/11/99
Sandra C. Degler Director	Date	Daniel W. Toohey Director	Date
By: s\Kathleen D. Gill	3/11/99	By: s\Loene Trubkin	3/11/99
Kathleen D. Gill Director	Date	Loene Trubkin Director	Date
By: s\John E. Jenc	3/11/99	By: s\Robert L. Velte	3/11/99
John E. Jenc Director	Date	Robert L. Velte Director	Date
By: s\Eileen Z. Joseph	3/11/99		
Eileen Z. Joseph	Date		

Director

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EXHIBIT INDEX

Sequential Page Number	Exhibit Description	Number
3.1	Certificate of Incorporation, as amended	***
3.2	By laws, as amended	49
11	Statement re: Computation of Per Share Earnings is contained in the 1998 Consolidated Financial Statements in the Notes to Consolidated Financial Statements, Note 12, "Stockholders' Equity,"	40
22	Subsidiaries of the Registrant	157
28.1	Proxy Statement for the Annual Meeting of Stockholders to be held on April 17, 1999	**
28.2	Annual Report on Form 11-K related to the Company's Deferred Stock Purchase Plan for the fiscal year ended December 31, 1998.	158

* Incorporated by reference to the Company's 1988 Form 10-K, Commission File Number 2-28286, filed on March 30, 1989. The exhibit numbers indicated above correspond to the exhibit numbers in that filing.

** The Definitive Proxy Statement is expected to be filed with the SEC within 120 days of December 31,1998.

*** Incorporated by reference to the Company's 1993 Form 10K, commission File Number 2-28286, filed on March 31, 1994. The exhibit numbers indicated above correspond to the exhibit numbers in that filing.

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EXHIBIT 3.2

BYLAWS

OF

THE BUREAU OF NATIONAL AFFAIRS, INC.

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BY-LAWS
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THE BUREAU OF NATIONAL AFFAIRS, INC.

SECTION I - OFFICES

1. Delaware Office

The principal office of the Corporation in the State of Delaware shall be at 100 West Tenth Street in the City of Wilmington and County of New Castle; and the resident agent in charge thereof shall be the Corporation Trust Company, 100 West Tenth Street, Wilmington, Delaware.<F74> (a)

2. Other Offices

The Corporation may also have an office or offices in the City of Washington, District of Columbia, and at such other places as the Board of Directors may from time to time designate or appoint, or as the business of the Corporation may require.

SECTION II - SEAL

The corporate seal shall have inscribed thereon the name of the Corporation, the year of its incorporation, and the words "Incorporated Delaware, 1946."

(a) Footnotes showing prior versions of changed provisions appear at end of By-Laws in numerical and chronological order of the By-Laws changes.

SECTION III - MEETINGS OF STOCKHOLDERS

1. Place of Meeting

Meetings of stockholders shall be held at the main office of the Corporation in the City of Washington, District of Columbia, or at such other place as may be fixed by resolution of the Board of Directors.<F121>

2. Notice of Meeting

Written notice of all meetings of stockholders stating the time and place thereof shall be mailed by the Secretary, postage prepaid, to each stockholder of record, at his or her post office address as it appears on the books of the Corporation.

In the case of a regular annual meeting, such notice shall be so mailed at least 40 days in advance thereof; and in the case of a special meeting, such notice shall be so mailed at least 10 days<F132> in advance thereof. Notice of any special meeting of stockholders shall also state the purpose or purposes thereof, and may provide for the transaction of such other business as may properly come before the meeting.

3. Annual Meeting

(a) An annual meeting of stockholders shall be held at 10 o'clock A.M. on the succeeding Saturday. At such meeting, the stockholders entitled to vote thereat<F55> shall elect a Board of Directors<F3> and may transact such other business as may properly be brought before the meeting. If the election for directors is not held on the day designated third Saturday in April of each year,<F2> but if that day be a legal holiday then on the next herein, the Board of Directors shall cause the election to be held as soon thereafter as conveniently may be.

(b) No change of the time or place of a meeting for the election of directors as fixed by these By-Laws shall be made within sixty (60) days preceding the day on which such election is to be held. In the event of any change in such time or place for such election of directors, notice thereof shall be given to each stockholder at least twenty (20) days before the election is held, in person or by letter mailed to his or her last known post office address.

(c) At least ten (10) days before every election of directors, the Secretary shall prepare and make a complete list of stockholders entitled to vote at said elections, arranged in alphabetical order (with the residence of each and the number of voting shares held by each). Such list shall be open for said ten (10) days to the examination of any stockholder at the place where said election is to be held and shall be produced at the time and place of election and kept open during the whole time thereof for the inspection of any stockholder who may be present. The original or duplicate stock ledger of the Corporation shall be the only evidence as to the stockholders entitled to examine such list.

4. Special Meetings

Special meetings of the stockholders for any purpose or purposes may be called by the President, and shall be called by the President or Secretary at the request in writing or by vote of a majority of the directors or at the request in writing of stockholders of record owning a majority in amount of the shares of the stock of the Corporation outstanding and entitled to vote. Such request shall state the purpose or purposes of the proposed meeting.

5. Quorum

At any meeting of stockholders the holders of a majority of the Class A stock<F56> outstanding and entitled to vote thereat, present in person or represented by proxy, shall be requisite and shall constitute a quorum for the transaction of business, except as otherwise provided by law, by the Certificate of Incorporation, or herein. In the absence of a quorum, the stockholders entitled to vote at said meeting, present in person or represented by proxy, shall have power to adjourn the meeting from time to time until a quorum shall be secured, whereupon any business may be transacted which might have been transacted at the meeting as originally notified or fixed.

6. Voting Rights

(a) At every meeting of stockholders, each stockholder entitled to vote thereat shall have one vote for each share of Class A stock <F56> registered in his name on the books of the Corporation.<F4>

(b) The original or duplicate stock ledger of the Corporation shall be the only evidence as to the stockholders entitled to vote. The Board of Directors may, however, close the transfer books of the Corporation or fix a record date for the determination of its stockholders entitled to vote, as provided in Section IV of these By-Laws. Except where the transfer books shall have been so closed or a record date for voting stockholders have been so fixed, no share of stock shall be voted on at any election for directors which shall have been transferred on the books of the Corporation within twenty (20) days next preceding such election.

(c) Except as otherwise provided in the Certificate of Incorporation or

By-Law,<F5> all questions before any meeting of stockholders shall be decided by a vote of the holders of a majority of the shares of stock entitled to vote thereat.

7. Manner of Voting

(a) The vote for directors at any meeting of stockholders shall be by ballot. The vote upon any other question at any meeting of stockholders shall be by ballot or viva voce, as may be determined by the presiding officer: PROVIDED, That if objection be raised by any stockholder to the manner of voting designated by the presiding officer upon any such question, the manner of voting shall be determined by the holders of the majority of the shares of stock present or represented at any such meeting and entitled to vote thereat.

(b) Each stockholder entitled to vote at any meeting of stockholders may vote (i) in person, or (ii) by proxy appointed by an instrument in writing subscribed by him and bearing a date no more than six (6) months prior to said meeting, unless said instrument provides for a longer period, or (iii) at any election for directors, but on no other question, by mail as provided in sub-paragraph (c) of this Paragraph 7.

(c) At any election for directors, any stockholder entitled to vote thereat may submit his vote or votes for directors by mailing to the Secretary of the Corporation or his designees<F201> a written ballot subscribed by him setting forth the names of the directors for whom he desires to vote and the number of shares to be voted for each director;<F6> PROVIDED, That said ballot in order to be effective as the vote of the stockholder, must be received by the Secretary of the Corporation or his designees<F201> not later than the day before the meeting for such election of directors.

(d) If at any meeting of stockholders there shall be presented in behalf of a stockholder more than one proxy signed by him on any question before said meeting, or if at any election for directors there shall be presented in behalf

of a stockholder more than one proxy signed by him authorizing the casting of votes in his behalf or more than one ballot mailed by him pursuant to the preceding subparagraph or both a proxy and a mailed ballot, then all such proxies and mailed ballot signed by such stockholder shall be invalid unless identical.

(e) A proxy may be withdrawn for filing written notice thereof with the Secretary at any time prior to the presiding officer's call for a vote at any meeting of stockholders.<F7>

8. Nominations of Directors

(a) At least forty-five (45) days prior to any annual meeting of stockholders a list of nominations for directors, prepared by a Nominating Committee to be appointed by the Board of Directors, shall be mailed by the Secretary to each Class A<F56> stockholder. The Committee shall make at least as many nominations as there are directorships to be filled at the annual meeting,<F8> but may nominate candidates in excess of such number. Three<F216> nominees shall be neither stockholders of the Corporation nor active or retired officers or employees of the Corporation or of one of its subsidiary corporations.<F170> Said list shall also state the total number of shares of Class A stock of the Corporation then outstanding.<F56>

(b) Any Class A<F56> stockholder (or stockholders) who is the record or beneficial owner of at least two (2) percent of the outstanding Class A<F56> shares of the Corporation may submit additional nominations to the Nominating Committee not less than thirty (30)<F189> days prior to such annual meeting.<F50> Each additional nomination made pursuant to this sub-paragraph shall be accompanied by the nominee's written acceptance of his or her nomination.<F190>

(c) A final list of nominations, including nominations made in the manner provided by sub-paragraph (b) together with nominations made pursuant to sub-paragraph (a), shall be mailed by the Secretary to Class A<F56> stockholders not less than twenty-two (22)<F191> days prior to such annual meeting.<F192>

SECTION IV - DETERMINATION OF ELIGIBLE STOCKHOLDERS

1. Closing Transfer Books

The Board of Directors may, in its discretion, close the stock transfer books of the Corporation for a period not exceeding fifty (50) days preceding the date of any meeting of the stockholders, or the date for payment of any dividend, or the date for the allotment of rights, or the date when any change, conversion, or exchange of capital stock shall go into effect, or a date for obtaining the consent of the stockholders for any purpose.

2. Record Date for Stockholders

In lieu of closing the stock transfer books as aforesaid, the Board of Directors may fix in advance a date not exceeding fifty (50) days preceding the date of any meeting of stockholders, or the date for the payment of any dividend, or the date for the allotment of rights, or the date when any change, conversion or exchange of capital stock shall go into effect, or a date in connection with obtaining the consent of stockholders for any purpose, as a record date for the determination of the stockholders entitled to notice of, and to vote at, any such meeting and adjournment thereof, or entitled to receive and exercise the other rights and privileges referred to in this paragraph. In such case only stockholders of record on the date so fixed shall be entitled to the notice, voting rights, and other rights and privileges referred to herein above, notwithstanding the transfer of any stock on the books of the Corporation after such record date fixed as aforesaid.

SECTION V - DIRECTORS

1. Eligibility

(a) Three<F217> persons who are not stockholders of the Corporation and not active or retired officers or employees of the Corporation or of one of its subsidiary corporations shall be elected or appointed as directors.

(b) Other than the persons elected or appointed as directors pursuant to sub-paragraph (a) above, no person shall be elected or appointed as a director unless he or she is a record or beneficial owner of Class A or Class B stock and, in addition, is an active or retired officer or employee of the Corporation or of one of its subsidiary corporations, and any director elected or appointed pursuant to this Paragraph who ceases to fulfill these requirements shall be disqualified to exercise any of the powers or duties of director and shall be deemed to have resigned from such position.<F171>

2. Powers

The property and business of this Corporation shall be managed and controlled by its Board of Directors. The Board of Directors shall have power --

(a) To purchase or otherwise acquire for the Corporation property, real and personal, tangible and intangible, and any rights or privileges, at such prices and upon such terms as the Board may deem proper.

(b) To pay for such property, rights, or privileges in whole or in part with money, services, stock, bonds, debentures, or other securities of the Corporation, or by the delivery of other property of the Corporation.

(c) To create, make, and issue mortgages, bonds, deeds of trust, trust agreements, and negotiable or transferable instruments and securities, secured by mortgages or otherwise, and to do every act and thing necessary to effectuate the same.

(d) To appoint agents, clerks, assistants, factors, and to dismiss them at its discretion, to fix their duties and emoluments and to change them from time to time, and to require security as it may deem proper.

(e) To confer on any officer of the Corporation the power of selecting, discharging, or suspending employees.

(f) To determine by whom and in what manner the Corporation's bills, notes, receipts, acceptances, endorsements, checks, releases, contracts, or other documents shall be signed.

(g) To exercise any and all powers of the Corporation, including the power to do all lawful acts and things on behalf of the Corporation which are not by statute or by the Certificate of Incorporation or by these Bylaws directed or required to be exercised or done by the stockholder.

3. Number; Election; Term

The Board of Directors shall consist of fifteen(15)<F214> members who shall be elected by the Class A<F56> stockholders at the regular annual meeting of stockholders.<F150> The Board of Directors so elected shall be composed of (i) the three<F218> (3) nominees eligible only under sub- paragraph (a) of Paragraph 1 hereof who shall have received the highest number of votes among the nominees eligible only under that provision, and (ii) the twelve(12)<F218> nominees eligible only under sub-paragraph (b) of Paragraph 1 hereof who shall have received the highest number of votes among the nominees eligible only under that

provision.<F173> Each director shall hold office until the succeeding annual election and until his successor shall have been elected and shall have duly qualified: PROVIDED, that if there be a vacancy in the Board by reason of death, resignation, or otherwise, such vacancy shall be filled for the unexpired term by majority vote of all the remaining directors, although less than a quorum.

4. Meetings

(a) After each election of directors at a meeting of stockholders, the newly elected directors shall meet for the purposes of organization, the election of officers, and the transaction of other business, at such place and time as may be designated by the stockholders at such annual meeting, or in the absence of such designation, as may be fixed by written consent of a majority of the newly elected directors. If a majority of the directors be present at such place and time, no prior notice of such meeting need be given to the directors.

(b) Regular meetings of the Board of Directors shall be held at 9:00 a.m.<F213> on the Thursday<F186> after the first Saturday in each month except January and August<F215> at the main office of the Corporation in Washington, District of Columbia, and/or at such other times and places as may be fixed by resolution of the Board or by written waiver of all its members.<F174> No other notice of any regular meeting shall be required.

(c) Special meetings of the Board of Directors may be called by the Chairman of the Board<F99> or the President at any time upon notice to all the directors; and upon the written request of two or more directors, special meetings shall be called by the President or Secretary upon one day's notice. Such meetings may be held within or without the State of Delaware, at such time and place indicated in the notice or waiver of notice thereof.

5. Quorum

At all meetings of the Board of Directors four directors shall constitute a quorum for the transaction of business, but if less than four be present at any meeting they may adjourn from time to time without further notice until a quorum is secured. The act of a majority of the directors present at any meeting at which there is a quorum shall be the act of the Board of Directors, except as may otherwise be specifically provided by statute or by the Certificate of Incorporation or by these By-Laws.

6. Annual Statement

The Board of Directors shall present at each annual meeting of stockholders a full and clear statement of business and conditions of the Corporation.

7.<F196> Indemnification

Any person who was or is a party, or who was or is threatened to be made a party, to any threatened, pending, or completed action, suit, or proceeding, whether civil, criminal, administrative, investigative, or otherwise by reason of the fact that he or she is or was a director or officer of the Corporation or of one of the Corporation's subsidiaries shall be indemnified by the Corporation to the fullest extent now or hereafter permitted by law. Without limiting the generality of the foregoing.

(a) The Corporation shall indemnify any person who was or is a party, or is threatened to be made a party, to any threatened, pending, or completed action, suit, or proceeding, whether civil, criminal, administrative, or investigative (other than an action by or in the right of the Corporation), by reason of the fact that he or she is or was a director or officer of the Corporation or one of its subsidiaries against expenses (including attorney's fees), judgment, fines

and amounts paid in settlement actually and reasonably incurred by him or her in connection with such action, suit, or proceeding, if he or she is acted in good faith and in a manner he or she reasonably believed to be in the best interests of the Corporation, and, with respect to any criminal action or proceeding, had no reasonable cause to believe his or her conduct to be unlawful. The termination of any action, suit or proceeding by judgment, order, settlement, conviction, or upon a plea of nolo contendere or its equivalent, shall not, of itself, create a presumption that the person did not act in good faith and in a manner which he or she reasonably believed to be in the best interests of the Corporation and, with cause to believe that his or her conduct was unlawful.

(b) The Corporation shall indemnify any person who was or is a party, or is threatened to be made a party, to any threatened, pending, or completed action or suit by or in the right of the Corporation to procure a judgment in its favor by reason of the fact that he or she is or was a director or officer of the Corporation or one of its subsidiaries against expenses (including attorney's fees) actually and reasonably incurred by him or her in connection with the defense or settlement of such action or suit if he or she acted in good faith and in a manner reasonably believed to be in the best interests of the Corporation, except that no indemnification shall be made with respect to any claim, issue, or matter as to which such person shall have been adjudged to be liable for negligence or misconduct in the performance of his or her duty of the Corporation unless and only to the extent that the Court of Chancery of Delaware or the Court in which such action or suit was brought shall determine upon application that, despite the adjudication of liability, such person is fairly and reasonably entitled to indemnity for such expenses which the Court of Chancery of Delaware or such other Court shall deem proper.

(c) To the extent that a director or officer of the Corporation has been successful on the merits in defense of any action, suit, or proceeding referred to in Subparagraph (a) and (b) of this Paragraph, or in defense of any claim, issue, or matter therein, he or she shall be indemnified against expenses (excluding attorneys' fees) actually and reasonably incurred by him or her in connection therewith.

(d) Any indemnification under Subparagraph (a) or (b) of this Paragraph (unless ordered by a court) shall be made by the Corporation only as authorized in the specific case upon a determination that the indemnification of the director or officer is proper in the circumstances because he or she has met the applicable standard of conduct set forth in Subparagraph (a) or (b). Such determination may be made (i) by the Board of Directors by a majority vote of a quorum consisting of directors who were or are not parties to such action, suit, or proceeding, or (ii) if such a quorum is not obtainable, or even if obtainable quorum of disinterested directors so directs, by independent legal counsel in a written opinion, or (iii) by the stockholders. Such determination shall not be arbitrary but shall be made in keeping with the precepts expressed in this Paragraph. Upon such determination, the Board of Directors shall promptly authorize indemnification in accordance with such determination and in accordance with Subparagraphs (a) and (b) of this Paragraph.

(e) Expenses incurred in defending a civil or criminal action, suit, or proceeding may be paid by the Corporation in advance of the final disposition of such action, suit, or proceeding as authorized by the Board of Directors in the manner provided by Subparagraph (d) of this Paragraph upon receipt of an undertaking by or on behalf of the director or officer involved to repay such amounts unless it shall ultimately be determined that he or she is entitled to be indemnified by the Corporation.

(f) The indemnification provided in this Paragraph shall not be deemed exclusive of any other rights to which those indemnified may be entitled under any by-law, agreement, vote of stockholders, or disinterested directors, or otherwise, both as to action in his or her official capacity and as to action in any other capacity while holding such office, and shall continue as to a person who has ceased to be a director or officer and shall inure to the benefit of the heirs, executors, and administrators of such a person.

(g) It shall be conclusively presumed that every person entitled to mandatory indemnification under this Paragraph served the Corporation in reliance hereon. Any such person may continue to rely on the provisions of this Paragraph, as presently constituted, even after its amendment, unless and until he or she is given written notice of such amendment or unless he or she is a member of the Board of Directors which so amends this Paragraph.

(h) For the purposes of this Paragraph, references to the "Corporation" include all subsidiaries of the Corporation and all constituent corporations absorbed in a consolidation or merger as well as the resulting or surviving corporation so that any person who is or was a director or officer of such a constituent corporation shall stand in the same position under the provisions of this Paragraph with respect to the resulting or surviving corporation as he or she would if he or she had served the resulting or surviving corporation in the same capacity.

8.<F197> Indemnification-Fiduciaries

Any person who was or is a party, or who was or is threatened to be made a party, to any threatened, pending, or completed action, suit, or proceeding, whether civil, criminal, administrative, investigative, or otherwise by reason of the fact that he or she is or was serving at the request of the Corporation or at the request of one of the Corporation's subsidiaries as a trustee or as a

"fiduciary" as the term "fiduciary" is defined in the Employee Retirement Income Security Act of 1974, as the Act may be amended, under any employee benefit plan at any time established or maintained by the Corporation shall be indemnified by the Corporation to the fullest extent now or hereafter permitted by law. Without limiting the generality of the foregoing.

(a) The Corporation shall indemnify any person who was or is a party, or is threatened to be made a party, to any threatened, pending, or completed action, suit, or proceeding, whether civil, criminal, administrative, or investigative by reason of the fact that he or she is or was serving at the request of the Corporation or at the request of one of the Corporation's subsidiaries as a trustee or fiduciary against expenses (including attorneys' fees), judgments, fines, and amounts paid in settlement actually and reasonably incurred by him or her in connection with such action, suit, or proceeding, if he or she acted in good faith and in a manner he or she reasonably deemed to be in the best interests of the participants of the employee benefit plan or plans involved and/or their beneficiaries, and, with respect to any criminal action or proceeding, had no reasonable cause to believe his or her conduct to be unlawful. The termination of any action, suit or proceeding by judgment, order, settlement, conviction, or upon a plea of nolo contendere or its equivalent, shall not, of itself, create a presumption that the person did not act in good faith and in a manner which he or she reasonably believed to be in or not opposed to the exclusive purposes of providing benefits to participants of the employee benefit plan or plans involved and their beneficiaries, and with respect to any criminal action or proceeding, had reasonable cause to believe that his or her conduct was unlawful.

(b) In any proceeding involving a trustee or fiduciary no indemnification shall be provided with respect to any claim, issue, or matter as to which the trustee or fiduciary shall have been adjudged to have dealt with the assets of the employee benefit plan or plans involved in his or her own interest or for

his or her own account or to have received consideration for his or her personal account from a party dealing with the plan. This Paragraph shall not provide indemnification for any bank, trust company, insurance company, partnership, or other entity or person not an officer, director, or employee of the Corporation, even though retained as an investment advisor, actuary, custodian, trustee, or consultant to any plan, or for any director, officer, agent, employee of any such bank, trust company, insurance company, partnership, other entity, or person.

(c) Any indemnification under Subparagraph (a) of this Paragraph (unless ordered by a court) shall be made by the Corporation only as authorized in the specific case upon a determination that the indemnification of the trustee or fiduciary is proper in the circumstances because he or she has met the applicable standard of conduct set forth in Subparagraph (a) of this Paragraph. Such determination may be made (i) by independent legal counsel in a written opinion, or (ii) by the stockholders. Such determination shall not be arbitrary but shall be made in keeping with the precepts expressed in this Paragraph. Upon any such determination, the Board of Directors shall promptly authorized indemnification in accordance with such determination and in accordance with

Subparagraphs (a) and (d) of this Paragraph.

(d) Expenses incurred in defending a civil or criminal action, suit, or proceeding, as contemplated by this Paragraph may be paid by the Corporation in advance of the final disposition of such action, suit, or proceeding, upon authorization by the Board of Directors and upon receipt by the Board of Directors of an undertaking by or on behalf of the trustee or fiduciary to repay

such amounts unless it shall ultimately be determined that he or she is entitled to be indemnified by the Corporation.

(e) The indemnification provided in this Paragraph shall not be deemed exclusive of any other rights to which those indemnified may be entitled under any agreement, vote of stockholders, or otherwise, both as to action in his or her official capacity and as to action in another capacity while holding such office, and shall continue as to a person who has ceased to be a trustee or fiduciary and shall inure to the benefit of the heirs, executors, and administrators of such a person.

(f) It shall be conclusively presumed that every person entitled to mandatory indemnification under this Paragraph served the Corporation or other organization or enterprise at the Corporation's request in reliance hereon. Any such person may continue to rely on the provisions of this Paragraph, as presently constituted, even after their amendment unless and until he or she is given written notice of such amendment or unless he or she is a member of the Board of Directors which so amends this Paragraph.

SECTION VI - EXECUTIVE AND OTHER COMMITTEES

1. Powers

(a) The Board of Directors may, by resolution or resolutions passed by a majority of the whole Board, designate an Executive Committee and one or more other committees, each consisting of two or more directors.

(b) The Executive Committee shall have such powers and duties as may be directed or authorized by the Board of Directors from time to time, including

the authority to exercise all powers of the Board when the Board is not in session; and during the intervals between meetings of the Board of Directors the Executive Committee shall advise with and aid the officers of the Corporation in all matters concerning its interest and the management of its business: PROVIDED, That the Executive Committee shall not have the power to make, alter, amend, or repeal the By-Laws, nor to fill any vacancies on the Board of Directors or the Executive Committee. Vacancies in the membership of the Executive Committee shall be filled by the Board of Directors.

(c)<F194> The Audit Committee of the Board of Directors shall consist of three to five members of the Board of Directors elected annually by a majority of the Board of Directors at the Directors' meeting immediately following the annual meeting of stockholders. The Committee shall consist, so far as possible, of non-employee directors and in no case shall an operating officer of the Corporation be elected to serve as a member of the Committee. Immediately following election of the Committee, the Board of Directors shall elect one of its members to serve as chairman of the Committee. No member of the Committee shall serve as chairman for more than two consecutive years.

The duties and functions of the Audit Committee shall be as follows: (i) to make recommendations to the Board of Directors concerning the selection, retention, or termination of the independent auditors; (ii) review with the Board of Directors and the independent auditors the accounting principles bearing upon the financial statements, and in particular with respect to any changes in accounting principles; (iii) review the proposed scope of the audit and the report of the independent auditors, and review the auditors' statements, if any, regarding weaknesses in internal accounting controls, and the corrective action taken by management; (iv) review the audit and non- audit services performed by the independent auditors and the related fees; (v) review with

management and the independent auditors recommendations made by the auditors with respect to changes in accounting procedures and internal accounting controls, growing out of the results of the audit; (vi) maintain minutes of each meeting of the Audit Committee, copies of which should be furnished to the Board of Directors, and report regularly on Committee activities to the Board of Directors and make recommendations as appropriate; and (vii) perform such other duties as may be directed or authorized by the Board of Directors from time to time.

Vacancies in the membership of the Audit Committee shall be filled by a majority of the Board of Directors at the first regular meeting of the Board of Directors following the occurrence of a vacancy or vacancies on the Committee.

(d)<F195> Other committees designated by the Board of Directors shall have such powers as may be specifically delegated to them by resolution of the Board.

2. Meetings

The Executive Committee and any other committees shall meet at stated times or on notice to all by any of its members. Each committee shall keep regular minutes of its proceedings, shall report the same to the Board of Directors, and shall fix its rules of procedure, but an affirmative vote of a majority of the whole Committee shall be necessary in every case for the action of the Committee.

SECTION VII - COMPENSATION OF<F158> DIRECTORS

Directors and members of committees who are on the payroll of the Corporation or of one of its subsidiary corporations<F165> shall<F167> not receive any salary or fee for their services as such, but by resolution of the Board they shall be allowed reimbursement for their traveling and other

reasonably necessary expenses for attendance at any regular or special meeting: Provided, That nothing herein contained shall preclude any director or member of a committee from serving the Corporation in any other capacity upon a compensated basis.<F159>

SECTION VIII - OFFICERS

1. Appointment and Tenure

(a) The officers of the Corporation shall be a Chairman and a Vice Chairman <F160> of the Board,<F86> a President, one or more Vice-Presidents, a Secretary, and a Treasurer. The Chairman of the Board and the President may be the same person, the<F87> Secretary and the Treasurer may be the same person, and a Vice-President may hold at the same time the office of Vice Chairman of the Board,<F161> Secretary, or Treasurer. The Chairman and Vice Chairman<F162> of the Board<F100>, the President, and one Vice-President shall be chosen from among the directors; the other officers may, but need not be, chosen from among the directors. No person shall be an officer of the Corporation unless he or she, if eligible to purchase stock under the Corporation's By-Laws, is a holder of Class A stock or Class B stock, and any officer who ceases to hold any shares of stock in the Corporation shall be disqualified to exercise any of the powers or duties of an officer and shall be deemed to have resigned from office.<F59><F220>

(b) The directors shall at their first meeting after each annual meeting of stockholders choose a Chairman and a Vice Chairman<F160> of the Board, a<F88> President, a Vice-President, a Secretary, and a Treasurer. They may also choose additional Vice-Presidents, an Assistant Secretary, and one or more Assistant Treasurers.<F175> In the event that the Board shall elect two or more Vice-Presidents, it may<F193> designate one of them as Senior Vice-President.<F113> The directors shall designate either the Chairman of the

Board or the President, in their discretion, as the Chief Executive Officer of the Corporation.<F101>

(c) The officers of the Corporation shall hold office until their successors are chosen and qualify in their stead. Any officer chosen or appointed by the Board of Directors may be removed at any time by the affirmative vote of a majority of the whole Board of Directors, with or without cause. If the office of any officer or officers becomes vacant for any reason, the vacancy shall be filled by the affirmative vote of a majority of the whole Board of Directors.

2. Chairman of the Board

(a) The Chairman of the Board shall preside at all meetings of the stockholders and the Board of Directors. He shall serve as chairman of the Executive Committee, if such committee is designated, and of any other committee designated by the Board of Directors, except as otherwise provided by resolution of the Board.

(b) On behalf of the Board of Directors, and in association with the President, he shall make to stockholders an annual statement of the business operations and financial condition of the Corporation and such reports as the Board shall direct.

(c) He shall oversee generally, on behalf of the Board of Directors, the operation and administration of all employee benefit plans and of any plan for the sale and purchase of the stock of the Corporation.

(d) He shall consult with and advise the President, or any officer or manager as the President requests, regarding such matters or problems as mutually may be chosen by him and the President.

(e) He shall perform such other functions and duties as may be prescribed by the Board of Directors.

(f) In the absence or disability of the Chairman of the Board, the foregoing stated functions shall be performed by the Vice Chairman of the Board.<F102><F163>

3. President

(a) The President shall be responsible for the active management of the day-to-day business and operations of the Corporation. He shall be the chief administrative officer and shall appoint and have supervision and direction of the operating and staff managers of the business, except as otherwise provided in this Section.

(b) He shall make such undertakings, and execute such contracts and agreements, in the name of the Corporation, as may be necessary to the normal, budgeted operations of the Corporation, subject to any limitations prescribed by the Board of Directors.

(c) He shall be responsible for submitting for approval to the Board of Directors, or to such committee of the Board as it shall determine, not later than 45<F111> days preceding each fiscal year, a proposed operating budget and financial forecast for such succeeding fiscal year.

(d) He shall submit to the Board of Directors an annual report of the operations of the Corporation, not later than the regular meeting of directors next preceding the annual meeting of stockholders, and he shall make to stockholders, in association with the Chairman of the Board, an annual statement of the business operations of the Corporation.

(e) He shall perform such other functions and duties as may be prescribed by the Board of Directors.

(f) In the absence or disability of the President, the foregoing stated functions shall be performed by the Senior Vice-President.<F103><F114>

4. Chief Executive Officer

(a) The Chief Executive Officer (the Chairman of the Board or the President, as the Board of Directors may designate) shall have final supervisory power over the business and affairs of the Corporation and ultimate responsibility and accountability to the Board of Directors for the Corporation's total efforts and total results. He shall see that all orders and resolutions of the Board of Directors are carried into effect. It shall be his duty to assure that adequate planning and attention are given to the long-term stability and growth of the Corporation. He shall develop over-all objectives and broad basic policies and plans of the Corporation for the approval of the Board of Directors.

(b) He shall conducts the Corporation's external financial and legal relations and shall be the Corporation's principal representative in its relations with the public, the community, other businesses, and government agencies.

(c) Except where by law the signature of the President is required, he shall execute all deeds, bonds, mortgages, and other obligations and instruments (other than such contracts and agreements that may be necessary to the normal, budgeted operations of the Corporation) in the name of the Corporation.

(d) He shall approve the appointment by the President of the principal operating and staff managers of the business, and shall have final general responsibility for the setting and adjusting of the salaries of all employees of the Corporation.

(e) He shall have general supervision and direction of the other officers in their corporate capacities and shall see that their corporate duties are properly performed.<F104>

(f) In the absence or disability of the President, when he has been designated the Chief Executive Officer, the foregoing stated functions shall be performed by the Chairman of the Board. In the absence or disability of the Chairman of the Board, when he has been designated the Chief Executive Officer, the foregoing stated functions shall be performed by the Vice Chairman of the Board.<F164.

5.<F92> Vice-Presidents

In the absence or disability of both the President and the Chairman of the Board,<F105> the Senior Vice-President<F116> shall be vested with all the powers and be required to perform all the duties of the President. The Vice-President or Vice-Presidents shall perform such duties as may be prescribed by the Board of Directors.<F117>

6.<F93> President Pro Tem

In the absence or disability of the President and the Vice-President or Vice-Presidents, the Board may appoint from its own number a president pro tem.

7.<F94> Secretary

(a) The Secretary shall attend all meetings of the Board of Directors, the stockholders, and the Executive Committee. He shall act as clerk thereof, and shall record all votes and all of the proceedings of such meetings in a book to be kept for that purpose; and shall perform like duties for the standing committees of the Board of Directors when required.

(b) He shall give or cause to be given proper notice of meeting of stockholders and directors, whenever required.<F106>

(c) He shall record and effectuate all proper transfers of stock, and shall keep an account of stock registered and transferred, in such manner and subject to such regulations as the Board of Directors may prescribe.

(d) He shall have custody of the seal of the Corporation and shall affix the seal to contracts, agreements, deeds, mortgages and other instruments of the Corporation requiring a seal; and when the seal is so affixed, it shall be attested by his signature, or by the signature of the Treasurer.

(e) He shall perform all other functions incident to the office of Secretary, and such other functions as the Board of Directors or the Chief Executive Officer may prescribe.<F107>

8. Treasurer

(a) The Treasurer shall have custody of the funds and securities of the Corporation and shall deposit all monies and other valuable effects in the name and to the credit of the Corporation in such depositories as may be designated by the Board of Directors. The Treasurer shall disburse the funds of the Corporation as may be ordered by the Board of Directors and either the Chief Executive Officer or the President, in relation to their functions, taking proper vouchers for such disbursements, and shall render to the Chief Executive Officer and the directors, whenever they may require it, an account of all his or her transactions as Treasurer.

(b) The Treasurer shall invest funds of the Corporation pursuant to guidelines established by the Board of Directors and shall perform such other duties as are properly required of him or her by the Board of Directors, including the payment of dividends as declared by the Board of Directors.<F184>

9. Chief Financial Officer

The Chief Financial Officer (a vice president) shall have responsibility for the financial management of the business, including: obtaining financing for the business; managing the accounting system and other financial reporting systems; formulating financial plans and evaluating performance under such plans; complying with the financial reporting requirements of appropriate taxing and other regulatory agencies; and consulting with other company units concerning the financial aspects of their activities. The Chief Financial Officer shall also be responsible for maintaining accurate records of all financial transactions of the Corporation. In relation thereto, the Chief Financial Officer shall establish and supervise the functions of the office of the Controller of the Corporation. He or she shall be the primary liaison between the Corporation and its independent auditors and shall render to the Chief Executive Officer and the directors, whenever they may require it, an account of the financial condition of the Corporation, and at the meeting of the

Board of Directors next preceding the annual meeting of stockholders he or she shall make a like report for the preceding fiscal year.

10. Bonding of Officers

Any officer shall give the Corporation a bond at the expense of the Corporation, if required to do so by the Board of Directors, in such sum and in form and with security satisfactory to the Board, for the faithful performance of the duties of his or her office and the restoration to the Corporation, in case of his or her death, resignation, retirement, or removal from office, of all books, papers, vouchers, money and other property of whatever kind belonging to the Corporation in his or her possession or under his or her control.<F185>

11.<F96> Delegation of Powers

In case of the absence or disability of any officer of the Corporation, or for any other reason deemed sufficient by a majority of the whole Board of Directors, the Board may delegate any or all of the powers or duties of such officer to any other officer, or to any director, for the time being.

SECTION IX - CAPITAL STOCK<F11>

1. Amount

The total number of shares of stock which the Corporation is authorized to issue is thirteen million (13,000,000) shares divided into three classes: one class designated as Class A common shares shall consist of six million seven hundred thousand (6,700,000) shares, $1.00 par value per share and with voting rights, another class designated as Class B common shares shall consist of five million three hundred thousand (5,300,000) shares, $1.00 par value per share and

without voting rights, and another class designated as Class C common shares shall consist of one million (1,000,000) shares, $1.00 par value per share without voting rights.<F208><F219>

2. Eligible Stockholders

(a) Class A Stock

(i) The shares of Class A stock shall be issued only to persons (1) who are officers or employees of the Corporation or of a subsidiary eighty (80) percent or more of whose stock is owned by the Corporation and (2) who possess such other qualifications as the Board of Directors shall from time to time prescribe by resolution (all such officers and employees being hereinafter in this Section IX referred to as "officers and employees of the Corporation") and to a trustee under a stock bonus plan of the Corporation.<F136>

(ii) Except as provided in Sections V and VIII of these By-Laws, in respect of qualifications of directors and officers, no officers and<F137> employees of the Corporation shall be obligated or required to subscribe for or own any stock of the Corporation; and the subscription or failure to subscribe for any shares of stock of the Corporation shall in no way affect or prejudice the position, status, tenure, continued employment, or advancement of any officer or<F138> employee.

(b) Class B Stock

(i) The Class B stock shall be issued only in exchange for Class A stock (A) to officers or employees of the Corporation upon retirement because of age or disability, or (B) upon the death of officers or employees of the Corporation, to the estates of such officers or employees, to the dependents of such officers or employees, or to persons who are the natural objects of the bounty of such officers or employees: Provided, That death occurs (1) while the officers or employees are in the service of the Corporation or on military or disability leave, or (2) within 90 days after retirement because of age or disability.<F122>

(ii) No person shall be obligated or required to accept Class B stock in exchange for Class A stock.

(iii) Any person qualified under sub-paragraph (b)(i) above to receive Class B stock in exchange for Class A stock who elects to exercise such right of exchange shall so notify the Secretary of the Corporation in writing at the following times:

(A) In the case of an officer or employee of the Corporation entitled to exchange Class A stock for Class B stock upon retirement, within ninety (90) days after retirement, and in the case of anyone entitled to exchange Class A stock for Class B stock upon the death of a retired officer or employee, within one hundred eighty (180) days after the death of such officer or employee;

(B) In the case of anyone entitled to exchange Class A stock for Class B stock upon the death of an officer or employee of the Corporation while in the service of the Corporation or on military or disability leave, within one hundred (180) days after such death.<F123>

PROVIDED, however, that with respect to an exchange involving stock distributed to a qualified person under a stock bonus plan of the Corporation, the aforesaid ninety (90) day and one hundred and eighty (180) day periods <F124> for notification shall begin to run upon distribution of stock by the trustee of said plan.<F61>

(iv) In the event that a holder of Class A stock elects to exercise a right to exchange such stock for Class B stock and that at such time the Corporation does not have available authorized Class B stock with which to effectuate such exchange, said holder of Class A stock shall be so informed by the Corporation and such Class A stock may be retained by the holder thereof until receipt of notification from the Corporation that Class B stock is so available. Upon receipt of such notification from the Corporation, the exchange shall promptly be effected: Provided, That nothing contained herein shall preclude such holder of Class A stock prior to receipt of such notification from the Corporation from tendering any or all of such shares of Class A stock (A) to the Corporation for purchase by it in accordance with Paragraph 7 of this Section or (B) for purchase in accordance with the provisions of the Stock Purchase and Transfer Plan of the Corporation.<F125>

(c) Class C Stock

The Class C common stock of the Corporation may be issued only in exchange for Class A stock to officers and employees of any subsidiary corporation, eighty (80) percent or more of whose stock is owned by the Corporation or to the officers and employees of the Corporation assigned to such a subsidiary corporation, upon the disposition of that subsidiary or upon reduction of the Corporation's stock ownership to less than eighty (80) percent. The exchange of Class A stock for Class C stock shall be at the option of such officer and employee and shall be on a share for share basis. An election to exercise such right of exchange shall be made by so notifying the Secretary of the Corporation in writing by the later of July 19, 1986, or ninety (90) days after the disposition or reduction.

Any holder of Class C stock may at any time, by written notice to the Secretary of the Corporation, tender any or all shares of such stock to the Corporation for purchase by it. The Board of Directors may accept or reject such tender, in whole or in part; and if it accepts the tender or any part thereof, the Corporation shall purchase the shares of stock so accepted at the price in effect for purchase and sale of shares of Class A stock of the Corporation under the Stock Purchase and Transfer Plan of the Corporation. If the Board of Directors rejects such tender in whole or in part, the shares may be transferred to any person whomsoever, subject, however, to a continuing right of the Corporation to purchase any and all of said shares in the event that, and at such times as, any or all of such shares are presented for transfer, and the price payable by the Corporation shall be the price in effect for the purchase and sale of Class A stock of the Corporation under the Stock Purchase and Transfer Plan of the Corporation. Except as provided above, no shares of Class C stock may be transferred or pledged without the written consent of the Board of Directors.

The Corporation shall have the right to redeem from the holder thereof all or any part of the outstanding shares of Class C stock (a) one (1) year after the death of the officer or employee, or (b) ninety (90) days after the officer or employee has held the Class C stock for the number of years equal to his or her years of service as an officer or employee of the Corporation or the

the subsidiary company while the subsidiary was owned at least eighty (80) percent by the Corporation, whichever shall first occur. Prior to exercising such right of redemption, the Corporation shall notify the holder of the Class C stock by written notice to the address of such holder as it appears on the stock books of the Corporation and shall give the holder the opportunity to tender the shares to the Corporation in accordance with the previous paragraph. If the holder fails to tender the shares, the Corporation may exercise the right to redeem the outstanding shares of Class C stock at a price per share equal to the book value per outstanding share at the close of the next preceding calendar year, as determined by independent auditors, and the said holder shall have no further rights, privileges, or powers in respect of such stock.<F204>

(d) Transfer on Death<F221>

Notwithstanding any provision of this Paragraph 2 of Section IX to the contrary, any holder of shares of Class A, Class B, or Class C stock shall be entitled to hold such shares in transfer-on-death ("TOD") form pursuant to the provisions of Chapter 8 of Part III, Title 12 of the Delaware Code ("Uniform TOD Security Registration Act") subject to such conditions as the Board of Directors may establish by resolution from time to time and in accordance with registration procedures to be adopted by the Secretary of the Corporation. Upon receipt of (i) an affidavit of the personal representative of the deceased owner's estate or such other proof of death of the deceased owner as may be satisfactory to the Secretary of the Corporation, and (ii) satisfaction of such other requirements as the Corporate Secretary may establish, shares of Class A stock, Class B stock, or Class C stock transferred upon the death of the owner pursuant to TOD registration shall be registered in the name of the surviving beneficiary(ies). Shares of any class of the Corporation's stock received by any person as a surviving beneficiary (or the surviving beneficiary's representatives, if applicable) under a TOD registration of such shares shall be subject to the provisions of the Corporation's Certificate of Incorporation and By-Laws in the same manner as if such shares had been received by such holder under a will or under the laws of descent and distribution. Without limiting the generality of the foregoing sentence, any such shares shall be subject to the Corporation's redemption or repurchase rights applicable to the personal

representative of any deceased holder of the Corporation's stock or to any recipient of the Corporation's stock under a will or under the laws of descent and distribution.

3. Consideration for Class A Stock

The Class A stock shall be issued for money only, at such price as the Board of Directors may from time to time prescribe by resolution, except as issued pursuant to the provisions of a stock bonus plan of the Corporation.<F62>

4. Rate of Exchange of Class B Stock

The exchange of Class A stock for Class B stock shall be on a share for share basis.<F126>

5. Form of Certificates

The certificates of stock of the Corporation shall, as to each class of stock, be numbered consecutively and shall be entered in the books of the Corporation as they are issued. Each certificate shall exhibit the holder's name and the number of shares of stock represented thereby, and shall be signed by the President or a Vice-President, and by either the Secretary, the Treasurer, the Assistant Secretary or the Assistant Treasurer.

6. Transfer of Stock

(a) Except as provided in<F64> Paragraph 7 of this Section and in Sections X and XI,<F16> no shares of Class A and Class B<F65> stock may be transferred or pledged without the written consent or authorization of the Board of Directors or of such officer as may be designated by it to grant such consent or authorization.

(b) All transfers of stock of the Corporation shall be made upon its books by the person named in the certificate or by his lawfully constituted representative, and upon surrender of the certificate for cancellation. For purposes of this Paragraph 6(b) and Article IV, Section 1A, Paragraph 16 of the Corporation's Certificate of Incorporation, a transfer of stock registered in TOD form that occurs upon the death of the holder thereof shall be deemed to be made "by the person named in the certificate," provided that the Corporation has received an affidavit of the personal representative of the deceased owner's estate or such other proof of death of the deceased owner as may be satisfactory to the Secretary of the Corporation.<F222>

(c) The Corporation shall be entitled to treat the holder of record of any share or shares of stock as the holder in fact thereof, and accordingly shall not be bound to recognize any equitable or other claims to or interest in such shares on the part of any person, whether or not it shall have express or other notice thereof, save as expressly provided by the laws of Delaware.

7. Purchase of Class A and Class B<F65> Stock by Corporation

(a) Any holder of Class A<F66> stock may at any time, by written notice to the Secretary of the Corporation, tender any or all of his shares to the Corporation for purchase by it. The Board of Directors may accept or reject such tender, in whole or in part; and if it accepts the tender or any part thereof, the Corporation shall purchase the shares of Class A<F66> stock so accepted at the price provided for in sub-paragraph (a) of Paragraph 9 hereof, determined as of the date of presentation for transfer.<F18>

(b) In the event of (i)<F19> the resignation, retirement, dismissal or death of any officer or employee of the Corporation who owns any shares of Class

A<F66> stock thereof or (ii) the distribution of shares of Class A<F66> stock of the Corporation by a trustee under any stock bonus plan of the Corporation,<F20> the Corporation shall have the exclusive right, subject to the provisions of sub-paragraph (b) of Paragraph 2 of this Section and to the provisions of Section X and Section XI of the By-Laws,<F21> for a period of ninety (90) days from the occurrence of such event<F22> to purchase any or all such Class A<F66> stock so owned or so distributed.<F23> If the Board of Directors elects to exercise such right of purchase, it shall notify the stockholder or his personal representative or the distributee under a stock bonus plan of the Corporation<F24> within said period of ninety (90) days by written notice sent to the stockholder or his representative at the address of the stockholder as it appears on the stock books of the Corporation and by written notice to the distributee at his address as it appears on the records of the Administrative Committee established under the stock bonus plan,<F127> and within not more than one (1) year after such exercise of its right to purchase the Corporation shall pay the said stockholder or his representative or the said distributee<F25> the applicable price per share specified in sub-paragraph (a) of Paragraph 9 of this

Section, determined as of the date of such separation or such distribution<F26> and with interest at the rate of six percentum (6%) per annum from the date of such purchase until the date of payment. Upon the exercise by the Corporation of its right to purchase any such shares of Class A<F66> stock, the said stockholder or his representative or the said distributee<F27> shall have no further rights, privileges, or powers in respect of such stock. If payment of the purchase price for such shares is not made by the Corporation at the time of such purchase, the Corporation shall within a reasonable time thereafter issue to the stockholder or his representative or the distributee<F28> a note or other evidence of indebtedness fixing the amount to be paid by the Corporation pursuant to sub-paragraph (a) of Paragraph 9 of this Section and bearing interest at the rate of six percent (6%) per annum from the date of purchase to the date of payment. If the Board of Directors elects not to exercise such right

of purchase within the said period of ninety (90) days, the shares may be retained by or transferred to any person whatsoever, subject to the continuing right of the Corporation to purchase all or any of said shares in the event that, and at such times as, any or all of such shares are presented for transfer to any other person, and the price payable by the Corporation shall be<F29> the applicable price per share specified in sub-paragraph (a) of Paragraph 9 of this Section,30 determined as of the date of presentation for transfer.<F31>

(c) The Corporation shall have the right to purchase Class A<F56> stock through the Stock Purchase Plan for the purposes set forth in Section X, Paragraph 4, of the By-Laws.<F51>

(d) Any holder of Class B stock may at any time, by written notice to the Secretary of the Corporation, tender any or all his shares to the Corporation for purchase by it. The Board of Directors may accept or reject such tender, in whole or in part; and if it accepts the tender or any part thereof, the Corporation shall purchase the shares so accepted at a price determined in accordance with the provisions of sub-paragraph (b)(i) of Paragraph 9 hereof. Where shares are tendered by several stockholders, the Board of Directors may accept all or any part thereof as it deems proper, either in the chronological order of tender, or according to a percentage of all shares tendered, or by any combination of these methods, at its discretion. If the Board of Directors rejects such tender in whole or in part, the shares may be transferred to any person whatsoever, subject to the continuing right of the Corporation to purchase any or all of said shares in the event that, and at such times as, any or all of such shares are presented for transfer to any other person, and the price payable by the Corporation shall be a price per share determined in accordance with the provisions of sub-paragraph (b)(ii) of paragraph 9 hereof, determined as of the date of presentation for transfer.<F67>

8. Redemption of Class B Stock by the Corporation

The Corporation shall have the right at any time (a) after the expiration of eight (8) years from the date of retirement of an officer or employee or one (1) year after the death of such retired officer or employee, whichever of the two periods is longer, to redeem from the holder thereof all or any part of the outstanding shares of Class B stock issued to such retired officer or employee, and (b) after the expiration of eight (8) years from the date of death of an officer or employee (i) while in the service of the Corporation or on military or disability leave or (ii) who dies within ninety (90) days after retirement, to redeem from the holder thereof all or any part of the outstanding shares of Class B stock issued in exchange for Class A stock to the estate, dependents, or persons who are the natural objects of the bounty of such employee or officer. If the Corporation elects to exercise such right of redemption, it shall so notify the holder of the Class B stock by written notice sent to the address of such holder as it appears on the stock books of the Corporation and, upon such exercise by the Corporation of its right to redeem any of such shares of Class B stock, the said holder shall have no further rights, privileges, or powers in respect of such stock.<F128> The Corporation shall make payment for the shares redeemed at a price per share determined in accordance with the provisions of sub-paragraph (b)(iii) of Paragraph 9 hereof, as of the date of redemption.<F68>

9. Purchase Price

(a) Class A<F66> Stock

The price to be paid by the Corporation for any shares of Class A <F66> stock acquired by it pursuant to a tender under Subparagraph (a) of Paragraph 7 of this Section, or pursuant to notice or demand under sub-paragraph (b) of Paragraph 7 of this Section shall be as follows:

(i) During the period ending December 31, 1950, the book value per outstanding share for the next preceding calendar year, as determined by independent auditors.

(ii) From and after January 1, 1951, the book value per outstanding share at the close of<F32> the next preceding calendar year, as determined by independent auditors: PROVIDED, That if the book value per outstanding share,<F33> as so determined, exceeds ten times the average annual net earnings per outstanding share,<F34> if any, of the Corporation (after taxes, including income taxes) for the next preceding three calendar years, as determined by independent auditors then the price shall be the average of such two figures (book value and ten times average net earnings) per outstanding share.

(b) Class B Stock

(i) The price to be paid by the Corporation for any shares of Class B stock acquired by it pursuant to tender under Subparagraph (d) of Paragraph 7 hereof shall be:

(A) The price in effect for purchase and sale of shares of Class A stock of the Corporation under the Stock Purchase and Transfer Plan of the Corporation, if tender is made prior to the time that the Corporation shall first have the right under Paragraph 8 hereof to redeem such Class B stock from the holder thereof; or

(B) The price determined for the purchase of Class A stock in accordance with the provisions of sub-paragraph (a) of Paragraph 9 hereof, if tender is made at a time when the Corporation shall first have the right under

Paragraph 8 hereof to redeem such Class B stock from the holder thereof.<F129>

(ii) Except as provided for in Subparagraph (iv) hereof, the price to be paid by the Corporation for any share of Class B stock acquired by it pursuant to the exercise of its right under sub-paragraph (d) of Paragraph 7 hereof after rejection of tender shall be:

(A) The price in effect for the purchase and sale of shares of Class A stock of the Corporation under the Stock Purchase and Transfer Plan of the Corporation, if the stock is presented for transfer prior to the time that the Corporation shall first have the right under Paragraph 8 hereof to redeem such Class B stock from the holder thereof; or

(B) The price determined for the purchase of Class A stock in accordance with the provisions of sub-paragraph (a) of Paragraph 9 hereof, if the stock is presented for transfer at a time when the Corporation shall first have the right under Paragraph 8 hereof to redeem such Class B stock from the holder thereof.<F130>

(iii) Except as provided for in sub-paragraph (iv) hereof, the price to be paid by the Corporation for any share of Class B stock acquired by it under Paragraph 8 hereof shall be a price determined in accordance with the provisions of sub-paragraph (a) of Paragraph 9 hereof.

(iv) If the Corporation shall refuse a tender of Class B stock made pursuant to the provisions of sub-paragraph (d) of Paragraph 7 hereof within six

months prior to the time at which the Corporation shall first have the right under Paragraph 8 hereof to redeem such Class B stock from the holder thereof, <F131> the price to be paid by the Corporation upon acquisition of such Class B stock either under the provisions of sub-paragraph (d) of Paragraph 7 or Paragraph 8 hereof shall be the price in effect at the time of acquisition for the purchase and sale of Class A stock under the Stock Purchase and Transfer Plan of the Corporation.<F69>

10. Fractional Shares

No fractional shares of<F70> stock may be subscribed for, issued or exchanged, except as the Board of Directors may by resolution determine to be necessary or advisable in the effectuation of a stock bonus plan of the

Corporation.<F35> The Board of Directors may, in its discretion, provide for the payment of a sum of money to cover fractional interests arising from an exchange, redemption or acquisition of stock by the Corporation.

11. Dissolution or Distribution of Assets

In the event of dissolution of, or any distribution of the assets of, the Corporation, the holders of Class A stock, Class B stock, and Class C stock shall be entitled to participate ratably, share for share, and without preference of any class over the others.<F205>

12. Lost Certificate

If a certificate of stock of the Corporation be lost or destroyed, another certificate of the same tenor and for the same number of shares may be issued in its stead, upon proof of such loss or destruction and the giving of a satisfactory bond of indemnity in an amount sufficient to indemnify the Corporation against any claim: PROVIDED, That the Board of Directors may waive the requirement of a bond if in its judgment it is proper to do so.

SECTION X - DISTRIBUTION AND MARKETING OF STOCK<F36>

1. Stock Transfer in Conformity with Section

For all transfers of Corporation stock made in conformity with the requirements of this Section, approval by the Board of Directors shall not be required.

2. Stock Purchase and Transfer Plan

The Board of Directors shall set up a Stock Purchase and Transfer Plan which shall contain the following features:

(a) Operation by Trustee

The Plan shall be operated in accordance with the provisions of this Section by a Trustee, who shall be designated by the Board and shall serve at the pleasure of the Board. The Board may designate one or more Assistant Trustees with powers to perform any of the Trustee's duties herein prescribed in the absence of the Trustee.<F198>

(b) Eligibility for Participation

Except as otherwise provided in this Section, officers and employees eligible to participate shall be persons (1) who are officers or employees of the Corporation or of a subsidiary corporation eighty (80) percent or more of whose stock is owned by the Corporation and (2) who possess such other qualifications as the Board of Directors shall from time to time prescribe by resolution (all such officers and employees being hereinafter in this Section X referred to as "officers and employees").<F140> The term "stockholder," used without qualification, means any holder of Class A stock<F66> whether he is an officer or<F138> employee or not.

(c) Stock Purchase Fund

The Board of Directors shall set up a Stock Purchase Fund under the direction and control of the Trustee. The Trustee is empowered to select a depository with which this fund is to be deposited. Withdrawal of amounts from the account with the depository may be made upon the signature of the Trustee or his duly designated agent.

(d) Functions of Stock Purchase Fund

The functions of the Stock Purchase Fund shall be:

(i) To accept deductions from the weekly or biweekly salary of eligible officers and<F137> employees authorizing deductions for the purchase of Class A<F66> stock of the Corporation. The deducted amounts shall remain in the Fund to the credit of the respective officers and<F137> employees until they are applied to the purchase of stock. In the event of termination of employment, any amount in the Stock Purchase Fund to the credit of the officer or<F138> employee shall be refunded.

(ii) To maintain a list of "offers to buy" from eligible officers and<F137> employees.

(iii) To purchase from stockholders Class A<F66> stock of the Corporation, so far as available, up to the amount sufficient to satisfy the claims of those who (1) have deposited funds with the Fund through payroll deductions and (2) have listed with the Trustee "offers to buy."

(iv) To purchase from the Corporation such treasury Class A<F66> stock or unissued Class A<F66> stock as the Board of Directors may authorize to be

purchased, for the purpose of satisfying the demands of those who (1) have deposited funds with the Fund through payroll deductions and (2) have listed with the Trustee "offers to buy".

(v) To sell stock to the Corporation for the purposes set forth in Section X, Paragraph 4, of the By-Laws.<F52>

(e) Priorities in Purchase and Sale of Stock

The Trustee shall observe the following rules as to priorities in purchase and distribution of Class A<F66> stock:

(i) When the number of shares which can be purchased with accumulated funds from payroll deductions and by calling upon officers and employees who have submitted "offers to buy" exceeds the total of shares which are available to the Fund for distribution, the claims of those who have contributed funds through payroll deductions shall be satisfied before satisfaction of any of the claims of those who have submitted "offers to buy".

(ii) When the number of shares offered to the Fund by stockholders plus the shares subject to purchase by the Fund under the optional agreements provided for in Section XI of these Bylaws exceeds the number of shares for which there is a demand through payroll deductions and "offers to buy," the Trustee shall apply such funds as are available to purchase stock in the following order of priority:

(aa) Such shares of stock held by a former officer or<F138> employee, or the heirs or legatees of a former officer or <F138> employee, whose employment has been terminated for three years or more and whose stock is subject to purchase by the Fund pursuant to the agreement set forth in Section XI of these Bylaws.

(bb) All other stock offered to the Fund for purchase in the chronological order in which such offers have been received in writing by the Trustee: PROVIDED, however, that, whenever the Trustee has unsatisfied offers of stock from two or more stockholders, not more than three thousand two hundred (3,200) shares may be purchased from a stockholder having a higher priority until three thousand two hundred (3,200) shares (or all shares offered, if less than three thousand two hundred (3,200)) have been purchased from each such stockholder having a lower priority. Where two or more offers of stock are received simultaneously by the Trustee, the order shall be determined by lot. <F209>

(f) Price of Class A<F56> Stock

Not more than 70<F80> days and not less than 15 days prior to (1) the date of record for voting at the regular annual meeting of stockholders and (2) the date which follows such record date by six months, the Board of Directors shall determine the price of the Class A<F56> stock for purchase and sale by the fund during the six-month periods beginning with the two dates specified above. The price set shall not be below the book value per share as determined from the most recent period financial statement available to the Board at the time determination is made. The price shall be the same for stock purchase by the Stock Purchase Fund and for stock sold by the Fund. Announcement of the price shall be made to all stockholders and eligible officers and<F137> employees at least one week<F112> in advance of the effective date.

(g) Issuance of Class A<F56> Stock to Fund

The Board of Directors shall determine twice each year whether to make available treasury or unissued Class A stock<F56> for purchase by the Stock

Purchase Fund and, if it decided to make such stock available, it shall determine the maximum number of shares to be sold to the Fund. The price at which such stock shall be sold shall be the same as the price fixed for purchase and sale of stock by the Stock Purchase Fund.<F120>

(h) Settlement Dates

On the dates designated below, money accumulated in the Stock Purchase Fund shall be applied to the purchase of Class A stock<F66> in the name of the officers and<F137> employees authorizing payroll deductions for the purpose. As of these dates the Trustee of the Fund shall also make available, to those who have submitted "offers to buy," stock to satisfy these offers to the extent that such stock is available to the Fund. Stock certificates shall be issued to each officer or<F138> employee for shares then fully paid through payroll deductions or by satisfaction of "offers to buy" as soon as possible after each settlement date. The settlement dates are the days next preceding each of the following dates:

(i) Record date fixed prior to (a) regular stockholders' meetings: (b) special stockholders' meeting; and (c) payment of dividends.

(ii) Date six months after record date of regular stockholders' meetings.

(i) Payroll Deductions for Purchase of Stock

Eligible officers and<F137> employees may, upon written authorization, have deducted from their salaries and paid into the Stock Purchase Fund designated amounts each pay period to be applied on purchase of Class A stock<F66> of the Corporation, subject to the following rules:

(i) Limitations on Amount

Deductions from salary for such purchase shall not be in excess of 80 times the current price per share and not less than one dollar ($1.00) per week.<F210>

(ii) When Deductions Begin

Deductions from payroll for the purpose of this subparagraph shall begin with salary for the first full pay period<F156> after receipt of the authorization, except that deductions from payroll authorized within the forty-two<F202> days preceding the close of the then current Plan shall begin with salary for the first full week of the succeeding Plan period. <F152>

(iii) Change in Amount of Authorized Deduction

Any eligible officer or<F138> employee who has authorized a payroll deduction for the purposes of this subparagraph may increase or decrease the amount of the deduction authorized, subject to the limitations of subdivision (i) of this subparagraph, by giving written notice to the Trustee of the Stock Purchase Fund. Such notice shall take effect with salary for the first full pay period<F156> after submission of notice, except that if such notice is received within the forty-two<F202> days preceding the close of the then current Plan it shall take effect with salary for the first full week of the succeeding Plan period.<F153>

(iv) Withdrawal of Authorization

Any eligible officer or<F138> employee who has authorized a payroll deduction for the purposes of this subparagraph may withdraw his authorization at any time by giving written notice to the Trustee of the Stock Purchase Fund. Such notice shall take effect with salary for the first full pay period<F156> after submission of notice.<F47> Upon request, and with two weeks' notice, a person withdrawing from the Plan may have refunded any amount deducted from salary which has not at that time been applied to the purchase of stock. <F82>

(v) No Fractional Shares

No fractional shares shall be purchased or distributed. On any settlement date, the Stock Purchase Fund shall refund to any office or<F138> employee on request any amount remaining after application of the deductions to the purchase of full shares of stock.

(j) "Offers to Buy"

Eligible officers and<F137> employees may at any time before the forty-second<F202> day preceding the close of the then current Plan submit to the Trustee "offers to buy" shares of the Class A stock<F66> of the Corporation.<F48> Such "offers to buy" may be either (a) limited, to be satisfied at the price currently established, in which case they shall become void at any time the price of the stock is changed, or (b) unlimited, to be satisfied at any price which may prevail at the time stock becomes available for purchase from the Fund, in which case the offer shall remain in effect until withdrawn or satisfied.

Stock may be sold by the Trustee in satisfaction of "offers to buy" whenever he has stock available for sale after the satisfaction of all claims arising from those who have authorized payroll deductions for purchase of stock: PROVIDED, however, that no treasury or unissued stock shall be issued to satisfy

such "offers to buy" except at the following settlement dates: (1) the day next preceding the record date for the regular annual stockholders' meeting and (2) the day next preceding the date six months after such record date.

(i) Filing

"Offers to buy" must be submitted in writing in a form prescribed by the Board of Directors and filed with the Trustee.

(ii) Records

The Trustee shall keep a record of "offers to buy" filed with him, which shall show the name, date of filing, terms of offer, and date and extent of satisfaction or date of withdrawal or decrease. He shall assign to each "offer to buy" a listing number, which shall show the time sequence in which such "offers to buy" have been filed. When two or more offers are received at the same time, priority among them shall be determined by lot.

(iii) Obligations Entailed

"Offers to buy" when filed, shall constitute a binding obligation upon the person filing the same to execute the purchase at any time when called upon by the Trustee to do so. If the offeror does not then execute the purchase, all of his "offers to buy" shall be canceled by the Trustee and the offeror's subsequent "offers to buy" shall not be accepted prior to the beginning of the next Plan period.<F157>

(iv) Limitations on Amount

"Offers to buy" may be satisfied by the Trustee, if stock is available for each eligible officer and employee without limitation in amount: PROVIDED however, that shares made available to the Trustee from unissued or treasury stock may not be sold to any one individual in excess of that amount necessary to permit such individual to purchase a total of three thousand two hundred (3,200) shares of stock through "offers to buy" in any period of six months.<F211>

(v) Withdrawal or Decrease in Amount

Any person who has filed an "offer to buy" may, on two weeks' written notice, withdraw such offer or decrease the amount thereof.<F49>

(vi) Increase in Amount

An "offer to buy" may not be increased in amount, but any person who already has filed an "offer to buy" may file one or more additional "offers to buy" up to the applicable limits. Allotments of stock shall not be made to such additional offer until the first offer has been satisfied.

(vii) Fulfillment

Offers to buy" shall be satisfied in order of priority based on the date when the "offer to buy" is listed according to the following system:

When the Trustee has available shares for sale to makers of "offers to buy," he shall allot to each "live" listing number in numerical sequence one hundred and sixty (160) shares, or the full amount of the "offer to buy" if the "offer" is for fewer than one hundred and sixty (160) shares, until all listing numbers have received their allotments or until all the available shares have been allotted. If additional shares for allotment remain, they shall be allocated in the same manner, one hundred and sixty (160) or fewer (if the unfulfilled "offer to buy" is less than one hundred sixty (160) shares being allotted to each number in rotation until all available shares are sold. After each such allotment the "live" listing shall be reconstituted, beginning with the first "offer to buy" that was not satisfied in the previous allotment, and the same procedure followed on subsequent allotments.<F212>"

(k) Place and Sale of Stock

All stock under this Plan is to be issued, sold, and paid for in Washington, D.C. No notice of participation in the Plan is effective until received and accepted at the principal office of the Corporation.

3. Register of Supplemental Bids

The Trustee of the Stock Purchase and Transfer Plan shall maintain a Register of Supplemental Bids. In this Register shall be entered bids for Class A<F66> of the Corporation which have been communicated in writing to the Trustee by eligible officers and<F137> employees. The Register shall show in the order of receipt the name of the bidder, the price at which he bid for stock, the number of shares bid for, and the date as of which the bid expires (unless the bid is open). Any bid may be withdrawn upon one week's written notice to the Trustee. The Register shall be open for inspection at the principal office of the Corporation at all reasonable hours to stockholders and eligible officers

and<F137> employees. The Trustee shall reply promptly to mail inquiries of stockholders and eligible officers and<F137> employees respecting the Register.

(a) Stock Transfer Pursuant to Supplemental Bids

Whenever the Trustee shall certify that the Stock Purchase Fund is unable to absorb stock subject to purchase by the Fund pursuant to agreements provided for in Section XI of these Bylaws, or offered for sale by stockholders, any stockholder may offer his stock in satisfaction of the registered bids, and transfer shall be made upon the books of the Corporation from the offerer to the bidder.

(b) Priority in Execution

When two or more bids at the same price have been registered, bids at that price will be satisfied in time order of their registration.

(c) Annual Statement of Trustee

The Trustee shall send once each year to all Class A<F56> stockholders and eligible officers and<F137> employees a statement of the manner in which the system of Supplemental Bids will be operated and the conditions which must be met by those who wish to avail themselves of its use.

4. Sale of Stock of the Corporation.

(a)<F97> In the event the Board of Directors, during any six months' period specified in Subparagraph (f) of Paragraph 2 of this Section X, shall determine that the orderly and successful operation of the Stock Purchase and Transfer Plan requires, and that the best interests of the Corporation and its stockholders and employees will be served by, the purchase by the Corporation through the Stock Purchase Fund of the whole, or any part, of the Class A <F66>

stock of the Corporation, which, during such six months' period, is subject to purchase by the Fund pursuant to agreements provided for in Section XI of these By-Laws or is offered for sale by stockholders, but which the Fund is unable to absorb unless purchased by the Corporation, the Trustee shall sell to the Corporation all, or such part of, the said unabsorbed stock as the Board, through its designated officer, shall notify the Trustee the Corporation will purchase, at the price determined pursuant to Subparagraph (f) of Paragraph 2 of Section X for the purchase and sale of stock by the Fund during the said six months' period.<F53>

(b) In the event that, during any six months' period in sub-paragraph (f) of Paragraph 2 of this Section X, any Class A stock offered for sale by the trustee under a stock bonus plan of the Corporation in order to effectuate the purposes of such plan is not absorbed through the Stock Purchase Fund, including purchases by the Corporation pursuant to Subparagraph (a) of this Paragraph 4, the Trustee shall sell to the Corporation, and the Corporation shall purchase, the stock so offered, at the price determined pursuant to sub-paragraph (f) of Paragraph 2 of Section X for the purchase and sale of stock by the Fund during the said six months' period.<F98>

SECTION XI - OPTIONAL AGREEMENTS FOR TRANSFER OF CLASS A<F66> STOCK ON TERMINATION OF EMPLOYMENT<F37><F223>

1. The Corporation shall, prior to January 1, 1998, offer to all officer and employee holders of Class A stock the option to execute the following agreement:

Agreement between The Bureau of National Affairs, Inc., party of the first part, and _____________, holder of one or more shares of the Class A stock of The Bureau of National Affairs, Inc., party of the second part:

In consideration of mutual advantages accruing therefrom, the parties hereby covenant and agree as follows:

1. The party of the second part will, within not more than three (3) years of his or her separation from employment by The Bureau of National Affairs, Inc. (herein called the Corporation) or by a subsidiary eighty (80) percent or more of whose stock is owned by the Corporation, offer all Class A stock of the Corporation held by him or her to be purchased under the Stock Purchase and Transfer Plan set up pursuant to Section X of the By-laws of the Corporation. Such offer or offers may be made at any time within the said three (3) years for any part or all of the Class A stock so held.

2. In the event that the Stock Purchase Fund, provided for in the said Plan, is unable to purchase any or all of the shares offered, the party of the second part may, at that time, at his or her option, accept Supplemental Bids, if any, registered with the Trustee of the Plan. If such Supplemental Bids are not accepted, the party of the second part may retain his or her shares for later offers through the Stock Purchase and Transfer Plan, including acceptance of Supplemental Bids.

3. If at the end of three (3) years after termination of his or her employment, the party of the second part still retains any Class A stock of the Corporation, she or he shall offer it forthwith for purchase through the Stock Purchase Fund. If the Stock Purchase Fund is unable to purchase any or all of the shares so offered, the Trustee of the Plan shall so notify her or him and she or he may thereafter retain such shares as have not been purchased or may dispose of them by accepting Supplemental Bids. Upon receipt of notification from the Trustee that the Fund is able to purchase any part or all of the shares then held, the party of the second part shall, within sixty (60) days from the mailing of such notification, which shall state the number of shares the Fund

can purchase from the stockholder, present such shares to the Trustee for purchase by the Fund. A like procedure shall be followed until all shares held by the party of the second part have been purchased by the Fund.

4. If the party of the second part, or his/her heirs or legatees, offers any or all of his/her shares for sale other than as herein specified, this agreement shall become null and void.

5. This agreement shall be binding upon the heirs and legatees of the party of the second part.

6. Nothing herein contained shall diminish the right of the party of the second part to exchange Class A stock for Class B stock of the Corporation pursuant to Paragraph 2(b) of Section IX of the By-laws.

7. The provisions of Paragraph 7(b) of Section IX of the By-laws shall not apply to the party of the second part, or his/her heirs or legatees, so long as this agreement is in force and effect.

2. The Corporation shall, on and after January 1, 1998, offer to all officer and employee holders of Class A stock the option to execute the following

agreement:

Agreement between The Bureau of National Affairs, Inc., party of the first part, and _____________, holder of one or more shares of the Class A stock of The Bureau of National Affairs, Inc., party of the second part:

In consideration of mutual advantages accruing therefrom, the parties hereby covenant and agree as follows:

1. The party of the second part will, within not more than one (1) year of his or her separation from employment by The Bureau of National Affairs, Inc. (herein called the Corporation) or by a subsidiary eighty (80) percent or more of whose stock is owned by the Corporation, offer all Class A stock of the Corporation held by him or her to be purchased under the Stock Purchase and Transfer Plan set up pursuant to Section X of the By-laws of the Corporation. Such offer or offers may be made at any time within the said one (1) year for any part or all of the Class A stock so held.

2. In the event that the Stock Purchase Fund, provided for in the said Plan, is unable to purchase any or all of the shares offered, the party of the second part may, at that time, at his or her option, accept Supplemental Bids, if any, registered with the Trustee of the Plan. If such Supplemental Bids are not accepted, the party of the second part may retain his or her shares for later offers through the Stock Purchase and Transfer Plan, including acceptance of Supplemental Bids.

3. If at the end of one (1) year after termination of his or her employment, the party of the second part still retains any Class A stock of the Corporation, she or he shall offer it forthwith for purchase through the Stock Purchase Fund. If the Stock Purchase Fund is unable to purchase any or all of the shares so offered, the Trustee of the Plan shall so notify her or him and she or he may thereafter retain such shares as have not been purchased or may dispose of them by accepting Supplemental Bids. Upon receipt of notification from the Trustee that the Fund is able to purchase any part or all of the shares then held, the party of the second part shall, within sixty (60) days from the mailing of such notification, which shall state the number of shares the Fund can purchase from the stockholder, present such shares to the Trustee for purchase by the Fund. A like procedure shall be followed until all shares held by the party of the second part have been purchased by the Fund.

4. If the party of the second part, or his/her heirs or legatees, offers any or all of his/her shares for sale other than as herein specified, this agreement shall become null and void.

5. This agreement shall be binding upon the heirs and legatees of the party of the second part.

6. Nothing herein contained shall diminish the right of the party of the second part to exchange Class A stock for Class B stock of the Corporation pursuant to Paragraph 2(b) of Section IX of the by-laws.

7. The provisions of Paragraph 7(b) of Section IX of the by-laws shall not apply to the party of the second part, or his/her heirs or legatees, so long as this agreement is in force and effect.

SECTION XII - BOOKS AND ACCOUNTS<F38>

1. Place

The books, accounts, and records of the Corporation shall be kept at the main office of the Corporation in the City of Washington, District of Columbia, or at such other place or places within or without the State of Delaware as may from time to time be designated by resolution of the Board of Directors, but the original or duplicate stock ledger shall be kept at the principal office of the Corporation in Wilmington, Delaware.

2. Inspection

The directors shall determine from time to time under what conditions and regulations the accounts and books of the Corporation, or any of them, shall be open to the inspection of stockholders, subject to the rights of inspection granted to stockholders by law.

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SECTION XIII - CHECKS<F39>

All checks, drafts, orders for the payment of money, and notes of the Corporation shall be signed by such officer or officers as the Board of Directors may from time to time designate.

SECTION XIV - DIVIDENDS; RESERVES<F40>

1. Dividends

Dividends may be declared by the Board of Directors at any regular or special meeting. The holders of Class A stock, Class B stock, and Class C stock shall be entitled to participate ratably, share for share, and without preference of any class over the others in all dividends when and as declared by the Board of Directors.<F206>

2. Reserves

Before declaration of any dividend or any distribution of profits, the Board of Directors may set aside from time to time out of the funds of the Corporation available for dividends such sum or sums as the Board in its discretion may think proper as a reserve fund for any proper purpose, and the Board may alter or abolish any such reserve or reserves.

SECTION XV - DEFINITIONS<F41><F147>

Except as the context may otherwise require, the unqualified word "stockholder" as used in these By-Laws shall mean the holders of Class A <F66> stock of the Corporation and shall not include holders of Class B<F72> stock or Class C<F207> stock of the Corporation.

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As used in Sections IX, X and XI of these By-Laws, the terms "separation from employment", "dismissal" and other terms of like import do not include a lay-off of less than ninety (90) days' duration.<F148>

SECTION XVI - NOTICES<F42>

1. Form

Whenever under the provisions of these By-Laws notice is required to be given to any stockholder, director, or officer, it shall not be construed to require personal notice, but such notice may be given in writing by mail, by depositing the same in the post office or letter-box in a postpaid, sealed wrapper, addressed to such stockholder, director, or officer at such address as appears for him on the books of the Corporation, or in default of any such address, to the stockholder, director, or officer at his last known place of address or at the general post office in the City of Wilmington, State of Delaware; and any such notice shall be deemed to be given at the time that the same shall be thus mailed.

2. Waiver

Any stockholder, director, or officer may waive in writing any notice required to be given under these By-Laws, whether before or after the time stated herein.

SECTION XVII - AMENDMENTS<F43>

These By-Laws may be supplemented, amended, altered, or repealed by the affirmative vote of the holders of a majority of the stock issued and outstanding and entitled to vote thereat at any regular meeting of the stockholders, or at any special meeting of the stockholders if notice of the proposed action in respect of the By-Laws be contained in the notice of the meeting; or by the affirmative vote of a majority of the whole Board of Directors at a regular meeting.

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<TABLE>
<S> <C>

FOOTNOTES

<FN>

Footnote 1 <F1>

As amended 1/3/48 by directors' resolution. Previously, agent was Delaware Charter Company and address was 927 Market Street.

Footnote 2 <F2>

Originally read: "An annual meeting of stockholders shall be held at 2 o'clock p.m. on the first Saturday in December," etc. Amended 12/6/47 by stockholders' resolution to read: "at 2 o'clock p.m. on the second Saturday of May", etc. Further amended 5/13/50 by stockholders' resolution to read as shown.

Footnote 3 <F3>

Words "in accordance with the provisions for cumulative voting contained in Article V of the Certificate of Incorporation," originally appearing here stricken 3/27/48 by stockholders' resolution.

Footnote 4 <F4>

Words ": Provided, That cumulative voting shall be in effect at all elections for directors, as prescribed by Article V of the Certificate of Incorporation" originally appearing here stricken 3/27/48 by stockholders' resolution.

Footnote 5 <F5>

Words "and subject to the provisions for cumulative voting in Article V of the Certificate of Incorporation," originally appearing here stricken 3/27/48 by stockholders' resolution.

Footnote 6 <F6>

Words "subscribed by him" inserted, and word "and" substituted for comma preceding "the number of shares", 10/18/47 by directors' resolution.

Words ", and an oath or affirmation before a notary public or other official authorized to administer oaths that the said ballot is the true and voluntary act and deed of the stockholder" originally appearing here stricken 10/18/47 by director's resolution.

Footnote 7 <F7>

Sub-paragraph (e) inserted 10/18/47 by Board resolution.

Footnote 8 <F8>

The "(a)" immediately following title of Paragraph 8 and the words "to be filled" at the annual meeting" inserted 10/18/47 by Board resolution.

Footnote 9 <F9>

Sub-paragraph (b) as amended 10/18/47 by Board resolution. Originally read, without paragraph identification, as follows: "Any stockholder or stockholders owning at least five (5) per cent of the outstanding shares of stock of the Corporation may submit additional nominations to the Nominating Committee no less than twenty-five (25) days prior to the annual meeting, and such additional names together with the list of original nominations shall be placed upon a final list of nominations to be mailed to stockholders not less than fifteen (15) days prior to such meeting."

Footnote 10 <F10>

Sub-paragraph (c) inserted 10/18/47 by Board resolution.

Footnote 11 <F11>

Entire Section amended 7/7/50 by Board resolution to read as shown except as to subsequent changes noted by the indicated footnotes.

Original Section stated below.

In the first line of Paragraph 4 of original Section, words "sub-paragraph (a) and (b)" substituted for "sub-paragraph (b)" 4/2/49 by Board resolution.

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In sub-paragraph (a) of Paragraph 5 of original Section, sentence added 4/2/49 by Board resolution as follows: If the Board of Directors rejects such tender in whole or in part, the shares may be transferred to any person whatsoever, subject to the continuing right of the Corporation to purchase any or all of said shares at any time, upon demand by the Board of Directors and at the applicable price per share specified in Paragraph 6 of this Section, determined as of the date of demand."

Section IX originally read as follows:

"1. Eligible Stockholders

(a) The capital stock of the Corporation, consisting of 30,000 shares of common stock without par value, shall be issued only to persons who are employees or officers of the Corporation, and who possess such other qualifications as the Board of Directors shall from time to time prescribe by resolution.

"(b) Except as provided in Sections V and VIII of these By-Laws, in respect of the qualification of directors, President and one Vice-President, no officer or employee of the Corporation shall be obligated or required to subscribe for or own any stock of the Corporation; and the subscription or failure to subscribe for any shares of stock of the Corporation shall in no way affect or prejudice the position, status, tenure, continued employment, or advancement of any officer or employee.

"2. Form of Certificate

The certificates of stock of the Corporation shall be numbered consecutively and shall be entered in the books of the Corporation as they are issued. Each certificate shall exhibit the holder's name and the number of shares of stock represented thereby, and shall be signed by the President or a Vice-President, and by either the Secretary, the Treasurer, the Assistant Secretary or the Assistant Treasurer.

"3. Consideration for Stock

The stock of this Corporation shall be issued for money only, at such price as the Board of Directors may from time to time prescribe by resolution.

"4. Transfer of Stock

(a) Except as provided in sub-paragraph (b) of Paragraph 5 of this Section, no shares of stock may be transferred or pledged without the written consent or authorization of the Board of Directors or of such officer as may be designated by it to grant such consent or authorization.

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"(b) All transfers of stock of the Corporation shall be made upon its books by the person named in the certificate or by his lawfully constituted representative, and upon surrender of the certificate for cancellation.

"(c) The Corporation shall be entitled to treat the holder of record of any share or shares of stock as the holder in fact thereof, and accordingly shall not be bound to recognize any equitable or other claims to or interest in such shares on the part of any person, whether or not it shall have express or other notice thereof, save as expressly provided by the laws of Delaware.

"5. Purchase of Stock by Corporation

(a) Any stockholder may at any time, by written notice to the Secretary of the Corporation, tender any or all of his shares to the Corporation for purchase by it. The Board of Directors may accept or reject such tender, in whole or in part; and if it accepts the tender or any part thereof, the Corporation shall purchase the shares so accepted at the price provided for in Paragraph 6 of this Section. Where shares are tendered by several stockholders, the Board of Directors may accept all or any part thereof as it deems proper, either in the chronological order of tender, or according to a percentage of all shares tendered, or by any combination of these methods, in its discretion.

"(b) In the event of the resignation, retirement, dismissal or death of any officer or employee of the Corporation who owns any shares of stock thereof, the Corporation shall have the exclusive right for a period of ninety (90) days from the occurrence of the said event to purchase any or all of the shares held by such person. If the Board of Directors elects to exercise such right of purchase, it shall so notify the stockholder or his personal representative within said period of ninety (90) days, and within not more than one (1) year after such exercise of its right to purchase the Corporation shall pay the said stockholder or his representative the applicable price per share specified in Paragraph 6 of this Section, determined as of the date of such separation and with interest at the rate of six percentum (6%) per annum from the date of such purchase until the date of payment. Upon the exercise by the Corporation of its right to purchase any such of stock, the said stockholder or his representative shall have no further rights, privileges, or powers in respect of such stock. If payment of the purchase price for such shares is not made by the Corporation at the time of such purchase, the Corporation shall within a reasonable time thereafter issue to the stockholder or his representative a note or other evidence of indebtedness fixing the amount to be paid by the Corporation pursuant to Paragraph 6 of this Section and bearing interest at the rate of six percentum (6%) per annum from the date of purchase to the date of payment. If the Board of Directors elects not to exercise such right of purchase within the said period of ninety (90) days, the shares may be retained by or transferred

to any person whatsoever, subject to the continuing right of the Corporation to purchase all or any of said shares at any time, no matter by whom such shares are held, upon demand by the Board of Directors and at the applicable price per share specified in Paragraph 6 of this Section, determined as of the date of demand.

"6. Purchase Price

The price to be paid by the Corporation for any shares acquired by it pursuant to a tender under sub-paragraph (a) of Paragraph 5 of this Section, or pursuant to notice or demand under sub-paragraph (b) of Paragraph 5 of this Section shall be as follows:

(a) During the period from January 1, 1947 to December 31, 1947, the original issuance price of such shares.

(b) During the period from January 1, 1948 to December 31, 1950, the book value per outstanding share for the next preceding calendar year, as deter mined by independent auditors.

(c) From and after January 1, 1951, the book value per outstanding share for the next preceding calendar year, as determined by independent auditors: PROVIDED, That if the book value of all outstanding shares, as so determined, exceeds ten times the average annual net earnings, if any, of the Corporation (after taxes, including income taxes) for the next preceding three calendar years, as determined by independent auditors, then the price shall be the average of such two figures (book value and ten times average net earnings) per outstanding share.

"7. Lost Certificate

If a certificate of stock of the Corporation be lost or destroyed, another certificate of the same tenor and for the same number of shares may be issued in its stead, upon proof of such loss or destruction and the giving of a satisfactory bond of indemnity in an amount sufficient to indemnify the Corporation against any claim: Provided, That the Board of Directors may waive the requirement of a bond if in its judgment it is proper to do so."

Footnote 12 <F12>

Words "or to a trustee designated or appointed under a stock bonus plan of the Corporation" inserted by directors' resolution of 11/3/51. For language in effect prior to 7/7/50, see footnote 11.

Footnote 13 <F13>

Words "to heirs, legatees or beneficiaries upon the death of employees or officers" substituted for "to heirs or legatees of employees or officers who die" by directors' resolution of 11/3/51. For language in effect prior to 7/7/50, see footnote 11.

Footnote 14 <F14>

Words "Provided, That the said sixty * * * of the Corporation" added by directors' resolution of 11/3/51. For language in effect prior to 7/7/50, see footnote 11.

Footnote 15 <F15>

Words "except as issued pursuant to the provisions of a stock bonus plan of the Corporation" added by directors' resolution of 11/3/51. For language in effect prior to 7/7/50, see footnote 11.

Footnote 16 <F16>

Words "and in Sections X and XI" inserted 12/1/51 by stockholders' resolution.

Footnote 17 <F17>

Words "in the event * * * the Corporation shall be" substituted for words "at any time upon the demand of the Board of Directors and at" 12/1/51 by stockholders' resolution.

Footnote 18 <F18>

Words "presentation for transfer" substituted for word "demand" 12/1/51 by stockholders' resolution.

Footnote 19 <F19>

Designation "(i)" added by directors' resolution of 11/3/51.

Footnote 20 <F20>

Words "or (ii) the distribution of shares of common stock of the Corporation by a trustee under any stock bonus plan of the Corporation" added by directors' resolution of 11/3/51.

Footnote 21 <F21>

Words "and to the provisions of Section X and Section XI of the By-Laws" inserted 12/1/51 by stockholders' resolution.

Footnote 22 <F22>

Word "such" substituted for "the said" by directors' resolution of 11/3/51.

Footnote 23 <F23>

Words "such common stock so owned or so distributed" substituted for "shares of such common stock held by such person" by directors' resolution of 11/3/51.

Footnote 24 <F24>

Words "or the distributee under a stock bonus plan of the Corporation" inserted by directors' resolution of 11/3/51.

Footnote 25 <F25>

Words "or the said distributee" inserted by directors' resolution of 11/3/51.

Footnote 26 <F26>

Words "or such distribution" inserted by directors' resolution of 11/3/51.

Footnote 27 <F27>

Words "or the said distributee" inserted by directors' resolution of 11/3/51.

Footnote 28 <F28>

Words "or the distributee" inserted by directors' resolution of 11/3/51.

Footnote 29 <F29>

Words "in the event * * * the Corporation shall be" substituted for words "at any time, upon the demand of the Board of Directors and at" 12/1/51 by stockholders' resolution.

Footnote 30 <F30>

Words "determined as of the date of demand" deleted 12/1/51 by stockholders' resolution.

Footnote 31 <F31>

Comma substituted for period and words "determined as of the date of presentation for transfer" added 12/8/51 by directors' resolution.

Footnote 32 <F32>

Words "at the close of" substituted for word "for" 12/1/51 by stockholders' resolution.

Footnote 33 <F33>

Words "per outstanding share" substituted for words "of all outstanding shares" 12/1/51 by stockholders' resolution.

Footnote 34 <F34>

Words "per outstanding share" added 12/1/51 by stockholders' resolution.

Footnote 35 <F35>

Words "except as the Board * * * of the Corporation" added by directors' resolution of 11/3/51.

Footnote 36 <F36>

New Section X, titled Distribution and Marketing of Stock, added 12/1/51 by stockholders' resolution.

Footnote 37 <F37>

New Section XI, titled Optional Agreements for Transfer of Common Stock on Termination of Employment, added 12/1/51 by stockholders' resolution.

Footnote 38 <F38>

Renumbered as shown 12/1/51 by stockholders' resolution. Originally numbered X.

Footnote 39 <F39>

Renumbered as shown 12/1/51 by stockholders' resolution. Originally numbered XI.

Footnote 40 <F40>

Renumbered as shown 12/1/51 by stockholders' resolution. Originally numbered XII. Entire Section amended 7/7/50 by Board resolution to read as shown in footnote 73. It originally read:

"1. Declaration

Dividends upon the stock of the Corporation may be declared by the Board of Directors at any regular or special meeting.

2. Reserves

Before declaration of any dividend or any distribution of profits, the Board of Directors may set aside from time to time out of the funds of the Corporation available for dividends such sum or sums as the Board in its discretion may think proper as a reserve fund for any proper purposes, and the Board may alter or abolish any such reserve or reserves."

Footnote 41 <F41>

Section inserted 7/7/50 by Board resolution, as new Section XIII. Renumbered as shown 12/1/51 by stockholders' resolution.

Footnote 42 <F42>

Renumbered as shown 12/1/51 by stockholders' resolution. Originally numbered XIII; then renumbered XIV 7/7/50 by director's resolution.

Footnote 43 <F43>

Renumbered as shown 12/1/51 by stockholders' resolution. Originally numbered XIV; then renumbered XV 7/7/50 by director's resolution.

Footnote 44 <F44>

Subdivision (i) as amended 9/21/52 by Board resolution, except as to subsequent change noted by the indicated footnote. Originally read as follows: "(i) Limitations on Amount. Deductions from salary for such purpose shall be not in excess of ten ($10.00) dollars and not less than one ($1.00) dollar per week."

Footnote 45 <F45>

Subdivision (ii) as amended 4/3/54 by Board resolution. Originally read as follows: "(ii) When Deductions Begin. Deductions from payroll for the purposes of this sub-paragraph shall begin with salary for the first full pay period after receipt of the authorization."

Footnote 46 <F46>

Second sentence of subdivision (iii) as amended 4/3/54 by Board resolution. Originally read as follows: "Such notice shall take effect with salary for the first full payroll period after submission of notice."

Footnote 47 <F47>

Second sentence of subdivision (iv) as amended 4/3/54 by Board resolution. Originally read as follows: "Such notice shall take effect with salary for the first full payroll period after submission of notice."

Footnote 48 <F48>

First sentence of sub-paragraph (j) as amended 4/3/54 by Board resolution. Originally read as follows: "Eligible employees may at any time submit to the Trustee "offers to buy" shares of the common stock of the Corporation."

Footnote 49 <F49>

Subdivision (v) as amended 4/3/54 by Board resolution. Originally read as follows: "(v) Withdrawal or Decrease in Amount. Any person who has filed an 'offer to buy' may, on one week's written notice, withdraw such offer or decrease the amount thereof."

Footnote 50 <F50>

Sub-paragraph (b) as amended 3/5/55 by Board resolution. Previously read as follows (as amended 10/18/47 by Board resolution): "(b) Any stockholder or stockholders owning at least five (5) per cent of the outstanding shares of stock of the Corporation may submit additional nominations to the Nominating Committee not less than twenty-five (25) days prior to such annual meeting."<F9>

Footnote 51 <F51>

Sub-paragraph (c) inserted 6/10/55 by Board resolution.

Footnote 52 <F52>

Sub-paragraph (v) inserted 6/10/55 by Board resolution.

Footnote 53 <F53>

Paragraph 4(a) inserted 6/10/55 by Board resolution.

Footnote 54 <F54>

Subdivision (iv) as amended 8/8/55 by Board resolution, except as to subsequent change noted by the indicated footnote. Originally read as follows: "(iv) Limitation on Amount. 'Offers to buy' may be satisfied by the Trustee, if stock is available, for each eligible employee in any calendar year, up to a total of 100 shares: Provided, however, that shares made available to the Trustee from unissued or treasury stock may not be sold to any one individual in excess of 50 shares in any period of six months."

Footnote 55 <F55>

Words "entitled to vote thereat" inserted by directors' resolution of 12/6/58.

Footnote 56 <F56>

Words "Class A" inserted by directors' resolution of 12/6/58.

Footnote 57 <F57>

Paragraph 1 as amended by directors' resolution of 12/6/58. Originally read as follows: "1. Eligibility. - No person shall be elected or appointed as a director unless he is a stockholder of the Corporation, and any director who ceases to hold any shares of stock of the Corporation shall be disqualified to exercise any of the powers or duties of director and shall be deemed to have resigned from such office."

Footnote 58 <F58>

Words "other than the President" inserted by directors' resolution of 12/6/58.

Footnote 59 <F59>

Last sentence of sub-paragraph (a) inserted by directors' resolution of 12/6/58.

Footnote 60 <F60>

Paragraph 1 as amended by directors' resolution of 12/6/58. Previously read as follows: "1. Amount. - The total authorized capital stock of the Corporation consists of 45,000 shares divided into 30,000 shares of common stock without par value and 15,000 shares of preferred stock having a par share of ten dollars ($10.00) per share and without voting rights.

Footnote 61 <F61>

Paragraph 2 as amended by directors' resolution of 12/6/58, except as to subsequent change indicated in sub-paragraph (a)(i). Previously read as follows:

"2. Eligible Stockholders

"(a) Common stock

(i) The shares of common stock shall be issued only to persons who are employees or officers of the Corporation and who possess such other qualifications as the Board of Directors shall from time to time prescribe by resolution, or to a trustee designated or appointed under a stock bonus plan of the Corporation.<F12>

"(ii) Except as provided in Sections V and VIII of these By-Laws, in respect of qualifications of directors, President and one Vice- President, no officer or employee of the Corporation shall be obligated or required to subscribe for or own any stock of the Corporation; and the subscription or failure to subscribe for any shares of stock of the Corporation shall in no way affect or prejudice the position, statue, tenure, continued employment, or advancement of any officer or employee.<F138>

"(b) Preferred stock

(i) The shares of preferred stock shall be issued only in exchange for common stock to employees or officers of the Corporation upon their retirement because of age or disability, and to heirs, legatees or beneficiaries upon the death of employees or officers<F13> while in the service of the Corporation.

"(ii) No person shall be obligated or required to accept preferred stock in exchange for common stock. Any person qualified under sub-paragraph (b)(i) above to receive preferred stock in exchange for common stock who elects to exercise such right of exchange shall so notify the Secretary of the Corporation in writing within sixty (60) days after the occurrence of the event which gave rise to such right: Provided, That the said sixty (60) days' period for notification shall begin to run upon distribution with respect to an exchange involving common stock distributed to a qualified person under a stock bonus plan of the Corporation.<F14>"

Footnote 62 <F62>

Paragraph 3 as amended by directors' resolution of 12/6/58. Previously read as follows: "3. Consideration for Common Stock. - The common stock of the corporation shall be issued for money only, at such price as the Board of Directors may from time to time prescribe by resolution, except as issued pursuant to the provisions of a stock bonus plan of the Corporation.<F15>

Footnote 63 <F63>

Paragraph 4 as amended by directors' resolution of 12/6/58, except as to subsequent changes noted by the indicated footnotes. Originally read as follows: "4. Rate of Exchange of Preferred Stock for Common Stock. The exchange of preferred stock for common stock shall be at the rate of one share of preferred stock for each ten dollars ($10.00) of the then current repurchase price of common stock so exchanged, as specified in Paragraph 9 of this Section."

Footnote 64 <F64>

Words "sub-paragraphs (a) and (b) of" deleted by directors' resolution of 12/6/58.

Footnote 65 <F65>

Words "Class A and Class B" substituted for word "common" by directors' resolution of 12/6/58.

Footnote 66 <F66>

Words "Class A" substituted for word "common" by directors' resolution of 12/6/58.

Footnote 67 <F67>

Sub-paragraph (d) inserted by directors' resolution of 12/6/58.

Footnote 68 <F68>

Paragraph 8 as amended by directors' resolution of 12/6/58. Originally read as follows: "8. Redemption of Preferred Stock by the Corporation. - The Corporation shall have the right at any time to redeem all or any part of the outstanding shares of preferred stock of the Corporation. If the Board of Directors elects to exercise the right to redeem less than all such outstanding shares, the Corporation shall redeem a pro rata number of shares from each holder of preferred stock, but no fractional shares shall be redeemed. The Corporation shall make payment for the shares redeemed at the price per share provided for in sub-paragraph (b) of Paragraph 9 of this Section."

Footnote 69 <F69>

Sub-paragraph (b) as amended by directors' resolution of 12/6/58. Originally read as follows: "(b) Preferred Stock. The price to be paid by the Corporation for any shares of preferred stock acquired by it pursuant to notice or demand under Paragraph 8 of this Section shall be ten dollars and fifty cents ($10.50) per share."

Footnote 70 <F70>

Words "the common stock or the preferred" deleted by directors' resolution of 12/6/58.

Footnote 71 <F71>

Paragraph 11 as amended by directors' resolution of 12/6/58. Originally read as follows: "11. Dissolution or Distribution of Assets. - In the event of dissolution of, or any distribution of the assets of, the Corporation, the holders of the preferred stock shall be entitled to be paid the full par value of ten dollars ($10.00) per share before any amount shall be paid to the holders of the common stock."

Footnote 72 <F72>

Words "Class B" substituted for word "preferred" by directors' resolution of 12/6/58.

Footnote 73 <F73>

Paragraph 1 as amended by directors' resolution of 12/6/58. Originally read as follows: "1. Dividends. - Dividends may be declared by the Board of Directors at any regular or special meeting. The registered owner of each share of preferred stock shall be entitled to receive dividends as declared at the rate of seven percentum (7%) per annum, payable quarterly on the first days of January, April, July, and October of each year. No dividend shall be paid on the common stock unless (a) dividends on the preferred stock have been declared and paid for the preceding four quarters, and (b) if any quarterly dividend installment on the preferred stock thereafter remains undeclared and unpaid since the issuance thereof, a dividend is simultaneously declared and paid on the preferred stock in an amount per share equal to the amount of the dividend paid on the common stock, up to the amount of the undeclared and unpaid dividends on the preferred stock. Subject to the foregoing, the registered owner of each share of common stock shall be entitled to dividends as declared by the Board of Directors."

Footnote 74 <F74>

As amended 2/7/59 by directors' resolution. Previously read as follows: "1. Delaware Office. - The principal office of the Corporation in the State of Delaware shall be at 927 Market Street in the City of Wilmington and County of New Castle; and the resident agent in charge thereof shall be the Corporation Guarantee and Trust Company, 927 Market Street, Wilmington, Delaware 1 "

Footnote 75 <F75>

Paragraph 1 as amended by directors' resolution of 3/7/59. Previously read as follows: "1. Amount. - The total number of shares of stock which the Corporation is authorized to issue is thirty- five thousand (35,000) shares divided into two classes: one class designated as Class A common shares shall consist of thirty thousand (30,000) shares without par value and with voting

rights, and the other class designated as Class B common shares shall consist of five thousand (5,000) shares without par value and without voting rights.<F60>

Footnote 76 <F76>

Paragraph 2(a)(i) as amended by directors' resolution of 3/7/59. Previously read as follows: "(i) The shares of Class A stock shall be issued in place of and upon surrender of certificates for an equal number of previously-issued shares of capital stock of the Corporation having no par value; or shall be issued only to persons who are officers or employees of the Corporation and who possess such other qualifications as the Board of Directors shall from time to time prescribe by resolution, or to trustees designated or appointed under a stock bonus plan of the Corporation."

Footnote 77 <F77>

"eight hundred (800)" substituted for figure "200" by directors' resolution of 3/7/59.

Footnote 78 <F78>

"two thousand (2,000)" substituted for figure "500" by directors' resolution of 3/7/59.

Footnote 79 <F79>

"two hundred (200)" substituted for "fifty (50)" by directors' resolution of 3/7/59.

Footnote 80 <F80>

Figure "70" substituted for figure "30" by directors' resolution of 3/7/59.

Footnote 81 <F81>

Words "two times" substituted for word "one-half" by directors' resolution of 3/7/59.

Footnote 82 <F82>

Last sentence of subdivision (iv) inserted by directors' resolution of 3/7/59.

Footnote 83 <F83>

"Two hundred (200)" substituted for figure "50" by directors' resolution of 3/7/59.

Footnote 84 <F84>

"Twenty (20)" substituted for word "ten" by directors' resolution of 3/7/59.

Footnote 85 <F85>

Words "and the Chairman of the Board," inserted by directors' resolution of 12/5/59.

Footnote 86 <F86>

Words "a Chairman of the Board," inserted by directors' resolution of 12/5/59.

Footnote 87 <F87>

Words "Chairman of the Board and the President may be the same person, the" inserted by directors' resolution of 12/5/59.

Footnote 88 <F88>

Words "Chairman of the Board, a" inserted by directors' resolution of 12/5/59.

Footnote 89 <F89>

Paragraph 2 inserted by directors' resolution of 12/5/59.

Footnote 90 <F90>

Renumbered as shown by directors' resolution of 12/5/59. Previously numbered 2.

Footnote 91 <F91>

Words "preside at all meetings of the stockholders and directors; to" deleted by directors' resolution of 12/5/59.

Footnote 92 <F92>

Renumbered as shown by directors' resolution of 4/17/64. Originally numbered 3; then renumbered 4 by directors' resolution of 12/5/59.

Footnote 93 <F93>

Renumbered as shown by directors' resolution of 4/17/64. Originally numbered 4; then renumbered 5 by directors' resolution of 12/5/59.

Footnote 94 <F94>

Renumbered as shown by directors' resolution of 4/17/64. Originally numbered 5; then renumbered 6 by directors' resolution of 12/5/59.

Footnote 95 <F95>

Renumbered as shown by directors' resolution of 4/17/64. Originally numbered 6; then renumbered 7 by directors' resolution of 12/5/59.

Footnote 96 <F96>

Renumbered as shown by directors' resolution of 6/11/75. Originally numbered 7; renumbered 8 by directors' resolution of 12/5/59; renumbered 9 by directors' resolution of 4/17/64.

Footnote 97 <F97>

Designation "(a)" added by directors' resolution of 2/9/63.

Footnote 98 <F98>

Sub-paragraph (b) inserted by directors' resolution of 2/9/63.

Footnote 99 <F99>

Words "the Chairman of the Board," inserted by directors' resolution of

4/17/64.

Footnote 100 <F100>

Words "The Chairman of the Board," inserted by directors' resolution of 4/17/64.

Footnote 101 <F101>

Last sentence of sub-paragraph (b) inserted by directors' resolution of 4/17/64.

Footnote 102 <F102>

Paragraph 2 as amended by directors' resolution of 4/17/64. Originally read as follows:

"2. Chairman of the Board

The Chairman of the Board shall preside at all meetings of the stockholders and the Board of Directors, and shall perform such other functions and duties as may be prescribed by the Board of Directors. In the absence of disability of the Chairman of the Board, or when such office is vacant, the foregoing functions shall be performed by the President.<F89>"

Footnote 103 <F103>

Paragraph 3 as amended by directors' resolution of 4/17/64. Previously read as follows:

"3.<F90> President

(a) The President shall be the Chief Executive Officer of the Corporation. It shall be his duty to<F91> have general and active management of the business of the Corporation; and to see that all orders and resolutions of the Board of Directors are carried into effect.

"(b) He shall execute all contracts, agreements, deeds, bonds, mortgages, and other obligations and instruments in the name of the Corporation; shall keep in safe custody the deal of the Corporation and, when authorized by the Board of Directors, shall affix the same to any instrument requiring it; and when so affixed the seal shall be attested by the signature of the Secretary or the Treasurer.

"(c) He shall have the general supervision and direction of the other officers of the Corporation and shall see that their duties are properly performed.

"(d) He shall submit a report of the operations of the Corporation for the year to the directors at their meeting next preceding the annual meeting of the stock holders and to the stockholders at their annual meeting."

Footnote 104 <F104>

Paragraph 4 inserted by directors' resolution of 4/17/64.

Footnote 105 <F105>

Words "both the President and the Chairman of the Board" substituted for "the President" by directors' resolution of 4/17/64.

Footnote 106 <F106>

Words ", and shall perform such other duties as may be assigned to him by the Board of Directors or the President, under whose supervision he shall be" deleted by directors' resolution of 4/17/64.

Footnote 107 <F107>

Sub-paragraphs (d) and (e) inserted by directors' resolution of 4/17/64.

Footnote 108 <F108>

Sub-paragraph (b) as amended by directors' resolution of 4/17/64. Originally read as follows:

"(b) He shall disburse the funds of the Corporation as may be ordered by the Board of Directors or the President, taking proper vouchers for such disbursements, and shall render to the President and directors at the regular annual meeting of stockholders, or whenever the President or directors may require it, an account of all his transactions as Treasurer and of the financial condition of the Corporation. At the regular meeting of the Board of Directors next preceding the annual stockholders meeting, he shall render a like report for the preceding year: PROVIDED, That in 1947 such report may cover only such portion of the current year as may be feasible."

Footnote 109 <F109>

Sentence "He shall perform such other duties as the Board of Directors may from time to time prescribe or require." deleted by directors' resolution of 4/17/64.

Footnote 110 <F110>

Sub-paragraph (d) inserted by directors' resolution of 4/17/64.

Footnote 111 <F111>

Numerals "45" substituted for numerals "30" by directors' resolution of 11/7/64.

Footnote 112 <F112>

Words "one week" substituted for words "two weeks" by directors' resolution of 8/4/65.

Footnote 113 <F113>

Sentence "In the event that the Board shall elect two or more Vice-Presidents, it shall designate one of them as Senior Vice-President." inserted by directors' resolution of 12/4/65.

Footnote 114 <F114>

Words "Senior Vice-President" substituted for words "Chairman of the Board" by directors' resolution of 12/4/65.

Footnote 115 <F115>

Sub-paragraph (f) inserted by directors' resolution of 12/4/65.

Footnote 116 <F116>

Words "Senior Vice-President" substituted for words "Vice-President or Vice-Presidents (in the order designated by the Board of Directors) by directors' resolution of 12/4/65.

Footnote 117 <F117>

Last sentence of Paragraph 5 as amended by directors' resolution of 12/4/65. Originally read as follows: "The Vice-President or Vice-Presidents shall also perform such other duties as may be prescribed by the Board of Directors."

Footnote 118 <F118>

Words "or the Assistant Treasurer" inserted by directors' resolution of 12/4/65.

Footnote 119 <F119>

Phrase ", as the Board may designate" inserted by directors' resolution of 12/4/65.

Footnote 120 <F120>

Last sentence, previously designated as subdivision (i) made a part of sub-paragraph (g), and subdivision (ii) deleted by directors' resolution of 12/4/65. Subdivision (ii) read as follows: "(ii) The dates on which such stock shall be made available shall be the effective dates on which the price of the stock is set. Announcement of the number of shares made available shall be at least two weeks in advance of the effective date."

Footnote 121 <F121>

Paragraph 1 as amended by directors' resolution of 3/4/67. Originally read as follows:

"1. Place of Meeting

All meetings of stockholders shall be held at the main office of the Corporation in the City of Washington, District of Columbia."

Footnote 122 <F122>

Paragraph 2(b)(i) as amended by directors' resolution of 9/6/67. Previously read as follows:

"(i) The shares of Class B stock shall be issued only in exchange for Class A stock (A) to officers and employees of the Corporation after retirement because of age or disability, or (B) after the death of officers or employees of the Corporation, to the estates of such officers or employees, to the dependents of such officers or employees, or to persons who are the natural

objects of the bounty of such officers or employees: Provided, That death occurs while the officers or employees are in the service of the Corporation or on military or disability leave, or within three years less 30 days after retirement because of age or disability of officers or employees who executed an Optional Agreement pursuant to the By-Laws of the Corporation for the transfer of stock upon termination of employment, or within 60 days after retirement because of age or disability of officers or employees who did not execute such an Optional Agreement."

Footnote 123 <F123>

Paragraph 2(b)(iii) (A) and (B) as amended by directors' resolution of 9/6/67. Previously read as follows:

"(A) In the case of an officer or employee of the Corporation entitled to exchange Class A stock for Class B stock upon retirement, and in the case of anyone entitled to exchange Class A stock for Class B stock upon the death of a retired officer or employee, within sixty (60) days after the retirement of the officer or employee, or, in the event such officer or employee has executed an Optional Agreement pursuant to the By-Laws of the Corporation for the transfer of stock upon termination of employment, within three (3) years less thirty (30) days after retirement of the officer or employee;

"(B) In the case of anyone entitled to exchange Class A stock for Class B stock upon the death of an officer or employee of the Corporation while in the service of the Corporation or on military or disability leave, within sixty (60) days after such death, or, in the event such officer or employee has executed an Optional Agreement pursuant to the By-Laws of the Corporation for the transfer of stock upon termination of employment, within three (3) years less thirty (30) days after the death of such officer or employee."

Footnote 124 <F124>

Words "ninety (90) day and one hundred and eighty (180) day periods" substituted for words "sixty (60) day periods" by directors' resolution of 9/6/67.

Footnote 125 <F125>

Subdivision (iv) inserted by directors' resolution of 9/6/67.

Footnote 126 <F126>

Paragraph 4 as amended by directors' resolution of 9/6/67. Previously read as follows:

"4. Rate of Exchange of Class B Stock

The exchange of Class A stock for Class B stock shall be on a share for share basis: Provided, however, that after eight hundred (800)<F77> shares of Class A stock have been exchanged for a like number of shares of Class B stock by (a) any one retired officer or employee of the Corporation, or (b) any or all persons who received the Class A stock from any one deceased officer or employee, such person or persons may thereafter have Class B stock exchanged only in an amount equal to one-third of the remaining Class A stock held by such person or persons; and provided, further, that no more than two thousand (2,000)

<F78> shares of Class B stock shall be issued in exchange for Class A stock to any one retired officer or employee of the Corporation or to any or all persons who have received the Class A stock from any one deceased officer or employee.<F63>"

Footnote 127 <F127>

Words "by written notice sent to the stockholder or his representative at the address of the stockholder as it appears on the stock books of the Corporation and by written notice to the distributee at his address as it appears on the records of the Administrative Committee established under the stock bonus plan" inserted by directors' resolution of 9/6/67.

Footnote 128 <F128>

First two sentences of Paragraph 8 substituted by directors' resolution of 9/6/67 for the following: "The Corporation shall have the right at any time after the expiration of eight (8) years from the date of (a) retirement of an officer or employee, or (b) death of an officer or employee while in the service of the Corporation or on military or disability leave, to redeem from the holder thereof all or any part of the outstanding shares of Class B stock issued in exchange for Class A stock to such officer or employee or to the estate, dependents, or persons who are the natural objects of the bounty of such officer or employee."

Footnote 129 <F129>

Paragraph 9(b)(i)(A) and (B) as amended by directors' resolution of 9/6/67. Previously read as follows:

"(A) The price in effect for purchase and sale of shares of Class A stock of the Corporation under the Stock Purchase and Transfer Plan of the Corporation, if tender is made within eight years after the date of the retirement or death which gave rise to the right to obtain Class B stock, or

"(B) The price determined for the purchase of Class A stock in accordance with the provisions of sub-paragraph (a) of Paragraph 9 hereof, if tender is made eight or more years after the retirement or death which gave rise to the right to obtain Class B stock."

Footnote 130 <F130>

Paragraph 9(b)(ii)(A) and (B) as amended by directors' resolution of 9/6/67. Previously read as follows:

"(A) The price in effect for the purchase and sale of shares of Class A stock of the Corporation under the Stock Purchase and Transfer Plan of the Corporation, if the stock is presented for transfer within eight years after the retirement or death which gave rise to the right to obtain Class B stock, or

"(B) The price determined for the purchase of Class A stock in accordance with the provisions of sub-paragraph (a) of Paragraph 9 hereof, if the stock is presented for transfer at eight or more years after the date of the retirement or death which gave rise to the right to obtain Class B stock.

Footnote 131 <F131>

Words "to the time at which the Corporation shall first have the right under Paragraph 8 hereof to redeem such Class B stock from the holder thereof" substituted for words "to the expiration of the eight-year period after the date of the retirement or death which gave rise to the right to obtain Class B stock" by directors' resolution of 9/6/67.

Footnote 132 <F132>

Figure "10" substituted for figure "20" by directors' resolution of 12/2/67.

Footnote 133 <F133>

Words and figure "seven hundred thousand (700,000)" substituted for words and figure "one hundred forty thousand (140,000)" by directors' resolution of 1/24/68.

Footnote 134 <F134>

Words and figure " six hundred thousand (600,000)" substituted for words and figure "one hundred twenty thousand (120,000)" by directors' resolution of 1/24/68.

Footnote 135 <F135>

Words and figure "one hundred thousand (100,000)" substituted for words and figure "twenty thousand (20,000)" by directors' resolution of 1/24/68.

Footnote 136 <F136>

Paragraph 2(a)(i) as amended by directors' resolution of 1/24/68. Previously read as follows: "(i) The shares of Class A stock shall be issued only to person who are officers or employees of the Corporation and who possess such other qualifications as the Board of Directors shall from time to time prescribe by resolution, or to trustee designated or appointed under a stock bonus plan of the Corporation.<F76>"

Footnote 137 <F137>

Words "officers and" inserted by directors' resolution of 1/24/68.

Footnote 138 <F138>

Words "officer or" inserted by directors' resolution of 1/24/68.

Footnote 139 <F139>

Proviso as amended by directors' resolution of 1/24/68. Originally read as follows: "Provided, however, that the Trustee may designate an agent with powers to perform his duties herein prescribed by filing with the Secretary of the Corporation a statement delegating such powers."

Footnote 140 <F140>

Words "officers and employees eligible to participate shall be person (1) who are officers or employees of the Corporation or of a subsidiary corporation eighty (80) percent or more of whose stock is owned by the Corporation and (2) who possess such other qualifications as the Board of Directors shall from time to time prescribe by resolution (all such officers and employees being hereinafter in this Section X referred to as 'officers and employees')" substituted for words "employees eligible to participate shall be 'eligible stockholders' as defined in Section IX, Paragraph 2(a)(i) of these By-Laws " by directors' resolution of 1/24/68.

Footnote 141 <F141>

Words "prior to April 7, 1968," inserted by directors' resolution of 1/24/68.

Footnote 142 <F142>

Words "and on and after April 7, 1968, be not in excess of forty-five dollars ($45) per week and not less than one dollar ($1.00) per week" inserted by directors' resolution of 1/24/68.

Footnote 143 <F143>

Sentence "Effective April 7, 1968, the words and figures 'twenty (20) shares' wherever they appear in this subdivision (vii) shall read 'forty (40) shares'." inserted by directors' resolution of 1/24/68.

Footnote 144 <F144>

Words "officer and" inserted by directors' resolution of 1/24/68.

Footnote 145 <F145>

Words "employee of, and" deleted by directors' resolution of 1/24/68.

Footnote 146 <F146>

Words "(herein called the Corporation) or by a subsidiary eighty (80) percent or more of whose stock is owned by the Corporation" inserted by directors' resolution of 1/24/68.

Footnote 147 <F147>

Title of Section changed from "DEFINITION OF STOCKHOLDER" to "DEFINITIONS" by directors' resolution of 1/24/68.

Footnote 148 <F148>

Second paragraph of Section XV inserted by directors' resolution of 1/24/68.

Footnote 149 <F149>

Word and number "thirteen (13)" substituted for word and number "eleven (11)" by directors' resolution of 2/10/68.

Footnote 150 <F150>

Words "at the regular annual meeting of stockholders" inserted and sentence "The first election or elections shall be held at one or more special meetings of stockholders until all eleven (11) directors are elected, and thereafter directors shall be elected at the regular annual meeting of stockholders." deleted by directors' resolution of 2/10/68.

Footnote 151 <F151>

Word and number "twelve (12)" substituted for word and number "thirteen (13)<F149>" by directors' resolution of 12/7/68.

Footnote 152 <F152>

Subdivision (ii) as amended by directors' resolution of 4/5/69. Previously read as follows: "(ii) When Deductions Begin. Deductions from payroll for the purposes of this sub-paragraph shall begin with salary for the third full week after receipt of the authorization, except that at the beginning of any six months' period of the Plan, authorized payroll deductions shall begin with salary for the first full week of the new six months' period.<F45>"

Footnote 153 <F153>

Second sentence of subdivision (iii) as amended by directors' resolution of 4/5/69. Previously read as follows: "Such notice shall take effect with salary for the third full week after submission of notice.<F46>"

Footnote 154 <F154>

Word "twenty-eight" substituted for word "fourteenth" by directors' resolution of 4/5/69.

Footnote 155 <F155>

Subdivision (i) as amended by directors' resolution of 8/6/69. Previously read as follows:

"(i) Limitations on Amount

Deductions from salary for such purpose shall prior to April 7, 1968,<F141>, be not in excess of two times<F81> the current price per share and not less than one dollar ($1.00) per week<F44> and on and after April 7, 1968, be not in excess of forty-five dollars ($45) per week and not less than one dollar ($1.00) per week.<F142>"

Footnote 156 <F156>

Words "first full pay period" substituted for words "third full week" by directors' resolution of 8/6/69.

Footnote 157 <F157>

Second sentence of subdivision (iii) inserted by directors' resolution of 8/67/69.

Footnote 158 <F158>

Words "OFFICERS AND" deleted by directors' resolution of 12/17/69.

Footnote 159 <F159>

Section VII as amended by directors' resolution of 12/17/69. Previously read as follows:

"Officers other than the President<F58> and the Chairman of the Board,<F85> directors, and members of committees shall not receive any salary or fee for their services as such, but by resolution of the Board they shall be allowed reimbursement for their traveling and other reasonably necessary expenses for attendance at any regular or special meeting: PROVIDED, That nothing herein contained shall preclude any officer, director, or member of a committee from serving the Corporation in any other capacity upon a compensated basis."

Footnote 160 <F160>

Words "and a Vice Chairman" inserted by directors' resolution of 12/17/69.

Footnote 161 >F161>

Words "Vice Chairman of the Board" substituted for word "either" by directors' resolution of 12/17/69.

Footnote 162 <F162>

Words "and Vice Chairman" inserted by directors' resolution of 12/17/69.

Footnote 163 <F163>

Words "Vice Chairman of the Board" substituted for word "President" by directors' resolution of 12/17/69.

Footnote 164 <F164>

Last sentence of sub-paragraph (f) inserted by directors' resolution of 12/17/69.

Footnote 165 <F165>

Words "who are on the payroll of the Corporation or of one of its subsidiary corporations" inserted by directors' resolution of 1/10/70.

Footnote 166 <F166>

Words "or of one of its subsidiary corporations" inserted by directors' resolution of 2/7/70.

Footnote 167 <F167>

Words "and members of committees" and words "who are on the payroll of the Corporation or of one of its subsidiary corporations" transposed by directors' resolution of 2/7/70.

Footnote 168 <F168>

Words and figure "five hundred fifty thousand (550,000)" substituted for words and figure "six hundred thousand (600,000)" by directors' resolution of 4/18/70.

Footnote 169 <F169>

Words and figure "one hundred fifty thousand (150,000)" substituted for words and figure "one hundred thousand (100,000)" by directors' resolution of 4/18/70.

Footnote 170 <F170>

Sentence "One nominee shall be neither a stockholder of the Corporation nor an active or retired officer or employee of the Corporation or of one of its subsidiary corporations." inserted by directors' resolution of 6/9/71.

Footnote 171 <F171>

Paragraph 1 as amended by directors' resolution of 6/9/71. Previously read as follows:

"1. Eligibility

No person shall be elected or appointed as a director unless he is a holder of Class A or Class B stock and, in addition, is an active or retired officer or employee of the Corporation or one of its subsidiary corporations,<F166> and any director who ceases to fulfill these requirements shall be disqualified to exercise any of the powers or duties of director and shall be deemed to have resigned from such position.<F57>"

Footnote 172 <F172>

Word and number "thirteen (13)" substituted for word and number "twelve (12)<F151>" by directors' resolution of 6/9/71.

Footnote 173 <F173>

Second sentence of Paragraph 3 inserted by directors' resolution of 6/9/71.

Footnote 174 <F174>

First sentence of sub-paragraph (b) as amended by directors' resolution of 9/8/71. Originally read as follows: "Regular meetings of the Board of Directors shall be held on the first Saturday in each month at the main office of the Corporation in Washington, District of Columbia, and/or at such other times and places as may be fixed by resolution of the Board or by written waiver of all its members."

Footnote 175 <F175>

Words "one or more Assistant Treasurers" substituted for words "an Assistant Treasurer" by directors' resolution of 1/5/72.

Footnote 176 <F176>

Words "an" substituted for word "the" by directors' resolution of 1/5/73.

Footnote 177 <F177>

Words and figure "five hundred thousand (500,000)" substituted for words and figure "five hundred fifty thousand (550,000)<F134><F168>" by directors' resolution of 4/21/73.

Footnote 178 <F178>

Words and figure "two hundred thousand (200,000)" substituted for words and figure "one hundred fifty thousand (150,000)<F135><F169>" by directors' resolution of 4/21/73.

Footnote 179 <F179>

Paragraph 1 as amended by directors' resolution of 5/14/75. Previously read as follows:

"1. Amount

The total number of shares of stock which the Corporation is authorized to issue is seven hundred thousand (700,000)<F133> shares divided into two classes: one class designated as Class A common shares shall consist of five hundred thousand (500,000)<F177> shares without par value and with voting rights, and the other class designated as Class B common shares shall consist of two hundred thousand (200,000)<F178> shares without par value per share and without voting rights.<F75> "

Footnote 180 <F180>

Sentence "Effective September 22, 1975, the words and figures 'two hundred (200)' wherever they appear in this subdivision (bb) shall read 'eight hundred (800)'." inserted by directors' resolution of 5/14/75.

Footnote 181 F<181>

Subdivision (i) as amended by directors' resolution of 5/14/75. Previously read as follows:

"(i) Limitations on Amount

Deductions from salary for such purchase shall prior to October 5, 1969, be not in excess of forty-five dollars ($45) per week and not less than one dollar ($1.00) per week and on and after October 5, 1969, be not in excess of five times the current price per share and not less than one dollar ($1.00) per week.<F155>"

Footnote 182 <F182>

Subdivision (iv) as amended by directors' resolution of 5/14/75. Previously read as follows:

"(iv) Limitations on Amount

'Offers to buy' may be satisfied by the Trustee, if stock is available, for each eligible officer or<F138> employee without limitation in amount: Provided, however, that shares made available to the Trustee from unissued or treasury stock may not be sold to any one individual in excess of that amount necessary to permit such individual to purchase a total of two hundred (200)<F83> shares of stock through 'offers to buy' in any period of six months.<F54>

Footnote 183 <F183>

Subdivision (iv) as amended by directors' resolution of 5/14/75. Previously read as follows:

"(vii) Fulfillment

'Offers to buy shall be satisfied in order of priority based on the date when the 'offer to buy' is listed according to the following system:

"When the Trustee has available shares for sale to makers of 'offers to buy,' he shall allot to each 'live' listing number in numerical sequence twenty (20)<F84> shares, or the full amount of the 'offer to buy' if the 'offer' is for fewer than twenty (20)<F84> shares, until all listing numbers have received their allotments or until all the available shares have been allotted. If additional shares for allotment remain, they shall be allocated in the same manner, twenty (20)<F84> or fewer (if the unfulfilled 'offer to buy' is less than twenty (20))<F84> shares being allotted to each number in rotation until all available shares are sold. Effective April 7, 1968, the words and figures 'twenty (20) shares' wherever they appear in this subdivision (vii) shall read 'forty (40) shares'.<F143> After each such allotment the 'live' listing shall be

reconstituted, beginning with the first 'offer to buy' that was not satisfied in the previous allotment, and the same procedure followed on subsequent allotments."

Footnote 184 <F184>

Paragraph 8 as amended by directors' resolution of 6/11/75. Previously read as follows:

"8.<F95> Treasurer

(a) The Treasurer shall have custody of the funds and securities of the Corporation, shall keep full and accurate accounts of the receipts and disbursements in books belonging to the Corporation, and shall deposit all monies and other valuable effects in the name and to the credit of the Corporation in such depositories as may be designated by the Board of Directors.

"(b) The Treasurer shall disburse the funds of the Corporation as may be ordered by the Board of Directors and either the Chief Executive Officer or the President, in relation to their functions, taking proper vouchers for such disbursements, and shall render to the Chief Executive Officer and the directors, whenever they may require it, an account of all his transactions as Treasurer and of the financial condition of the Corporation, and at the meeting of the Board of Directors next preceding the annual meeting of stockholders he shall make a like report for the preceding fiscal year.<F108>

"(c) He shall give the Corporation a bond, if required to do so by the Board of Directors, in such sum and in form and with security satisfactory to the Board, for the faithful performance of the duties of his office and the restoration to the Corporation, in case of his death, resignation, retirement, or removal from office, of all books, papers, vouchers, money and other property of whatever kind belonging to the Corporation in his possession or under his control.<F109>

"(d) He shall perform such other functions as the Board of Directors or the Chief Executive Officer may prescribe.<F110>"

Footnote 185 <F185>

Paragraphs 9 and 10 inserted by directors' resolution of 6/11/75.

Footnote 186 <F186>

Word "Thursday" substituted for word "Wednesday" by directors' resolution of 9/10/75.

Footnote 187 <F187>

Words and figure "one million eighty hundred thousand (1,800,000)" substituted for words and figure "two million (2,000,000)" by directors' resolution of 4/16/77.

Footnote 188 <F188>

Words and figure "one million (1,000,000)" substituted for words and figure "eight hundred thousand (800,000)" by directors' resolution of 4/16/77.

Footnote 189 <F189>

Words and figure "thirty (30)" substituted for words and figure "twenty-five (25)" by directors' resolution of 1/12/78.

Footnote 190 <F190>

Sentence "Each additional nomination made pursuant to this sub-paragraph shall be accompanied by the nominee's written acceptance of his or her nomination." inserted by directors' resolution of 1/12/78.

Footnote 191 <F191>

Words and figure "twenty-two (22)" substituted for word and figure "fifteen (15)" by directors' resolution of 1/12/78.

Footnote 192 <F192>

Period substituted for colon and proviso deleted by directors' resolution of 1/12/78. Proviso read as follows: "PROVIDED, however, that each nominee on such list shall have filed with the Nominating Committee a written acceptance of his nomination not less than twenty (20) days prior to the meeting; nominations which are not so accepted shall be deemed withdrawn.<F10>"

Footnote 193 <F193>

Words "may" substituted for word "shall" by directors' resolution of 11/8/79.

Footnote 194 <F194>

Sub-paragraph (c) inserted by directors' resolution of 5/8/80.

Footnote 195 <F195)

Sub-paragraph renumbered as shown by directors' resolution of 5/8/80. Previously numbered (c).

Footnote 196 <F196>

Paragraph 7 inserted by directors' resolution of 6/12/80.

Footnote 197 <F197>

Paragraph 8 inserted by directors' resolution of 6/12/80.

Footnote 198 <F198>

Sub-paragraph (a) as amended by directors' resolution of 11/6/80. Previously read as follows:

"(a) Operation by Trustee

The Plan shall be operated in accordance with the provisions of this Section by a Trustee, who shall be the Treasurer or an<F176> Assistant Treasurer<F118> of the Corporation, as the Board may designate:<F119> Provided, however, that the Trustee may designate an agent or agents, including an Assistant Trustee at the place of business of a subsidiary whose stock is at least eighty (80) percent owned by the Corporation, with powers to perform any of his duties herein prescribed by filing with the Secretary of the Corporation a statement delegating such powers.<F139>"

Footnote 199 <F199>

Paragraph 1 as amended by directors' resolution of 7/12/84. Previously read as follows:

"1. Amount.

The total number of shares of stock which the Corporation is authorized to issue is two million eight hundred thousand (2,800,000) shares divided into two classes: one class designated as Class A common shares shall consist of one million eight hundred thousand (1,800,000)<F187> shares without par value and with voting rights, and the other class designated as Class B common shares shall consist of one million (1,000,000)<F188> shares without par value and without voting rights.<F179>"

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Footnote 200 <F200>

Subdivision (vii) as amended by directors' resolution of 9/6/84. Previously read as follows:

"(vii) Fulfillment

'Offers to buy' shall be satisfied in order of priority based on the date when the 'offer to buy' is listed according to the following system:

"When the Trustee has available shares for sale to makers of 'offers to buy,' he shall allot to each 'live' listing number in numerical sequence forty (40) shares, or the full amount of the 'offer to buy' if the 'offer' is for fewer than forty (40) shares, until all listing numbers have received their allotments or until all the available shares have been allotted. If additional shares for allotment remain, they shall be allocated in the same manner, forty (40) or fewer (if the unfulfilled 'offer to buy' is less than forty (40) shares being allotted to each number in rotation until all available shares are sold. Effective September 22, 1975, the word and figures 'forty (40)' wherever they appear in this subdivision (vii) shall read 'one hundred sixty (160)'. After each such allotment the 'live' listing shall be reconstituted, beginning with the first 'offer to buy' that was not satisfied in the previous allotment, and the same procedure followed on subsequent allotments.<F183>"

Footnote 201 <F201>

Words "or his designees" inserted by directors' amendment of 2/7/85.

Footnote 202 <F202>

Word "forty-two" substituted for word "twenty-eight" by directors' resolution of 3/7/85.

Footnote 203 <F203>

Section IX, Paragraph 1 as amended by directors' resolution of 6/12/86. Previously read as follows:

"1. Amount

The total number of shares of stock which the Corporation is authorized to issue is three million (3,000,000) shares divided into two classes: one class designated as Class A common shares shall consist of one million eight hundred thousand (1,800,000) shares without par value and with voting rights, and the other class designated as Class B common shares shall consist of one million two hundred (1,200,000) shares without par value and without voting rights.<F199>"

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Footnote 204 <F204>

Sub-paragraph (c) added by directors' resolution of 6/12/86.

Footnote 205 <F205>

Comma added after word "stock" and phrase amended by directors' resolution of 6/12/86. Previously read as follows: "and Class B stock shall be entitled to participate ratably, share for share, and without preference of either Class over the other.<F71>

Footnote 206 <F206>

Comma added after word "stock" and phrase amended by directors' resolution of 6/12/86. Previously read as follows: "and Class B stock shall be entitled to participate ratably, share for share, and without preference of either Class over the other in all dividends when and as declared by the Board of Directors.<F73>

Footnote 207 <F207>

The words "or Class C" added by directors' resolution of 6/12/86.

Footnote 208 <F208>

Section IX, Paragraph 1 as amended by directors' resolution of 9/10/87. Previously read as follows:

"1. Amount

The total number of shares of stock which the Corporation is authorized to issue is three million two hundred and fifty thousand (3,250,000) shares divided into three classes: one class designated as Class A common shares shall consist of one million eight hundred thousand (1,800,000) shares without par value and with voting rights, another class designated as Class B common shares shall consist of one million two hundred thousand (1,200,000) shares without par value and without voting rights, and another class designated as Class C common shares shall consist of two hundred and fifty thousand (250,000) shares without par value and without voting rights.<F203>"

Footnote 209 <F209>

Section X, Paragraph 2(e)(ii)(bb) as amended by directors' resolution of 9/10/87. Previously read as follows:

"(bb) All other stock offered to the Fund for purchase in the chronological order in which such offers have been received in writing by the Trustee: PROVIDED, however, that, whenever the Trustee has unsatisfied offers of stock from two or more stockholders, not more than two hundred (200)<F79> shares

may be purchased from a stockholder having a higher priority until two hundred (200)<F79> shares (or all shares offered, if less than two hundred (200)<F79> have been purchased from each such stockholder having a lower priority. Effective September 22, 1975, the words and figures 'two hundred (200)' wherever they appear in this subdivision (bb) shall read 'eight hundred (800)'.<F180> Where two or more offers of stock are received simultaneously by the Trustee, the order shall be determined by lot."

Footnote 210 <F210>

Section X, Paragraph 1(i)(i) as amended by directors' resolution of 9/10/87. Previously read as follows:

"(i) Limitation on Amount

Deductions from salary for such purchase shall prior to September 22, 1975, be not in excess of five times the current price per share and not less than one dollar ($1.00) per week and on and after September 20, 1975, be not in excess of twenty times the current price per share and not less than one dollar ($1.00) per week.<F181>"

Footnote 211 <F211>

Section X, Paragraph 2(j)(iv) as amended by directors' resolution of 9/10/87. Previously read as follows:

"(iv) Limitation on Amount

'Offers to buy' may be satisfied by the Trustee, if stock is available, for each eligible officer or employee without limitation in amount: Provided, however, that shares made available to the Trustee from unissued or treasury stock prior to September 22, 1975, may not be sold to any one individual in excess of that amount necessary to permit such individual to purchase a total of two hundred (200) shares of stock through 'offers to buy' in any period of six months; and provided, further, that shares made available to the Trustee from unissued or treasury stock on and after September 22, 1975, may not be sold to any one individual in excess of that amount necessary to permit such individual to purchase a total of eight hundred (800) shares of stock through 'offers to buy' in any period of six months.<F184>"

Footnote 212 <F212>

Section X, Paragraph 2(j)(vii) as amended by directors' resolution of 9/10/87. Previously read as follows:

"(vii) Fulfillment

'Offers to buy shall be satisfied in order of priority based on the date when the 'offer to buy' is listed according to the following system:

"When the Trustee has available shares for sale to makers of 'offers to buy,' he shall allot to each 'live' listing number in numerical sequence forty (40) shares, or the full amount of the 'offer to buy' if the 'offer' is for fewer than forty (40) shares, until all listing numbers have received their allotments or until all the available shares have been allotted. If additional shares for allotment remain, they shall be allocated in the same manner, forty (40) or fewer (if the unfulfilled 'offer to buy' is less than forty (40) shares being allotted to each number in rotation until all available shares are sold. After each such allotment the 'live' listing shall be reconstituted, beginning with the first 'offer to buy' that was not satisfied in the previous allotment, and the same procedure followed on subsequent allotments."

Footnote 213 <F213>

Section V, Paragraph 4(b) as amended by directors' resolution of 4/15/89. Previously read as follows:

"(b) Regular meetings of the Board of Directors shall be held at 8:30 a.m. on the first Thursday after the first Saturday in each month at the main office of the Corporation in Washington, District of Columbia, and/or at such other times and places as may be fixed by resolution of the Board or by written waiver of all its members. No other notice of any regular meeting shall be required."

Footnote 214 <F214>

Section V, Paragraph 3 as amended by directors' resolution of 4/21/90. Previously read as follows:

"3. Number; Election; Term

The Board of Directors shall consist of thirteen (13 members who shall be elected by the Class A stockholders at the regular annual meeting of stockholders. The Board of Directors so elected shall be composed of (i) the nominee eligible only under sub-paragraph (a) of Paragraph 1 hereof who shall have received the highest number of votes among the nominees eligible only under that provision, and (ii) the twelve (12) nominees eligible only under sub-

paragraph (b) of Paragraph 1 hereof who shall have received the highest number of votes among the nominees eligible only under that provision. Each director shall hold office until the succeeding annual election and until his successor shall have been elected and shall have duly qualified: PROVIDED, That if there be a vacancy in the Board by reason of death, resignation, or otherwise, such vacancy shall be filled for the unexpired term by majority vote of all the remaining directors, although less than a quorum."

Footnote 215 <F215>

Section V, Paragraph 4(b) as amended by directors' resolution of 7/12/90. Previously read as follows:

"(b) Regular meetings of the Board of Directors shall be held at 9:00 a.m. on the Thursday after the first Saturday in each month at the main office of the Corporation in Washington, District of Columbia, and/or at such other times and places as may be fixed by resolution of the Board or by written waiver of all its members. No other notice of any regular meeting shall be required."

Footnote 216 <F216>

Section III, Paragraph 8(a) as amended by stockholders' resolution of 4/21/90. Previously read as follows:

"(a) At least forty-five (45) days prior to any annual meeting of stockholders a list of nominations for directors, prepared by a Nominating Committee to be appointed by the Board of Directors, shall be mailed by the Secretary to each Class A stockholder. The Committee shall make at least as many nominations as there are directorships to be filled at the annual meeting, but may nominate candidates in excess of such number. One nominee shall be neither a stockholder of the Corporation nor an active or retired officer or employee of the Corporation or of one of its subsidiary corporations. Said list shall also state the total number of shares of Class A stock of the Corporation then outstanding."

Footnote 217 <F217>

Section V, Paragraph 1 as amended by stockholders' resolution of 4/21/90. Previously read as follows:

"(a) One person who is not a stockholder of the Corporation and not an active or retired officer or employee of the Corporation or of one of its subsidiary corporations shall be elected or appointed as a director.

"(b) Other than the person elected or appointed as director pursuant to sub-paragraph a) above, no person shall be elected or appointed as a director unless he is a holder of Class A or Class B stock and, in addition, is an active or retired officer or employee of the Corporation or of one of its

subsidiary corporations, and any director elected or appointed pursuant to this Paragraph who ceases to fulfill these requirements shall be disqualified to exercise any of the powers or duties of director and shall be deemed to have resigned from such position."

Footnote 218 <F218>

Section V, Paragraph 3 as amended by stockholders' resolution of 4/21/90. Previously read as follows:

"The Board of Directors shall consist of fifteen (15) members who shall be elected by the Class A stockholders at the regular annual meeting of stockholders. The Board of Directors so elected shall be composed of (i) the nominee eligible only under sub-paragraph (a) of Paragraph 1 hereof who shall have received the highest number of votes among the nominees eligible only under that provision, and (ii) the thirteen (13) nominees eligible only under sub-paragraph (b) of Paragraph 1 hereof who shall have received the highest number of votes among the nominees eligible only under that provision. Each director shall hold office until the succeeding annual election and until his successor shall have been elected and shall have duly qualified: Provided, That if there be a vacancy in the Board by reason of death, resignation, or otherwise, such vacancy shall be filled of the unexpired term by majority vote of all the remaining directors, although less than a quorum."

Footnote 219 <F219>

Section IX, Paragraph 1 as amended by directors' resolution of 11/11/93. Previously read as follows:

"The total number of shares of stock which the Corporation is authorized to issue is thirteen million (13,000,000) shares divided into three classes: one class designated as Class A common shares shall consist of seven million two hundred thousand (7,200,000) shares, $1.00 par value per share and with voting rights, another class designated as Class B common shares shall consist of four million eight hundred thousand (4,800,000) shares, $1.00 par value per share and without voting rights, and another class designated as Class C common shares shall consist of one million (1,000,000) shares, $1.00 par value per share without voting rights.<F208>"

Footnote 220 <F220>

Section VIII, Paragraph 1(a), as amended by directors' resolution of 5/8/97. Previously read as follows:

"The officers of the Corporation shall be a Chairman and a Vice Chairman <F160> of the Board,<F86> a President, one or more Vice-Presidents, a Secretary, and a Treasurer. The Chairman of the Board and the President may be the same person, the<F87> Secretary and the Treasurer may be the same person, and a Vice-President may hold at the same time the office of Vice Chairman of the Board,<F161> Secretary, or Treasurer. The Chairman and Vice Chairman<F162> of the Board<F100>, the President, and one Vice-President shall be chosen from among the directors; the other officers may, but need not be, chosen from among the directors. No person shall be an officer of the Corporation unless he is a holder of Class A stock or Class B stock, and any officer who ceases to hold any shares of stock in the Corporation shall be disqualified to exercise any of the powers or duties of an officer and shall be deemed to have resigned from office.<F59>

Footnote 221 <F221>

Sub-paragraph (d) added by directors' resolution of 10/09/97.

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Footnote 222 <F222>

Sentence "For purposes of this Paragraph 6(b) and Article IV, Section 1A, Paragraph 16 of the Corporation's Certificate of Incorporation, a transfer of stock registered in TOD form that occurs upon the death of the holder thereof shall be deemed to be made "by the person named in the certificate," provided that the Corporation has received an affidavit of the personal representative of the deceased owner's estate or such other proof of death of the deceased owner as may be satisfactory to the Secretary of the Corporation." inserted by directors' resolution of 10/09/97.

Footnote 223 <F223>

Section XI, as amended by directors' resolution of 11/06/97. Previously read as follows:

The Corporation shall offer to all officer and<F144> employee holders of Class A<F66> stock the option to execute the following agreement:

Agreement between The Bureau of National Affairs, Inc., party of the first part, and ________________<F145>, holder of one or more shares of the Class A<F66> stock of The Bureau of National Affairs, Inc., party of the second part:

In consideration of mutual advantages accruing therefrom, the parties hereby covenant and agree as follows:

1. The party of the second part will, within not more than three (3) years of his separation from employment by The Bureau of National Affairs, Inc. (herein called the Corporation) or by a subsidiary eight (80) percent or more of whose stock is owned by the Corporation,<F146> offer all Class A<F66> stock of the Corporation held by him to be purchased under the Stock Purchase and Transfer Plan set up pursuant to Section X of the By-Laws of the Corporation. Such offer or offers may be made at any time within the said three (3) years for any part or all of the Class A<F66> stock so held.

2. In the event that the Stock Purchase Fund, provided for in the said Plan, is unable to purchase any or all of the shares offered, the party of the second part may, at that time, at his option, accept Supplemental Bids, if any, registered with the Trustee of the Plan. If such Supplemental Bids are not accepted, the party of the second part may retain his shares for later offers through the Stock Purchase and Transfer, including acceptance of Supplemental Bids.

3. If at the end of three (3) years after termination of his employment, the party of the second part still retains any Class A<F66> stock of the Corporation, he shall offer it forthwith for purchase through the Stock Purchase Fund. If the Stock Purchase Fund is unable to purchase any or all of the shares so offered, the Trustee of the Plan shall so notify him and he may thereafter

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retain such shares as have not been purchased or he may dispose of them by accepting Supplemental Bids. Upon receipt of notification from the Trustee that the Fund is able to purchase any part or all of the shares then held, the party of the second part shall, within sixty (60) days from the mailing of such notification, which shall state the number of shares the Fund can purchase from the stockholder, present such shares to the Trustee for purchase by the Fund. A like procedure shall be followed until all shares held by the party of the second part have been purchased by the Fund.

4. If the party of the second part, or his heirs or legatees, offers any or all of his shares for sale other than as herein specified, this agreement shall become null and void.

5. This agreement shall be binding upon the heirs and legatees of the party of the second part.

6. Nothing herein contained shall diminish the right of the party of the second part to exchange Class A<F66> stock for Class B<F72> stock of the Corporation pursuant to Paragraph 2(b) of Section IX of the By-Laws.

7. The provisions of Paragraph 7(b) of Section IX of the By-Laws shall not apply to the party of the second part, his heirs, or legatees so long as this agreement is in force and effect.

Footnote 224 <F224>

As amended by directors' resolution of 2/11/99, to clarify that "stockholders" include both record and beneficial owners of Class A shares.

Footnote 225 <F225>

As amended by directors' resolution of 2/11/99. Previously read, "Other than the persons elected or appointed as directors pursuant to subparagraphj (a) above, no person shall be elected or appointed as a director unless he is a holder of Class A or Class B stock..."

</FN>
</TABLE>

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EXHIBIT 22

SUBSIDIARIES OF REGISTRANT

	STATE OF INCORPORATION	RELATIONSHIP
BNA Communications Inc.	Delaware	100% owned by Registrant
BNA International Inc.	Delaware	100% owned by Registrant
BNA Washington Inc.	Delaware	100% owned by Registrant
The McArdle Printing Co., Inc.	Delaware	100% owned by Registrant
Pike & Fischer, Inc.	Delaware	100% owned by Registrant
Tax Management Inc. (a)	Delaware	100% owned by Registrant
BNA Holdings Inc.	Delaware	100% owned by Registrant
Institute of Management and Administration, Inc.	New York	100% owned by Registrant

(a) Tax Management Inc. owns 100% of TM Holding Company Inc., a Delaware corporation.

EXHIBIT 28.2

SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549
FORM 11-K

(Mark One)

(X) ANNUAL REPORT PURSUANT TO SECTION 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934
For the fiscal year ended December 31, 1998

OR

( ) TRANSITION REPORT PURSUANT TO SECTION 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the transition period from ______________________ to ____________________

Commission file number 2-28286, as exhibit 28.2

A. Full title of the plan and the address of the plan, if different from that of the issuer named below:

THE BNA DEFERRED STOCK PURCHASE PLAN

B. Name of issuer of the securities held pursuant to the plan and the address of its principal executive office:

The Bureau of National Affairs, Inc.
1231 25th Street, N. W.
Washington, D. C. 20037

Index to form 11-K:

SIGNATURE

Pursuant to the requirements of the Securities Exchange Act of 1934, the Deferred Stock Purchase Plan Administrative Committee has duly caused this annual report to be signed by the undersigned thereunto duly authorized.

THE BNA DEFERRED STOCK PURCHASE PLAN

Date March 18, 1999

By s\G. Christopher Cosby

G. Christopher Cosby
Chairman of the Administrative Committee

THE BNA DEFERRED STOCK PURCHASE PLAN

Financial Statements

December 31, 1998 and 1997

(With Independent Auditors' Report Thereon)

Independent Auditors' Report

The Administrative Committee of
The BNA Deferred Stock Purchase Plan:

We have audited the accompanying statements of net assets available for benefits of The BNA Deferred Stock Purchase Plan (the Plan) as of December 31, 1998 and 1997, and the related statements of changes in net assets available for benefits for each of the years in the three-year period ended December 31, 1998. These financial statements are the responsibility of the Plan's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with generally accepted auditing standards. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the net assets available for benefits of the Plan as of December 31, 1998 and 1997, and the changes in net assets available for benefits for each of the years in the three-year period ended December 31, 1998 in conformity with generally accepted accounting principles.

Our audit was made for the purpose of forming an opinion on the basic financial statements taken as a whole. The supplemental schedules of investments at fair value and reportable transactions are presented for the purpose of additional analysis and are not a required part of the basic financial statements but are supplementary information required by the Department of Labor's Rules and Regulations for Reporting and Disclosure under the Employee Retirement Income Security Act of 1974. The Supplemental schedules have been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, are fairly stated in all material respects in relation to the basic financial statements taken as a whole.

s\ KPMG LLP

KPMG LLP

February 1, 1999

THE BNA DEFERRED STOCK PURCHASE PLAN

STATEMENTS OF NET ASSETS AVAILABLE FOR BENEFITS

DECEMBER 31, 1998 AND 1997

	1998	1997
Investments, at fair value (Note 2) (Cost of $ 30,451,554 in 1998 and $26,776,601 in 1997)	$50,851,964	$42,231,999
Cash and cash equivalents	427,292	310,679
Accrued Interest	1,234	--
Net assets available for benefits	$51,279,256	$42,543,912

See accompanying notes to financial statements.

THE BNA DEFERRED STOCK PURCHASE PLAN

STATEMENTS OF CHANGES IN NET ASSETS AVAILABLE FOR BENEFITS

YEARS ENDED DECEMBER 31, 1998, 1997, AND 1996

	1998	1997	1996
Additions to net assets attributed to:			
Investment income			
Dividends (Note 1)	$ 1,731,842	$ 1,515,099	$ 1,300,662
Interest	15,957	13,057	6,809
Unrealized appreciation of			

investments (Note 2)	6,116,389	3,782,258	2,922,045
	7,864,188	5,310,414	4,229,516
Contributions by participants (Note 1)	4,100,333	3,939,638	3,645,888
Total additions	11,964,521	9,250,052	7,875,404
Deductions from net assets attributed to:			
Distributions to participants (Note 1)	3,228,940	2,793,141	2,911,627
Administrative costs (Note 3)	237	226	357
Total deductions	3,229,177	2,793,367	2,911,984
Net increase	8,735,344	6,456,685	4,963,420
Net assets available for benefits:			
Beginning of year	42,543,912	36,087,227	31,123,807
End of year	$51,279,256	$42,543,912	$36,087,227

See accompanying notes to financial statements.

THE BNA DEFERRED STOCK PURCHASE PLAN

NOTES TO FINANCIAL STATEMENTS

YEARS ENDED DECEMBER 31, 1998, 1997 AND 1996

(1) SUMMARY DESCRIPTION OF PLAN

The BNA Deferred Stock Purchase Plan (the "Plan") is a contributory benefit plan sponsored by The Bureau of National Affairs, Inc. (the "Company"), for the benefit of employees of the Company and certain of its subsidiaries. The Plan was established in 1982 with an effective date of January 1, 1983, and is subject to the provisions of the Employee Retirement Income Security Act of 1974 ("ERISA"). The Plan is designed to provide benefits to participants or their beneficiaries, and encourages savings through investments in the Company's Common Stock.

Employees are eligible to participate in the Plan upon completion of one full year of service. To participate, eligible employees authorize the Company to contribute, on their behalf, a salary reduction amount to a Trust (the "Trust") established by the Plan. Such contributions may be between 1% and 15% of the participant's compensation for each Plan year, subject to certain ceiling limitations provided in the Plan, by tax laws, and by ERISA.

The Trust maintains separate accounts for each participant in the Plan. These accounts are credited with the participants' salary reduction contributions and dividend income. These cash balances are used to purchase shares of Company Class A Common Stock, which are credited to the accounts of the individual participants. Share and cash balances in the participants' accounts are fully vested. Distributions of participants' equity can be made in the event of retirement, death, qualifying hardships, or other severance of service. If upon terminating employment, a participant's account value exceeds $5,000, the participant may opt to delay distribution until reaching age 59 1/2.

The Company's Class A Common Stock, which is voting, may only be purchased by employees. Former employees and, in some cases, their beneficiaries may hold Class A Common Stock for up to three years. The Company's Class B Common Stock is issued to employees in exchange for Class A Common Stock upon their retirement. The Company's Class C Common Stock is issued in exchange for Class A Common Stock to employees of any subsidiary, upon disposition of the subsidiary. The Trust may convert Class A Common Stock for cash, or exchange it for Class B or Class C Common Stock, if necessary to comply with the above ownership restrictions. Proceeds from such transactions are held for the Plan participants in their accounts. Dividends received from Class B and Class C Common Stock are not reinvested in Company stock, but earn interest income.

An administrative committee appointed by the Company's Board of Directors acts as administrator of the Plan. An officer of the Company serves as the Trustee.

(Continued)

(2) INVESTMENTS

At December 31, 1998, the Trust held 1,370,268 shares of the Company's Class A Common Stock and 125,378 shares of the Company's Class B Common Stock, each valued at $34.00 per share, for 1,282 plan participants. At December 31, 1997, the Trust held 1,328,349 shares of the Company's Class A Common Stock and 91,214 shares of the Company's Class B Common Stock, each valued at $29.75 per share, for 1,252 plan participants.

The fair value of the stock is set by the Company's Board of Directors semiannually for the Stock Purchase and Transfer Plan (SPTP). The Plan values its investments in the Company's stock at the then most current price fixed for the SPTP market.

The following information summarizes the Plan's investment and distribution transactions during 1997 and 1998 involving the Company's Common Stock.

	Number of Shares	Fair Value
Balance, January 1, 1997	$ 1,327,524	$ 35,843,148
Acquired	185,961	5,313,443
Distributed to participants	(93,922)	(2,706,850)
Appreciation during the year in the market value of shares of Company stock held at year end		3,782,258
Balance, December 31, 1997	1,419,563	42,231,999
Acquired	174,405	5,660,110
Distributed to participants	(98,322)	(3,156,534)
Appreciation during the year in the market value of shares of Company stock held at year end		6,116,389
Balance, December 31, 1998	1,495,646	$ 50,851,964

The Company's Board of Directors have fixed the fair value of the stock at $37.00 per share, effective March 29, 1999.

(3) ADMINISTRATIVE COSTS

The Company pays most of the administrative costs of the Plan. Such costs are not reflected in the accompanying financial statements.

(Continued)

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(4) INCOME TAXES

The Plan received its latest favorable determination letter from the Internal Revenue Service on January 19, 1996 indicating that the Plan, as designed, is qualified under the applicable requirements of the Internal Revenue Code and is therefore exempt from federal income taxes. It is the intent of the Plan's management that the Plan remain qualified and its underlying trust remain tax exempt under the applicable provisions of the Internal Revenue Code.

(5) SUBSEQUENT EVENT

Effective January 1, 1999, the Plan was renamed to "The BNA 401(k) Plan", and was amended and restated to include a number of new investment options. The Plan will now permit investment in selected mutual funds and a money market fund in addition to Company stock. A separate trust will be established for these new mutual fund investments. Other changes include provisions for loans and for rollovers, and employees will become eligible to participate after 30 days of service. The Plan Sponsor will pay the additional trustee and record keeping fees associated with these changes, except for fees charged for loans.

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THE BUREAU OF NATIONAL AFFAIRS, INC.
THE BNA DEFERRED STOCK PURCHASE PLAN

Line 27a -- Schedule of Assets Held for Investment Purposes
December 31, 1998

Identity of Issue	Description of Investment	Cost	Fair Value
*Bureau of National Affairs, Inc.	1,495,646 Sh Common Stock	$ 30,451,554	$ 50,851,964

*Party-in-Interest to the Plan

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THE BUREAU OF NATIONAL AFFAIRS, INC.
THE BNA DEFERRED STOCK PURCHASE PLAN

Line 27d -- Schedule of Reportable Transactions
For Year Ended December 31, 1998

Identity Of Party Involved	Description of Asset	Price Purchase	Selling Price	Cost of Asset	Current Value Of Asset on Transaction Date	Net Gain
Bureau of National Affairs, Inc.	174,405 Shares Common Stock	$5,660,110	---	$5,660,110	$5,660,110	---
Bureau of National Affairs, Inc.	98,322 Shares Common Stock	---	$3,156,534	$1,985,157	$3,156,534	$1,171,377

Note: The items listed above represent transactions or a series of transactions which are in excess of 5% of the market value of Plan assets at January 1, 1998, ($2,127,196) and are reportable under Section 2520.103.6 of Chapter XXV of the Department of Labor Employee Retirement Income Security Act annual reporting requirements.

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