

Report of Organizational Actions Affecting Basis of Securities

▶ See separate instructions.

Part I Reporting Issuer

1 Issuer's name Graham Holdings Company		2 Issuer's employer identification number (EIN) 53-0182885	
3 Name of contact for additional information Graham Investor Relations	4 Telephone No. of contact (703) 345-6450	5 Email address of contact investor_relations@ghco.com	
6 Number and street (or P.O. box if mail is not delivered to street address) of contact 1300 North 17th Street, Suite 1700		7 City, town, or post office, state, and Zip code of contact Arlington, Virginia 22209	
8 Date of action July 1, 2015		9 Classification and description Common stock	
10 CUSIP number 384637104 / 12685J 105	11 Serial number(s) n/a	12 Ticker symbol GHC and CABO	13 Account number(s) n/a

Part II Organizational Action Attach additional statements if needed. See back of form for additional questions.

14 Describe the organizational action and, if applicable, the date of the action or the date against which shareholders' ownership is measured for the action ▶ **On July 1, 2015, Graham Holdings Company ("GHC") distributed (the "Distribution") all of the outstanding shares of Cable One, Inc. ("Cable") to the GHC stockholders of record as of June 15, 2015. In the Distribution, GHC stockholders of record received one share of Cable common stock for each share of GHC Class A or Class B common stock held as of June 15, 2015.**

15 Describe the quantitative effect of the organizational action on the basis of the security in the hands of a U.S. taxpayer as an adjustment per share or as a percentage of old basis ▶ **As a consequence of the Distribution, each GHC stockholder should allocate its tax basis in its GHC common stock immediately before the Distribution 62.04% to the GHC common stock and 37.96% to the Cable common stock received.**

16 Describe the calculation of the change in basis and the data that supports the calculation, such as the market values of securities and the valuation dates ▶ **The allocation of tax basis between a GHC stockholder's GHC common stock and Cable common stock received in the Distribution must be made in proportion to their relative fair market values.**

There are several potential approaches to determining fair market value for these purposes. The allocation described in box 15 is based on the fair market values of GHC common stock and Cable common stock determined by averaging their respective high and low trading prices on the day of the Distribution.

Those average trading prices of GHC common stock and Cable common stock were \$678.53 per share and \$415.24 per share, respectively.

Part II Organizational Action (continued)

17 List the applicable Internal Revenue Code section(s) and subsection(s) upon which the tax treatment is based ▶ Sections 355(a) and (c) and 358(b) and (c) of the Internal Revenue Code of 1986, as amended.

Horizontal lines for providing details for question 17.

18 Can any resulting loss be recognized? ▶ No.

Horizontal lines for providing details for question 18.

19 Provide any other information necessary to implement the adjustment, such as the reportable tax year ▶ The reportable tax year is 2015.

Horizontal lines for providing details for question 19.

Under penalties of perjury, I declare that I have examined this return, including accompanying schedules and statements, and to the best of my knowledge and belief, it is true, correct, and complete. Declaration of preparer (other than officer) is based on all information of which preparer has any knowledge.

Sign Here
Signature ▶ *Anthony Lyddane* Date ▶ 7/8/2015
Print your name ▶ Anthony Lyddane Title ▶ Vice President - Tax

Paid Preparer Use Only	Print/Type preparer's name	Preparer's signature	Date	Check <input type="checkbox"/> if self-employed	PTIN
	Firm's name ▶				Firm's EIN ▶
	Firm's address ▶				Phone no.