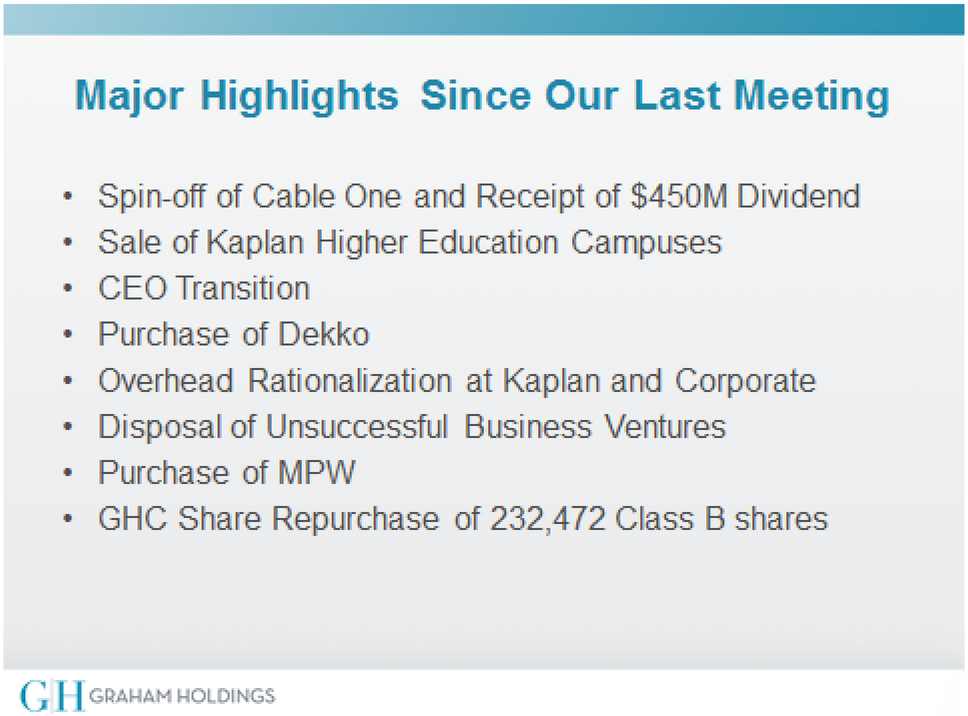
Annual Shareholders Meeting
May 12, 2016

Remarks by Timothy J. O'Shaughnessy
President and Chief Executive Officer

Good morning.

We are thrilled to welcome those of you joining us in person, and I'd also like to welcome those joining us via audiostream. Streaming this meeting is a first for us and we hope it proves to be useful to those unable to attend in person. You can find remarks and slides on our website at ghco.com.

This is my first annual meeting as Graham Holdings CEO and only the second held outside of The Washington Post building. The company is in the midst of a re-shaping, and as part of that we hope this meeting will look very different than the meetings of yesteryear. Last year, Don did a wonderful job making this a more functional event than it traditionally has been and creating a better environment for you to learn more about your company. We hope to build on that this year. We have attendance by our key managers and most of our Board of Directors, so I may defer to them from time to time. We will also aim to have a more detailed presentation than in the past and allow for an extensive Q&A session. We hope these changes will prove valuable.



We've been busy since our last meeting as we continue to reshape Graham Holdings:

- We completed the spin-off of CableOne last July, including the receipt of a $450 million dividend.
- We completed the sale of our Kaplan Higher Education Campuses in September. This does not include Kaplan University, which is primarily an online school, but also has campuses.
- I took over as CEO from Don in November.
- We purchased Dekko, a provider of custom electrical solutions.
- We completed an overhead rationalization effort at Kaplan and Graham Holdings corporate that should yield over $50 million in annualized savings.
- We sold or exited several ventures that were either unsuccessful or required capital needs beyond our appetites, including The Root, Colloquy, Franklyn Scholar, and Trove.
- At Kaplan, we purchased Mander Portman Woodward (MPW) a leading UK-based sixth-form school.
- We repurchased 232,472 Class B shares as of the end of April, 2016.

Our focus has been and will continue to be to deploy capital for the best long-term result for our shareholders. This will usually take shape in the form of an acquisition, investment, or new organic initiative. In 2015, part of our capital allocation efforts focused on where to *stop* investing. Part of our commitment to you is to stop efforts we no longer believe have a realistic chance of yielding a reasonable return. This doesn't mean we'll never try new things; but, it does mean we will be incredibly disciplined on pulling the plug when warranted.

Our business continues to be driven by Kaplan and Graham Media Group, although we've made some progress on adding additional legs to the stool. Notably, our healthcare and manufacturing businesses have grown very nicely over the last 12 months and are off to promising starts in 2016. We like those businesses and we like the managers running them. I'd be remiss if I did not note the progress of SocialCode. SocialCode offers unparalleled technology-powered service, insights, and results for brands marketing on social platforms. We believe it is now a top 3 buyer of ads in Facebook, Twitter and Instagram's North American businesses. We believe our healthcare businesses, manufacturing businesses, and SocialCode have all become more valuable parts of the company in the last year.

2015 Results

From continuing operations

($ millions)

	As Reported	As Adjusted	
Revenue			
Education	$1,928	$1,928	
Television broadcasting	359	359	
Other businesses	299	299	
	$2,586	$2,586	
Operating Income Before Amortization/Impairment*			
Education	$39	$83	**
Television broadcasting	165	165	
Other businesses [1]	2	3	**
Corporate office, excluding pension credit	(90)	(65)	**
Corporate pension credit	82	82	
	$198	$268	

[1] Loss of $11 million* in 2014

* Non-GAAP measure – see reconciliation at ghco.com

** Non-GAAP measure – excluding certain expenses – see reconciliation at ghco.com

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These are our 2015 numbers. 2015 was chock-full of unique events, many of which I referenced above, making it one of the more difficult years to follow the financial statements in recent history. Revenue was just under $2.6 billion. Barring a significant acquisition, we expect revenues to be flat to down slightly in 2016. Our largest revenue business, Kaplan, continues to decline due to the decrease of the Kaplan University (KU) business. The decline in enrollments at KU has shown no sign of waning in 2016.

Our operating income before amortization and impairments was $198 million, which is a reduced number due to major restructuring at Kaplan and Graham Holdings corporate, as well as the sale of the Kaplan Higher Education campuses, which had significant losses in 2015. We've mentioned before that the pension credit should be ignored and we'll do so again. This is a required accounting treatment that, due to our overfunded pension, inflates our stated operating income even though those earnings do not flow to our corporate treasury. It's also worth noting that our "Other Businesses" moved from an adjusted loss of $11 million in 2014 to an adjusted profit of $3 million in 2015.

Balance Sheet

($ millions)

	3/31/2016	12/31/2015	% Change
Cash and restricted cash	$565	$775	(27)
Marketable equity securities/other	384	379	1
Other current assets	656	706	(7)
Net property, plant and equipment	225	231	(3)
Net goodwill and intangibles	1,362	1,147	19
Prepaid pension cost	992	980	1
Other assets	129	135	(5)
Total Assets	**$4,313**	**$4,353**	(1)
Current liabilities	$ 736	$ 725	1
Debt	400	400	—
Other long-term liabilities	736	737	—
Shareholders' Equity	2,441	2,491	(2)
Total Liabilities and Equity	**$4,313**	**$4,353**	(1)

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Our balance sheet remains fortress-like and at the end of the year we had about $1.1 billion in cash and securities. The balance sheet at the end of Q1 didn't look much different, with the exception of a reduction in cash of just over $200 million. This was primarily due to the acquisition of MPW and the repurchase of shares. Cash balances are also impacted by the increase in working capital needs at SocialCode – driven largely by increased ad spend from our partners in Q4. SocialCode usually pays the platforms before receiving payment from our brand partners, so an increase in ad spend, while a good thing for our business, has the effect of a short-term working capital increase.

Q1 2016 and 2015 Results

From continuing operations

($ millions)

	2016 As Reported	2015 As Adjusted		2015 As Reported
Revenue				
Education	$401	$501		$501
Television broadcasting	92	84		84
Other businesses	109	63		63
	$602	$647		$647
Operating Income Before Amortization*				
Education	$16	$(10)	**	$(21)
Television broadcasting	41	39		39
Other businesses	(1)	(2)		(2)
Corporate office, excluding pension credit	(14)	(19)		(19)
Corporate pension credit	16	17		17
	$58	$25		$14

The sum of certain amounts may not equal the total due to rounding
** Non-GAAP measure – see reconciliation at ghco.com*
*** Non-GAAP measure – excluding certain expenses – see reconciliation at ghco.com*

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I'd like to now move to the Q1 2016 results and compare them to 2015. Total revenue was down, but operating income improved significantly. Oddly enough, Kaplan drove both numbers. While enrollment declines at Kaplan Higher Education continued, an increased focus on operational efficiency and overhead reduction increased earnings. Challenges remain at Kaplan and it is unlikely the next several years will be a straight line. We are committed to managing the costs of the declining businesses, while putting our investment efforts in several of our growing businesses that can become the leading drivers of Kaplan in the future.
Our television stations continue to shine. Emily Barr and team deliver results we should all be thankful for quarter after quarter.

Kaplan was built to be a much bigger business than it is today; due to divestitures, Graham Holdings is much smaller than it was only a few years ago. We needed to adjust our centralized and overhead support to match the current size of our business.

Combined GHC & Kaplan Corporate Expenses

($ millions)

	Q1 2016 As Reported	Q1 2015 As Adjusted		Q1 2015 As Reported
Kaplan Corporate	$6	$13	*	$21
GHC Corporate, excluding pension credit	14	19		19
	$20	$32		$40

* Non-GAAP measure – excluding certain expenses – see reconciliation at ghco.com

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In Q3 we restructured parts of Kaplan and our corporate office and we reduced overhead by over $50 million on an annual basis. Q1 is the first time the majority of the reductions show in the run rate of the business. We are pleased to see that our actions appear to be resulting in the desired outcomes, with corporate expenses at Kaplan and GHC going from a combined $40 million to a combined $20 million. Part of that reduction is due to no longer owning the Kaplan Higher Education campuses; most of it is due to our restructuring efforts.

Graham Media Group

($ millions)

	Q1 2016	Q1 2015	% Change
Revenue	$92	$84	10
Operating Income Before Amortization*	$41	$39	7

2016 includes $3 million increase in political advertising and a $5 million increase in retransmission fees.

* Non-GAAP measure – see reconciliation at ghco.com

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Graham Media Group continues to be the financial powerhouse and grew revenue by 10% and operating income by 7% from Q1 2015. Most of this was due to an increase in retransmission fees, which were partially eaten away by increased network compensation.

Kaplan

From continuing operations

($ millions)

	Q1 2016 As Reported	Q1 2015 As Adjusted		Q1 2015 As Reported
Revenue				
Higher Education	$166	$238		$238
Test Preparation	66	69		69
International	169	192		192
Other	–	2		2
	$401	$501		$501
Operating Income Before Amortization*				
Higher Education	$21	$3	**	$1
Test Preparation	(2)	(4)		(4)
International	5	8		8
Corporate and Other	(8)	(17)	**	(25)
	$16	$(10)		$(21)

The sum of certain amounts may not equal the total due to rounding
** Non-GAAP measure – see reconciliation at ghco.com*
*** Non-GAAP measure – excluding certain expenses – see reconciliation at ghco.com*

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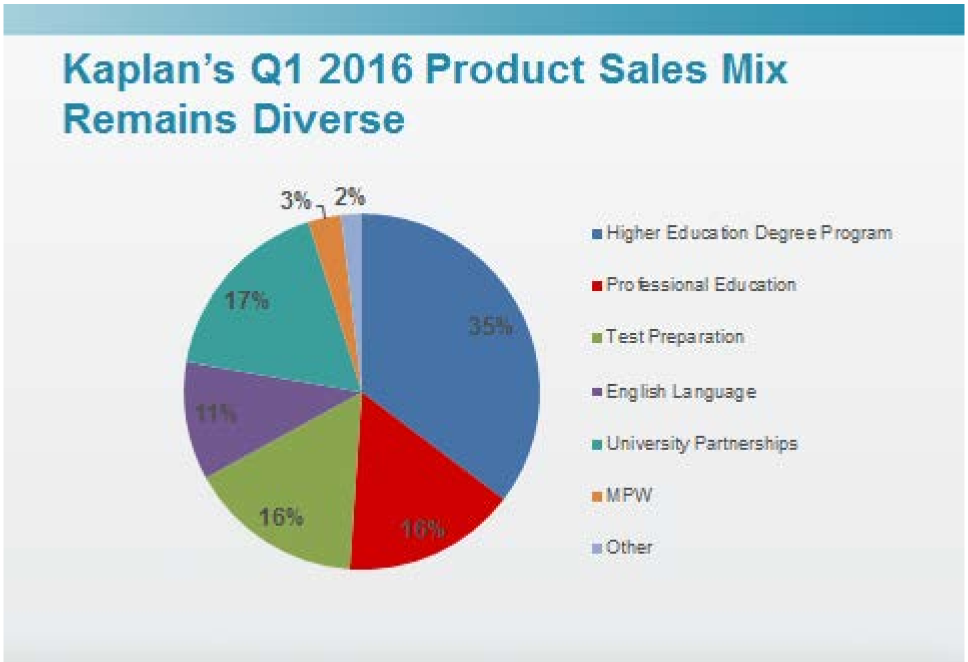
Moving on to Kaplan, I covered Higher Ed results earlier in the presentation; however, Kaplan International (KI) is worth discussing for a moment. KI had a decline in revenue largely driven by two factors: the first is the currency declines in many of our international markets, which reduced our reported numbers. Fortunately, the vast majority of the expenses are also incurred in market, limiting the effect on profitability. Second, our English language business has become increasingly challenged due to a perfect storm of currency declines and strife in key markets. The devaluation of many currencies vis-a-vis the US dollar has made our programs much more expensive over the course of the last few years. For example, in Russia, the price of an English Language course in local currency has increased by 93% from 2 years ago.

In a good year, the English Language business can make tens of millions of dollars for our Company. In a bad year, it struggles to break even. We believe this is a good long-term business that happens to be in the worst cycle post September 11th. It is likely that strong players will emerge in a better market position when we come out of this trough.



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Because Kaplan has become an increasingly diverse set of businesses, we wanted to give you a sense of how we view the various businesses and the corresponding revenue makeup. Higher education degree programs remain the biggest revenue segment at 35%, although this is down from 43% in Q1 of 2015 and 54% as recently as five years ago in 2011. We expect Kaplan to continue to become a more diversified business over the coming years.

Kaplan Operating Margins*
(excluding restructuring and amortization/impairment)

	2015*	2014*	2013*
Higher Education	8.1%	8.9%	8.4%
Test Preparation	5.8%	1.3%	1.4%
International	7.1%	8.3%	7.3%
Overall Kaplan Operating Margin, including Kaplan Corporate and Other	**4.3%**	**5.0%**	**4.6%**

* All Operating Margin amounts above are Non-GAAP measures – see reconciliation at ghco.com

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We also wanted to provide you a view of Kaplan's operating margins. While it's not reasonable to expect the operating margins of each unit to be the same, we do have an expectation that Kaplan as a whole should operate at a 10% margin or higher. You can see that in 2013 – 2015, we were between 4% and 5%. We know we have much work to do in order to achieve what we believe possible.

Other Businesses

($ millions)

	Q1 2016	Q1 2015	% Change
Revenue	$109	$63	72
Operating Income before Amortization*	$(1)	$(2)	39

* Non-GAAP measure – see reconciliation at ghco.com

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Our other businesses grew revenue from $63 million to $109 million, largely due to the acquisition of Dekko and the continued growth of SocialCode and our healthcare businesses. We were satisfied with the operating income progression of these businesses, especially because 2016 contains investment attributed to two new businesses: Panoply, a platform for podcasting and Cybervista, a cybersecurity education and training business. Both of these initiatives did not exist in Q1 of 2015.

Our industrials segment generated $57 million of revenue and $5 million of adjusted operating income in Q1. It's worth noting that there was a significant inventory acquisition step-up price adjustment in Q1 that was a mandatory accounting treatment that decreased the reported operating income of these businesses.

The healthcare segment of our other businesses generated $36 million of revenue and $4 million of adjusted operating income. We're pleased with the two businesses that make up this segment, Celtic Healthcare and Residential Home Health and Hospice, and we expect they should grow more years than not in the future.

We continue to house other investments within our Other Businesses segment and regularly review the investments we make to see if they warrant additional capital, focus, or both. We expect the mix of businesses in this segment will change over time and can be an important part of the future of Graham Holdings.

Operating and Free Cash Flow

From Continuing Operations

($ millions)

	Q1 2016	Q1 2015
Operating Income	$52	$9
Add: Depreciation and Amortization	23	26
Less: Pension (Credit) Expense	(12)	(12)
Operating Cash Flow*	63	23
Capital Expenditures**	(11)	(10)
Free Cash Flow*	**$52**	**$13**

*Non-GAAP measure
** Excluding Cable ONE in 2015

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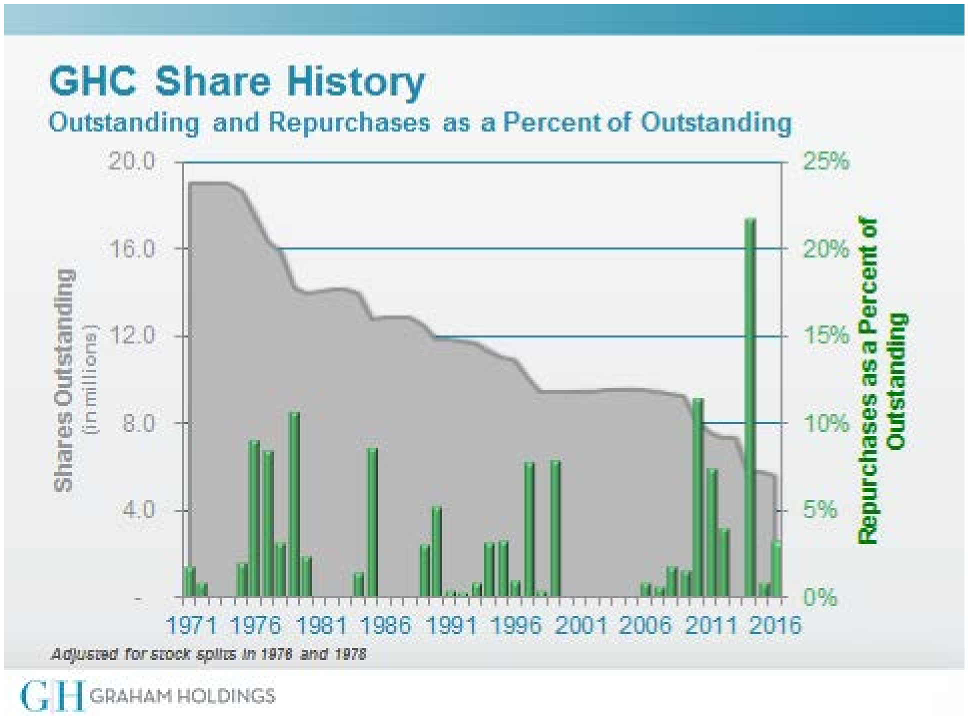
Let's now move to cash. In Q1, we generated $52 million of operating free cash flow, which was an increase over the $13 million we generated in Q1 of 2015. We obviously are delighted with the improvement and are working hard to make it a permanent one.



From time to time we can repurchase our own shares and we haven't been afraid to use that tool in the past, although those who have followed the company for some time know that we are not disposed to having a regular or formulaic buyback program. Simply put, if we feel our shares are trading significantly below intrinsic value, we look at buying and compare that to other potential uses of capital; if not, we don't believe a repurchase makes sense. At the end of 2015, we bought a small amount of shares. This accelerated recently and between December of 2015 and the end of Q1 of 2016, we repurchased around 4% of the outstanding shares of the company. As always, we will continue to evaluate repurchases as an option.

GHC Pension Plan
($ millions)

At December 31, 2015	
Benefit Obligation	$1,254
Plan Assets	2,234
Funded Status/Prepaid Pension Asset	**$980**

Net Pension (Expense) Credit For the Year ended December 31	
2012	$(16)
2013	(2)
2014	69
2015	63
2016 Estimate	48

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Our pension plan is famously over-funded, but less so than at this time last year. Although it remains far above our benefit obligations and higher than we ever could have dreamed, a large holding in Valeant and the subsequent decline of that stock reduced our plan assets by several hundred million dollars. This was a mistake that management could have mitigated. We have long viewed concentration as a superior long-term approach and we continue to maintain that viewpoint today. However, we did not have appropriate measures in place to limit the dosage, even in a concentrated strategy. We took action in late 2015 and early 2016 to modify our pension management strategy. Unfortunately, many of these decisions were enacted too late to avoid most of the declines associated with Valeant. Swifter action could have saved significant dollars in the pension plan. In the second quarter of 2016, we are implementing our new approach to plan asset management which should allow for our concentration view to still carry weight while making sure a scenario where one stock can materially reduce plan assets to the degree of this past year cannot happen again.

I'd like to take a moment here to talk about Gerry Rosberg, our longtime head dealmaker, who is retiring from Graham Holdings after 20 years. Gerry is nothing short of extraordinary. His counsel, wit, and intelligence have been invaluable as we've reshaped the company; but, it is his integrity, ethics and thoughtfulness that we'll miss most. We are lucky Gerry has shared such a large portion of his life with us for so long.

I'd also like to acknowledge Don Graham sitting in the audience. I believe this is Don's 45th straight annual meeting of the Company, but his first with the sole role of Chairman of the Board. The transition in November has gone as smoothly as these things can go. Not only is Don around for any request the Company has of him, he's the first person I ask for counsel around company matters. We both think this phase of our partnership works well for us and for our shareholders, and I am routinely thankful of his willingness to remain my most trusted advisor.

We continue to build a new and different company than The Washington Post Company of the past. We expect to acquire businesses based on the acquisition strategy presented here and outlined consistently over the last few years. We continue to believe we operate in wonderful businesses that should grow more years than not and look to allocate capital first and foremost within those businesses. We're delighted you could attend the meeting today and even more pleased that you are shareholders.

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